



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*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
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	Rupertsland	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

Thursday, October 31, 1996

The House met at 1:30 p.m.

PRAYERS

MATTER OF PRIVILEGE

Manitoba Telephone System

Mr. Steve Ashton (Opposition House Leader): I rise on a matter of privilege, and, as is the case with our rules, I will be following it with a motion.

Madam Speaker, it is becoming increasingly obvious to members of the Legislature and to all Manitobans that this government has not been telling the truth to the people of Manitoba in regard to the Manitoba Telephone System. On almost a daily basis, we see contradictions. We see misleading statements, and we see misrepresentations not only about the sale itself and the impact of the sale but also in the process that was followed in bringing us to the point where, within a few days, this government can ram through the bill, Bill 67, to sell MTS. It will be sold off; something we have owned since 1908 will be sold off.

Madam Speaker, I want to outline the many misleading statements and misrepresentations that this government has placed on the record that we believe should not only not be allowed to remain on the record but requires some analysis, some sanction and, in particular, I believe are so extreme that we and all the members of this Legislature should be looking very seriously at not proceeding with such a drastic move with the sale of MTS which will happen with the passage of Bill 67.

I want to go back chronologically to the origins of these misrepresentations. The provincial election, we all know that the government said they were not going to be selling MTS. That was repeated in the House in May, 1995, the first Question Period, the Premier at that time—and the Premier can quibble about no plans. We have had witnesses come before the committee, members of the public who have said that the Premier said no, they would not be selling off MTS.

What is interesting is that, according to the government, somehow in August of 1995 they suddenly,

for the first time, had some realization that, for example, MTS was now largely competitive, and they have referenced the report of the Crown Corporations Council. It is interesting because on September 26, 1996, supposedly after this discovery—and I think many people would question how realistic that kind of statement is, how anyone can believe that all of a sudden the Premier and his advisers just came to some realization of what had been happening in the phone system since 1992—but on September 26, 1995, in committee, I asked the Minister responsible for MTS (Mr. Findlay), September 26—recall that this is one month after the Crown Corporations Council supposedly indicated concern about the status of MTS to the government, and what did the minister say, Madam Speaker? He said that the only person talking about the sale of MTS was the member for Thompson, the only party was the NDP; we have no plans or intentions to privatize MTS. You know, not even the sort of shifting statements we have seen from the Premier, it was categorical. That was September 26. I want to run the calendar ahead, and these are just things that we know before we deal with some of the things, the serious questions that have been raised about what has happened. That was September 26.

Madam Speaker, the same minister this year in committee stated that they approached seven brokerage firms to look at the situation with MTS. He stated that those seven firms were interviewed in September and October of 1995. Did the minister not know about that on September 26? Was he contradicting himself? Was his memory faulty, or was he misleading the legislative committee and the people of Manitoba?

Madam Speaker, we have confirmed that the three brokerage firms that became the so-called MTS financial advisory group were appointed in the middle of November to conduct the contract. That was based on information that we got out of the government in December, on the day in which we, based on our knowledge from the investment committee, announced it in the House, and then the government put out a press release later that day announcing it to the public of Manitoba. We know that that group met in November.

* (1335)

Well, what is interesting is right from the start we in the New Democratic Party did not believe the government's assurances. We had every reason to believe that this government had an existing agenda to privatize MTS. What is interesting is we went throughout Manitoba and talked to Manitobans about the sale. What was also interesting is that the same Minister responsible for MTS (Mr. Findlay), who said there were no plans to sell MTS, when confronted in the House in December, started to switch tunes, and when people wrote in about MTS, stated, and I quote from a letter of March 1996, that contrary to some reports, no decisions have been or will be made about the privatization without public discussion.

Madam Speaker, that was sent throughout Manitoba; many people expressed concerns. The announcement was made on May 2 with no public discussion. That statement in itself was misleading, and this is under the minister's signature and was sent to many people throughout Manitoba. I think very serious questions have to be raised about the statement: "no decisions have been or will be made."

Let us go somewhat further because although the Premier had said in December that this supposed MTS financial advisory group was simply to review the matter, it became very clear with the release of the report on April 30, the MTS financial advisory group based on Bay Street in Ontario, that in fact this was the study, the one and only study that the government was going to be using in terms of the privatization. We were told in the House when we asked about the decision-making process that the chronology was essentially, April 30, it was addressed to Treasury Board, probably sent directly to Mr. Jules Benson who most recently has become the unofficial adviser to Mr. Tom Stefanson and the Minister responsible for MTS and the MTS committee.

But on April 30, it went to Treasury Board—you would have the government word to be believed—to cabinet the following day. It was announced to its caucus on the Thursday morning; they were not involved in the decision, it was not taken to the board. The only person it went to from MTS was Mr. Tom Stefanson, and then the government announced on May 2 the sale of MTS. And if there be any doubt about the finality as far as the government was concerned about the sale of MTS, the minister in May and June was already saying that it was

too late, that the decision had been made. It did not matter what was going to happen in terms of public input, that decision had been made; MTS would be sold off, perhaps neglecting to mention once again, at that time not one single vote had taken place on MTS in this House. The first vote on MTS took place this week. Well, what is interesting again is that they contradict their own words.

We asked questions in April about an advertising contract involving one Barb Biggar at a cost of several hundred thousand dollars on April 10 of 1996, and what is interesting is that Barb Biggar was brought in. This was part of an advertising contract that the Premier (Mr. Filmon) himself later in the House confirmed was to do with what he called the recapitalization of MTS. So the advertising contract was being let in April. They are trying to say and had said that no decision had been made. It is obvious that the decision had been made. Why would they have let the contract in April if the supposed decision was to be made April 30 and May 1 and then announced on May 2? It defies anybody's credibility on that side to suggest that that decision was really made within a day or two.

I want to take it ahead to the committee this year that took place, the Minister responsible for MTS (Mr. Findlay), because the same minister who last year, one year ago, was saying that there were no plans to sell MTS was now saying that decisions started in August of 1995, September of 1995, October of 1995, and somebody said in committee last year that I think the only conclusion we on this side of the House can make on the minister's statements is that he did not tell us and the people of Manitoba the truth in September of 1995, that we were not told the truth in December when we were told by the Premier (Mr. Filmon) that no decisions were made. We were not told the truth in April when we raised questions in the House that no decisions had been made when in fact the advertising contract had been let, and we knew about this as early as April 10, 1996. In fact, while the date on the letter selling off MTS is dated April 30, this two-day decision-making process, it appears very clear that this government had plans to sell MTS far before that.

What is also interesting was in committee yesterday. A member of the public made a presentation, once again catching the minister in his own contradictions. The

minister on CBC Radio, on the 18th of this month, stated and quoted from the Crown Corporations Council report, which, by the way, if one reads it in its entirety, gives a fairly good picture of MTS in terms of its financial health, did raise some concerns in terms of risk. He quoted this and tried to reference that this was somehow the reason why in August of 1995 they started this process. They suddenly learned what was happening at MTS and started this process. It was interesting because the presenter pointed out that the document the minister had quoted from was not made a public document, was not a document that existed until April of 1996.

* (1340)

There is a paper trail here that the minister is trying to set up, that the Premier (Mr. Filmon) is trying to set up, to disguise one thing, and that is—and I believe that even before the provincial election this was the government's agenda. I will not get into some of the coincidences of one Mr. Bessey, now on his way off to his \$400,000 scholarship and book deal with a principal of Faneuil, rather coincidental that his thesis topic was going to be on the costs and benefit, if benefit is possible, sale of MTS. We contract the many other developments within MTS with Faneuil, the cable deal, which we believe were part of stripping the assets of MTS, but I think we can conclude two things from what has happened, and this is why we believe that this is a very serious matter. The first thing we have on the record very clearly is that the government, the Premier (Mr. Filmon) and the minister who is responsible for MTS have not told the truth. We cannot conclude anything else because their own words even contradict each other. They cannot even get the story straight themselves in terms of the dates, in terms of when the real decisions were made, so we know we were not told the truth, whether it be in the election, whether it be in May of 1995 in this House with the Premier and, most particularly, September 1995 in the committee.

I think that is very serious because it raises very serious questions how we can believe anything that the government has to say about an issue as important as MTS. But the second thing, Madam Speaker, is not only can we not believe the government, we believe that we are now, as members of the Legislature and as people of Manitoba, being asked to, in the case of the people of Manitoba, discuss the issue of MTS because they have not been given the opportunity to have a vote on it.

But we are now dealing with a situation that this government expects this bill to be voted upon, a bill that will sell off a Crown corporation that has served us well since 1908 and that the vast majority of Manitobans feel can serve us well in the future, based on a series of statements that have been placed in the House that are misrepresentations, that are misleading and have no resemblance to the facts.

Given that, we believe the only appropriate thing to do is to have the whole mess of MTS—and you know, Madam Speaker, I think the word “scandal” applies, because I think it is scandalous when we have seen the way this government has dealt with our public assets, when we see now that this hidden agenda, this private agenda, has surfaced. We now even see that the same brokerage firms are now going to be in charge of the sale. They are being called the lead runners, I believe—our assets, the same Bay Street bankers.

If there is one thing I think all Manitobans agree on, it is when you make a major decision such as selling MTS, first of all, the public should be involved. Second of all, the facts should be on the table; the truth should be told. That is why we feel that this sale, the sale of MTS should not proceed any further until the final, the true story is told about what we feel is the scandal in which this government is implying a private agenda, and an agenda that is going to make certain Manitobans—well, certain people perhaps on Bay Street—very wealthy, and it is going to result in the destruction of the publicly owned telephone system we have known.

That is why I move that the numerous misleading statements and misrepresentations of the Minister responsible for MTS (Mr. Findlay) and the Premier (Mr. Filmon) have made on the sale of MTS be referred to the Committee on Privileges and Elections.

Hon. Darren Praznik (Deputy Government House Leader): Madam Speaker, a motion of privilege is always a very serious matter before this House. One would hope that it is always used to deal with the matters for which it was intended rather than matters of political debate.

The member for Thompson (Mr. Ashton) has to meet a number of criteria for this to be considered. One, of course, is the timeliness of the motion. The information

that the member has brought to the House in support of his argument is information that has been out there and in the public realm for some time. I would certainly hope, when Madam Speaker is reviewing this matter, that she consider this issue of timeliness because we would submit that it has not in any way met certainly that requirement.

But more important is the issue of building a case, of making a prima facie case that the privileges of the members of this House have somehow been breached. I listened very intently to the statements that the member for Thompson quoted. What surprised me in them is they outline, quite frankly, and I challenge his assumption, a process by which any minister, any government, any cabinet has circumstances before it that it must consider, must evaluate, must study, must see options come forward that ultimately lead to a decision.

The comments that surround that, the studying of an issue, whether it be retaining advice to provide argument to government to evaluate particular options in changing circumstances, is part of the process of government. Ministers because they consider and governments because they review and consider matters in the public interest does not mean that they necessarily lead to a decision other than the status quo.

* (1345)

Madam Speaker, the member has made reference to comments about election campaigns and changing circumstances. Many in this province will remember that his party while in government also were faced during their mandate with issues that they did not campaign on, that they did not expect to have to address, that during the course of their mandate circumstances changed, issues developed that they did not anticipate that led them ultimately to having to make decisions and, more importantly, study options, assess them and make decisions and come to this very Legislative Assembly with their proposal to deal with it.

I recall constitutional amendments on language in the period of 1981 to 1986. I do not remember in any way the New Democratic Party campaigning in 1981 on bringing a language amendment to this Legislature. Yet, they did, and they would argue it was because of circumstances and courts' decisions that led them to have

to consider options. I am not here to debate the options they chose, but that is just one example of them having to make decisions. They made decisions in their next term of office of 1986 and '88 to significantly raise taxes in this province. They did not campaign on that in the 1986 election. So, Madam Speaker, I do not fault them; every government has to deal with the circumstances that present itself.

The case that the member has made, I would submit, is very much one of describing a process by which ministers, cabinets, governments see issues that come forward and do what is in the public interest, what is their responsibility to do, but to make themselves aware of those issues, to study those issues, to assess them to see what options are available and ultimately make a decision, and what decision do governments make? They make a decision, as in the case with the Manitoba Telephone System, to bring a proposal to this Legislature. The decision to sell this public utility does not rest with the government of Manitoba. It does not rest with the Minister responsible for the Manitoba Telephone System (Mr. Findlay). It rests with the Legislative Assembly of this province. It is the Legislative Assembly of this province that created the Manitoba Telephone System. It is the Legislative Assembly of this province, all of its members who have the authority with which to make changes to it.

So what the member has described is exactly what the Premier (Mr. Filmon) of this province has addressed in answer to questions, what the minister has addressed in answer to questions, a process by which circumstances change, that a government has to consider options and a government if it feels it has to act beyond the status quo brings a proposal to this Legislature.

Now, Madam Speaker, if the member for Thompson (Mr. Ashton) was right in saying that governments should not do that, what kind of government could function where they could not assess, they could not consider, they could not study options? We would have mindless government. You cannot have that. Ministers and cabinets have to be afforded that ability to study options. If the option chosen by this government was to do nothing but maintain the status quo, would this in fact be an issue? Not at all, but the same process that the minister described would have taken place.

So, Madam Speaker, I would argue very strongly, and I would submit to you, that the member for Thompson has brought no evidence to this House, none whatsoever, that indicates that a member of this administration individually or collectively as a government has done anything to mislead the House—none whatsoever. All the member has brought forward is a list of statements over time that reflect a process of evaluation and consideration and decision making that it is indeed, I would argue, not only the prerogative of government but the responsibility of government to make, and if this government or any other did not go through such processes of decision making it would be a sad day indeed for the people of the province of Manitoba.

So we submit that that test of building and making a prima facie case has not been made in any way and that this motion of privilege should be rejected. Thank you, Madam Speaker.

Madam Speaker: I will take the matter under advisement and report back to the House.

* (1350)

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Guaranteed Annual Income

Mr. Doug Martindale (Burrows): Madam Speaker, I beg to present the petition of Carrie Nelson, Nicholas McLellan, L. McLellan and others requesting that the Legislative Assembly urge the Minister of Family Services (Mrs. Mitchelson) to consider withdrawing Bill 36 and replacing it with improved legislation which provides for a guaranteed annual income that allows people to have adequate food, clothing, housing, child care and health care, that this annual income increase as prices increase and that this new legislation also provide for the creation of real jobs, with the goal of creating full employment so that individuals on social assistance can find safe, meaningful work of their own choosing that allows them to meet their needs and the needs of their families.

Manitoba Telephone System

Ms. MaryAnn Mihychuk (St. James): Madam Speaker, I beg to present the petition of Paul Chorney,

Roger Geeves, Ernie Strauss requesting the Premier (Mr. Filmon) withdraw Bill 67 and not sell the Manitoba Telephone System to private interests.

Mr. Gord Mackintosh (St. Johns): Madam Speaker, I beg to present the petition of Gerri Unwin, Mary Grabowski and Jerry Olfman requesting that the Premier withdraw Bill 67 and not sell the Manitoba Telephone System to private interests.

READING AND RECEIVING PETITIONS

Guaranteed Annual Income

Madam Speaker: I have reviewed the petition of the honourable member for Burrows (Mr. Martindale). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

An Honourable Member: No.

Madam Speaker: Dispense.

THAT in 1976 Canada signed the United Nations Covenant on Economic, Social and Cultural Rights which recognized the right of everyone to make a living by work which is freely chosen, recognized the right of everyone to an adequate standard of living, including adequate food, clothing and housing, recognized the right of everyone to enjoy a high standard of physical and mental health, and provided for the widest possible protection and assistance to the family; and

THAT poor children and adults in Canada continue to die at a higher rate and earlier age than people with adequate incomes; and

THAT Bill 36, The Social Allowances Amendment Act, will create even greater poverty among the poor in Manitoba by eliminating government responsibility to ensure that everyone who lacks adequate food, clothing, housing and health care has these needs met; and

THAT the bill proposes to punish people by cutting them off from social assistance or reducing their benefits if they fail to meet employment expectations; and

WHEREFORE YOUR PETITIONERS HUMBLY PRAY that the Legislative Assembly of Manitoba urge the

Minister of Family Services to consider withdrawing Bill 36 and replacing it with improved legislation which provides for a guaranteed annual income that allows people to have adequate food, clothing, housing, child care and health care and that this annual income increases as prices increase and that this new legislation also provides for the creation of real jobs with the goal of creating full employment so that individuals on social assistance can find safe, meaningful work of their own choosing that allows them to meet their needs and the needs of their families.

* (1355)

Rural Stress Line

Madam Speaker: I have reviewed the petition of the honourable member for Swan River (Ms. Wowchuk). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

Some Honourable Members: Yes.

Madam Speaker: The Clerk will read.

Mr. Clerk (William Remnant): The petition of the undersigned citizens of the province of Manitoba humbly sheweth that:

WHEREAS the provincial government has refused to provide a long-term funding commitment to the Farm and Rural Stress Line, thereby ensuring its demise; and

WHEREAS the Farm and Rural Stress Line serves a recognized need in rural and remote communities in the province and is supported by individuals and organizations such as the Canadian Mental Health Association, the Keystone Agricultural Producers, the National Farmers Union and the Manitoba Women's Institute; and

WHEREAS the Farm and Rural Stress Line is a cost-effective, preventative, community-centred health care service such as promised by the Conservatives during the 1995 provincial election; and

WHEREAS the provincial government funds a similar line in the city of Winnipeg with an annual grant of \$400,000, creating a double standard between services in urban areas and those in rural Manitoba.

WHEREFORE your petitioners humbly pray that the Legislative Assembly of Manitoba request that the Minister of Health consider continuing to fund the Farm and Rural Stress Line on a yearly basis.

TABLING OF REPORTS

Madam Speaker: I am pleased to table the Annual Report of the Chief Electoral Officer on The Elections Finances Act.

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, I am pleased to table the report of the Agricultural Producers' Organization Certification Agency.

Introduction of Guests

Madam Speaker: Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery, where we have this afternoon twenty Grade 10 through Grade 12 students from the Rising Sun School under the direction of Mr. Chris Kruchko and Mr. Paul Kushner. This school is located in the constituency of the honourable member for Point Douglas (Mr. Hickes).

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

* (1400)

ORAL QUESTION PERIOD

Manitoba Telephone System Privatization—Impact on Rural Manitoba

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, the Manitoba Union of Municipalities, in presenting their brief to the Legislature in opposition to the Premier breaking his election promise, stated that providing telephone services to rural and northern Manitoba has never been easy or profitable. Rural Manitobans and northern Manitobans benefit from the political will over the years for the subsidization of rural and northern rates through the urban rates. We are very, very worried about the user-pay concept, the cost-recovery concept plus profit that is inherent in the profit-private system that is the vision now of the Fillion

government after the election with the bill under privatization.

We have looked at some of the charts, Madam Speaker. The real cost of providing service in Roblin-Russell is over \$48 and the actual bill is some \$13.55. The real cost of providing service in Neepawa is \$47; the customer bill is some \$13.75.

Will the Premier now listen to the reality of the fact that rural and northern Manitobans are going to get shafted with his broken promise, and will he now agree to keep his promise and not proceed with the privatization as he promised in the election campaign to rural and northern Manitobans?

Hon. Gary Filmon (Premier): Madam Speaker, the only reality that will prevail with respect to those decisions is that the CRTC will make those judgments. In fact, I can share with the members opposite clippings of Saskatchewan newspapers in which the minister responsible for the Saskatchewan government telephone system is going through exactly the same public debate, is saying that these kinds of judgments made by the CRTC will apply to the Saskatchewan telephone system as it applies to every other telephone system in Canada.

Those decisions and those judgments are made on a nonpartisan basis, on obviously the basis of assessment from expert advisers and from all of the information that is available to CRTC. They are the ones who govern the rate setting in Canada today in all provinces except Saskatchewan who will be very shortly coming under their jurisdiction, which is why the discussion is taking place in Saskatchewan right now.

Those CRTC judgments will be made regardless of whether it is publicly or privately owned on exactly the same economic basis, and I would suggest to you that the availability of the telephone service and indeed even the probability of even better service is there in future whether it is publicly or privately owned.

Privatization—Plebiscite

Mr. Gary Doer (Leader of the Opposition): The next time the Premier brings some clippings into the House, why does he not bring the clippings from the election campaign when he promised not to sell the Manitoba Telephone System, if elected? The last time he brought

clippings in from Saskatchewan we found out later that, contrary to what the Premier had stated, there had been a rate freeze in Saskatchewan for the last three years, not the word that the Premier gave us in this Chamber, Madam Speaker.

The Alberta telephone system, which is now the model for Manitoba—according to the brokers on Bay Street who are obviously providing the leadership to this government, sadly speaking, in terms of some of the members opposite—has stated that they are moving more and more to a cost-recovery system. In other words, they are going to look at cost recovery in each community rather than looking at the telephone system in a nonprofit way which looks at the total province as a community, which we believe should be the vision of the future of the Manitoba Telephone System.

How does the Premier justify the actual cost in Flin Flon of \$43 when the customer cost is \$14; Hamiota, the real cost is \$49 on a cost-recovery basis versus \$13 in terms of what the customer bill is now?

Why does the Premier, if he is so sure of what he is doing, not put it before the people and the shareholders in a plebiscite so everybody can vote on it, rather than just getting shafted by members opposite?

Hon. Gary Filmon (Premier): Madam Speaker, I repeat for the edification of the members opposite that those rates and those judgments about the balancing of the costs will be made by the CRTC on a nonpartisan basis, on an objective basis, and based on advice from expert people that they will hire in order to do their analysis and it would not matter whether it was publicly or privately owned, the same analysis will be made and the same judgments will be arrived at.

Mr. Doer: The Premier is afraid and does not have the integrity to have a plebiscite of all shareholders in this province. I think that is absolutely shameful in terms of the democracy in this province, and I cannot believe these backbenchers going along with the brokers and the Premier. I cannot believe it.

Privatization—Impact on Rates

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, we have tabled the AGT case of \$6 this year and

\$6 next year. We have tabled a vision which talks about rate increases based on a total community, rather than a cost recovery that we will see in rural and northern Manitoba. That is why the UMM is opposed to it. They are opposed to it because they know they are going to get shafted by this government when we move to a private cost-recovery profit system.

I would like to ask the Premier, will he table in the House today any information they have on advance or existing tax rulings on the sale of MTS and its treatment as a private company and any impact on the rates in the future that they have and should have for the people of Manitoba, and what the impact will be on the rates of all the existing shareholders, i.e., the customers here in the province of Manitoba?

Hon. Gary Filmon (Premier): Madam Speaker, I will take that question as notice and bring a response back to the member opposite.

Manitoba Telephone System Privatization—Impact on Rates

Mr. Steve Ashton (Thompson): Madam Speaker, the Premier not only misled the people of Manitoba when he said he would not sell the Manitoba Telephone System, he has consistently misled the people of Manitoba about the impact. In fact, he stated on May 2 and May 8 that under CRTC regulation, it will not make any difference whether it is privately or publicly owned, and he quoted on May 8, there will be no difference in the rates that are charged, whether they are public or private.

I am wondering if the Premier can explain then to, for example, the Manitoba Society of Seniors who have pointed to the tax liabilities and the borrowing costs being evidence of the higher costs that private companies face and the CRTC official, local director for CRTC who has confirmed that private companies have to pay taxes and the cost is passed on to the consumers—when is the Premier going to tell the people of Manitoba the truth that rates will go up at a faster rate under a privatized company as they have already in Alberta? When will the Premier tell the truth, Madam Speaker?

Hon. Gary Filmon (Premier): Madam Speaker, there is a whole series of variables that will go into the analysis, and many of them will counteract and wash out

each other; some may even be to the favour of a private company being able to operate at less cost than a public sector company. For instance, instead of having to pay 7.5 percent or 8 percent interest on their debt, they may instead only have to pay 5 percent or 6 percent return on investment. That would be to the benefit—[interjection]

Well, they would rather pay. This is how ignorant the members opposite are. They think it is less expensive to pay 8 percent on money instead of 5 percent on money. That is unbelievable. That is the ignorance that we are dealing with. That is the level of ignorance that we are dealing with. That is why they accumulated all that debt that we have, that we are paying \$600 million of interest, because they do not understand simple mathematics. They do not understand simple business principles.

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please. The honourable First Minister, to complete his response.

* (1410)

Mr. Filmon: Madam Speaker, I now know why their former Leader said that the New Democrats' problem is that not enough of them understand business, and that is a problem with them. When you are arguing about something that is as complex as this is, they come forward with pure trash as evidence that there is somehow going to be a difference. It is like dealing with a computer: garbage in equals garbage out. On that side all we get is the garbage in, and we do not get any intelligence out.

The fact of the matter is there are many factors. As I have already said, they may well have less cost based on the fact that they would pay less of a return on investment than they would on the same amount of money as debt. They may well have a situation in which their costs of operation are less and therefore that would offset any taxes that they might pay because they would have a lower cost of operation, and so all of this is taken into account by CRTC. Those are the kinds of sophisticated analyses that are done by the CRTC, as opposed to the simplistic and often ignorant figures that are put forward by members opposite.

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

Mr. Ashton: Madam Speaker, it is obvious the Premier does not know what he is talking about. I would like to ask him, indeed if he can table any studies on the impact on rates, whether he is aware of the way the CRTC operates, and in fact if he can confirm—[interjection] Well, he says, yes—that in Alberta, the Alberta Government Telephones, AGT, approached the CRTC for a \$6 increase because of a tax liability it incurred which would have let it have only a 2 percent rate of—

Madam Speaker: Order, please. Would the honourable member please put his question now.

Mr. Ashton: Madam Speaker, I was attempting to phrase my question. I did not interrupt the Premier on his long answer.

In Alberta, they were only going to get a 2 percent rate of return on equity. They went to the CRTC. They were allowed to get a 10 percent to 12 percent rate on equity. Will he confirm that the Manitoba Telephone System currently makes 6 percent, so automatically under privatization they will be able to go to the CRTC and seek a doubling of the ROE? By the way, those figures are from the investment bankers' report—

Madam Speaker: Order, please.

Mr. Filmon: Madam Speaker, I read the CRTC decision on Alberta, and they awarded a 6.4 percent return on equity, as opposed to currently the Manitoba Telephone System paying 8 percent interest on the debt, so they offset the debt with equity which they are paying a lesser rate for than they were as a debt. That is the reality of the analysis.

Madam Speaker: The honourable member for Thompson, with a final supplementary question.

Mr. Ashton: Since the Premier obviously did not do a single study on the impact on rates, will he confirm that the CRTC allows a rate of return of as high as 12.25 percent, double what the current rate of return was in terms of MTS, and that in fact it will pass through the cost, in this case a tax liability incurred by a private company due to their mistake, directly onto the ratepayers, that in fact, Madam Speaker, the representative of CRTC is right, there will be higher costs under a private phone system than under a public system.

Mr. Filmon: Madam Speaker, returns on investment vary depending on the business climate and the fiscal climate in which people operate. Returns on investment are obviously changed with changing interest rates. If interest rates are 20 percent, then nobody is going to invest in something in which they get a 10 percent return on investment, so returns on investment vary with interest rates over time. Those are things that are calculated. They are calculated, for instance, when people make decisions with respect to rent controls.

You are not going to have anybody invest in anything if they cannot get at least as good a deal or very close to as good a deal as they can get by just simply putting their money in Canada Savings Bonds, so those things vary. There may have been times in the past when CRTC awarded 12 percent. The recent award, for instance, in Alberta was 6.4 percent versus an 8 percent interest rate. That is the kind of decision that is made by the people at CRTC as they make their very broad and comprehensive analysis.

An Honourable Member: You know nothing about regulations of public utilities. You know absolutely nothing.

Madam Speaker: Order, please.

An Honourable Member: You have not done a single study.

An Honourable Member: You are a genius.

Madam Speaker: Order, please.

An Honourable Member: Do a study on it. Table one single study. All you have is the investment bankers. That is it.

An Honourable Member: That is why you cannot get a job in the private sector.

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

Point of Order

Mr. Ashton: Madam Speaker, on a point of order, I have no doubt that the Premier will be able to get a job in

the private sector, probably the corporate sector after he sells off MTS. I have worked in the private sector, and I am quite proud right now to work for the people of Manitoba, one of the most important jobs in this province.

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

Manitoba Telephone System Privatization—Impact on Rates

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, I asked the Premier whether in fact his government had obtained the tax ruling, an advance tax ruling, or has a tax ruling from Revenue Canada and has the impact study of that on rates. The Premier took that question as notice. Is the Premier telling us today that he has never read a tax ruling or information on the rate impact in the province of Manitoba or he has read it and he has not made it public?

Hon. Gary Filmon (Premier): As part of the process of anticipating what would happen under a private capitalization of the telephone system, we obviously have applied for a tax ruling. I am saying to the member opposite I have not seen the tax ruling, and I have to see the information before I can provide it to him.

* (1420)

Privatization—Tax Ruling

Mr. Gary Doer (Leader of the Opposition): In light of the fact that AGT had an advance tax ruling on a one-time-only depreciation but Ontario Hydro has been denied an advance tax ruling in terms of the treatment of the depreciation, how can the Premier make a decision today? And you know, the Minister of Finance (Mr. Stefanson), who gave us the great retroactive legislation on the Jets, has given advice for the Premier. That should be some comfort to Manitobans.

Can the Premier today table the tax impact on the rates in Manitoba? It is a huge issue, Madam Speaker, and the Premier should know what the answer is and be able to tell Manitobans.

Hon. Gary Filmon (Premier): Clearly we have anticipated scenarios that might involve tax rulings in one way, tax rulings in another way and any variation in between, and based on any and all of those rulings, we are confident that the Manitoba Telephone System can continue to operate efficiently and effectively in public or private ownership within the current rate structure that it does have.

Mr. Doer: This is a \$1.2-billion asset. This is a huge decision the people of Manitoba are making and that shareholders and this Legislature are making.

Now Ontario Hydro has been denied—in an advance decision from Revenue Canada which is available to this government—the one-time-only depreciation of AGT. The one-time-only depreciation of AGT has meant that rates have gone up \$6 per month per year for the next two years. Ontario Hydro's treatment by Revenue Canada is even more severe.

How can the Premier stand here today and not have an advance tax ruling so the people of Manitoba will know the impact on rates? Are we going by blind ideology in terms of the broken promise, or do we have the facts that the Premier can table today in front of this Legislature?

Mr. Filmon: Madam Speaker, as I said, the Manitoba Telephone System, or at least the analysis that we have undertaken, involves our looking at all of the various options that might occur based on various tax rulings, and based on all of these analyses, we are confident that the Manitoba Telephone System can continue to operate in its current form given the rate structure that it currently has.

The various different types of rulings might result in longer terms without increases in the future. That is part and parcel of what could happen based on the various rulings that could happen. But under the current circumstances the company in private ownership can still operate given its current rate structure and continue to be able to make a return on investment.

So what we are saying is that we are confident that the telephone system—and given the analysis that has been done for us by the various different people who work in this kind of field—that they can operate with the rate structure that they have.

Mr. Doer: On a new question, AGT had an advance tax ruling before they made the decision, a one-time-only depreciation. Ontario Hydro has just sought and been denied an advance tax ruling from Revenue Canada. Now this government must have an advance tax ruling before this Legislature can deal with this matter a week today. If you do not have it, you cannot pass this bill.

I would ask the Premier to table today the advance tax ruling we have from Revenue Canada and the impact on rates all across this province.

Mr. Filmon: I have said, Madam Speaker, that I will undertake to find out whether or not we have received a ruling from Ottawa at this point, but based on whether we received the ruling or not received the ruling, they will be able to continue to operate the Manitoba Telephone System—[interjection]

Madam Speaker: Order, please.

Mr. Filmon: What I am saying is that the telephone—

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

Mr. Filmon: In either case scenario, Madam Speaker, whether the ruling is favourable or not favourable, the telephone system can operate within the rate structure that it currently has. That is the information and the analysis that we have.

Mr. Doer: The Premier has now admitted to this House that he has not done his basic homework and obtained an advance tax ruling. He has scenarios that have been provided to him by Bay Street brokers who are going to get commission from the sale of our asset to private owners.

Is the Premier saying today that if he has a good tax ruling it will make no difference than a bad tax ruling and he should not have an advance tax ruling? Why is this Premier not seeking an advance tax ruling, and why can he not table it today in this House so that all Manitobans will know the impact on the tax ruling from Revenue Canada which he can obtain in an advance way on the rates right across this province? That is a basic right that Manitobans have before we make this decision.

Mr. Filmon: May I just say, so that the member opposite knows and understands this, as clearly as I can possibly put to him: Firstly, we have a scenario in which the telephone system operates today with a certain rate structure. With inflation in costs that rate structure could not possibly remain in place as is forever. Over a period of time as the—[interjection] Madam Speaker—

Madam Speaker: Order, please.

Mr. Filmon: —would you please call the member for Transcona (Mr. Reid) to order. I am trying to fully respond to the question. If he wants to keep hassling from across the way, have him leave, Madam Speaker. I assume that his Leader wants to hear the answer.

Madam Speaker: Order, please.

The honourable First Minister, to complete his response.

Mr. Filmon: Madam Speaker, there is a current existing rate structure for the Manitoba Telephone System that will remain in place even after the telephone system is privatized. If a favourable ruling occurs, it would mean that instead of having to increase rates somewhere down the road with inflation of costs, which would occur whether it was publicly or privately owned, that future rate increase would be forestalled by a favourable tax ruling because they would have that available to them to offset the increasing costs that occurred due to inflation. That is the benefit of a favourable tax ruling and that is the way the analysis has been done.

Mr. Doer: The Premier knows that the existing rate structure is based on the existing corporation that is a nonprofit, publicly owned corporation. When you are proceeding to privatize a publicly owned corporation, you have to have an advance tax ruling from Revenue Canada so you can project the actual rate impact for the people of this province.

I would like to ask the Premier a very specific question: Does he have an advance tax ruling, and will he table it to this Legislature today?

Mr. Filmon: I already responded to that. I said that—

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please. The honourable First Minister, to complete his response.

Mr. Filmon: Madam Speaker, I said that the tax ruling has been applied for and that I will find out whether or not the tax ruling has been received. I will then table it for the members, but I repeat that what we are dealing with is a matter that will not impact the current rate structure for the telephone system, and whether or not the telephone system were publicly or privately owned, in the longer term, with inflation, future increases would have to be applied for. The advantage of a favourable tax ruling would be that it would forestall future rate increases for a longer period of time because that depreciation would therefore be able to be applied in the favour of the corporation, which obviously would not be done in the favour of a publicly owned entity. So that is exactly what will be decided by a tax ruling.

I know it is complicated. I am trying to understand it—trying to explain it so—

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

An Honourable Member: Either you have an advance tax ruling or you do not.

Mr. Filmon: Madam Speaker, the Leader of the Opposition says it is yes or no. The fact of the matter is it has been applied for and I will undertake to determine whether or not it has yet been received.

* (1430)

Manitoba Hydro Privatization—Public Hearings

Mr. Kevin Lamoureux (Inkster): Madam Speaker, a week from today, no matter what happens between now and then—and the Leader of the New Democratic Party points out a major flaw and demonstrates how incompetent this government has been with respect to the dealing and the selling of Manitoba Telephone System, but no matter what happens, thousands of Manitobans have expressed their opposition. A couple of hundred people want to make presentations to the standing

committee. What is abundantly clear is that Manitobans want to be heard on this issue, and what I am asking the Premier today is, will the Premier agree to have public hearings on the future of Manitoba Hydro?

Hon. Darren Praznik (Minister charged with the administration of The Manitoba Hydro Act): Madam Speaker, with all due respect to the member for Inkster, this Legislature in committee last week, in consideration of annual reports—in fact, I think at the request of other opposition members and certainly with my full concurrence—wanted to have and is engaging currently, because the committee will sit again in a very thorough discussion about the changing electrical markets, about options as they appear today.

I want to underline the point to the member, and perhaps it makes the argument that the Minister of Telephones (Mr. Findlay) has made: In the area, whether it be electricity or telecommunications, these are rapidly changing industries. We are in the middle, in the case of electricity, of a revolution. I want to make clear to him—and his colleague the member for The Maples (Mr. Kowalski) was in attendance in that meeting—that there is that opportunity. I would invite him to join us at that committee when we reconvene later in November, because that discussion about options and the changing world of electricity is happening as we speak and in this Legislature and the committees on which he can be a member.

Mr. Lamoureux: Madam Speaker, I would then go to the minister, when he makes reference to rapidly changing industry, much similar to MTS, my question to the minister is, does he believe that the privatization of Manitoba Hydro is one of the options that he is making reference to when he says that there are options that are there? Is that being considered by this minister?

Mr. Praznik: Madam Speaker, the member for Inkster gives me far more credit than I would ever give myself that I would be so presumptuous to indicate, whatever options in the future, today that I would know the answer. In fact, I think the comments we made at committee, that were made in the discussions at committee, is that the world is changing rapidly, and as trustees of this utility, we have an obligation, just as my colleague for Manitoba Telephone has an obligation and fulfilled it, in studying the world and ensuring that the best decisions are made,

and that is what we were talking about, is studying those issues.

I would table for the interest of the member here today, for the members of the House—I tabled the same newsclipping at committee. It just describes what is happening in the province of Quebec, is their decision to open up their power grid, and it just gives the member a sense of the context in which we are now living in this world. I know his colleague the member for The Maples (Mr. Kowalski) has a copy, but I table it for all members of the House here today.

Mr. Lamoureux: The question to the minister is fairly simple and straightforward in terms of, is the privatization of Manitoba Hydro an option which this government and in particular this minister is actually looking at? Given the response that he has put in his two previous questions, the answer is yes. I would want to hear confirmation, yes or no, is it an option?—fairly straightforward.

Mr. Praznik: The fact that the member for Inkster would ask that question and expect a yes or no answer today indicates to me that he has yet to grasp—and in fairness to him he was not at committee. He is not involved on a day-to-day basis in electrical industry, but he has failed to grasp the complexity of what is happening in the electrical world and the considerations that have to take place, and the reason I say that is, if he had been at committee, if he had read the public remarks that I have made and that others have made, the first issue that Manitoba—the prime issue that Manitoba Hydro has to face today to protect our investment, to protect our quarter of a billion dollars of sales into the U.S. market, to protect our ability to service our debt by having the hedge of U.S. dollars, to protect our future by pursuing opportunities, is to consider how we have to fit into a new regulated world, and to be blunt to the member, that is the first and prime task that this minister has to entertain and this Legislature has to deal with, and that, quite frankly, is the issue that is being addressed.

Manitoba Telephone System Manglobe Role

Hon. James Downey (Minister of Industry, Trade and Tourism): Madam Speaker, I rise today to respond to a question that was brought forward by the member for

Elmwood (Mr. Maloway) a few days ago, and again the question demonstrates the inaccuracy and the incompetence of the member opposite in bringing such information to the Chamber.

The question was, earlier this year, the government, through MTS, entered into a contract worth \$3 million with a newly formed company called Manglobe Virtual. That is not the case. There is not a \$3-million contract entered into between the telephone system and Manglobe. There is a business arrangement between several partners in Manglobe, but it certainly is not anywhere near the magnitude of \$3 million, and it is not an untendered contract which the member referred to and put on this record. I would hope that he would get his facts straight before he comes to the House with such inaccurate information.

Manitoba Telephone System Untendered Contracts

Mr. Jim Maloway (Elmwood): Madam Speaker, I have a question for the Premier. As the Premier knows, MTS has signed a contract with Clifford M. Watson of Toronto. Will the Premier today table the contract and tell this House what roles Mike Aysan and Dennis McCaffrey play in this untendered contract?

Hon. Gary Filmon (Premier): Madam Speaker, without accepting anything that is brought forward by the member opposite as being factual since time and time again these contracts that they bring forward or this knowledge of contracts is absolutely false, I will take it as notice on behalf of the minister and ask him to look into it and bring it back for the member opposite.

Mr. Maloway: For a Premier that supposedly knows a lot about what is going on in this department, he is very selective.

Madam Speaker: Question, please.

Mr. Maloway: His memory is very selective.

I would like to know how this Premier who has previously condemned Mike Aysan, as well as the contracts and bonuses given to Mike Aysan in 1980 by Don Orchard, now can become a business associate with

Mr. Aysan. Can the Premier explain the connection with Mr. Aysan?

Mr. Filmon: Madam Speaker, again, I am not sure how I would be expected to know everything that goes on in every department, let alone a Crown corporation. So I will find out. I will take this as notice on behalf of the Minister responsible for the Telephone System (Mr. Findlay) and have him bring back the information, but I would suggest that again I accept none of the preamble and the so-called information brought forward by the member opposite because of the lack of quality and veracity of most of the information they bring forward.

Mr. Maloway: While the Premier is checking, could he also find out who approved Dennis McCaffrey, the director of marketing for MTS, to sit on the board of Cliff Watson's MG Communications when Mr. McCaffrey knows the MTS marketing strategy, its weaknesses and has all the information on MTS customers? Is this not a conflict of interest?

Mr. Filmon: Madam Speaker, I will take that as notice as well on behalf of the minister.

Madam Speaker: Time for Oral Questions has expired.

* (1440)

Speaker's Ruling

Madam Speaker: I have a ruling for the House.

On October 15, 1996, during Orders of the Day, the opposition House leader (Mr. Ashton) raised a point of order which the Deputy Speaker took under advisement. The opposition House leader referred to a letter tabled earlier in that sitting by the honourable Minister of Justice (Mrs. Vodrey). That letter referred to a transcript and the transcript had not been tabled when the letter was tabled. The opposition House leader asked whether the transcripts should not also have been tabled. When he raised the point of order, the opposition House leader indicated that he had just received a copy of the letter and this had been his first opportunity to examine the letter.

Beauchesne Citation 495(1) states that a minister is not at liberty to read or quote from a despatch or other state paper not before the House without being prepared to lay

it on the table. In reviewing the exchange in Question Period on October 15, which is when the letter was first referenced, the minister did read into the record the paragraph of the letter where the transcript was mentioned. Having researched this issue very thoroughly indeed, I have found no precedent to require the tabling of an attachment or enclosure which was not cited or quoted. Therefore, I am ruling that the honourable minister does not have to table the transcript referred to in the letter which the minister tabled.

MEMBERS' STATEMENTS

Hedley Technologies

Mr. Frank Pitura (Morris): I would like to announce that Hedley Technologies has entered into two technology agreements with Agriculture and Agri-Food Canada's cereal research centre in Winnipeg.

Hedley intends to place privately up to \$900,000 of equity securities to finance sales growth of Protect-It and to broaden Hedley's future research collaboration. Protect-It is an effective nontoxic, environmentally safe grain storage protectant that uses a nonchemical means of controlling insects. Protect-It is also to be used to control insects in flour mills, food-processing facilities, grain storage warehouses and transportation vessels such as rail cars. Protect-It is intended to reduce the need for chemical fumigants and gradually replace other chemical insecticides used for the protection of stored agricultural products.

The new technology licensing agreement gives Hedley the full and exclusive right to commercialize Protect-It worldwide in return for a royalty based on sales. The agreement acknowledges that Hedley and Agriculture and Agri-Food Canada own jointly any and all intellectual property rights, and the parties will share the cost of applying for the patents pending in North America and under the PCT application worldwide.

The research and consulting agreement expands Hedley's collaborative research with Agriculture and Agri-Food Canada in order to develop equipment and procedures for applying Protect-It in large-scale grain operations. The research team is also testing Protect-It on more commodities and insects in order to broaden areas of intended use.

Finally, the research team intends to study the effectiveness of foreign diatomaceous earth deposits in order to supply Protect-It locally from these markets. Here is an example of how research and technology out of Manitoba will be benefiting grain producers worldwide. Thank you.

Manitoba Hydro

Ms. MaryAnn Mihychuk (St. James): Madam Speaker, Manitobans have every reason not to believe this government when it comes to their promises. Days before the last election, the Filmon government announced a huge capital program in health care. After the election all spending was cancelled, emergency wards were closed at night and over \$75 million was cut out of hospital budgets and Pharmacare was gutted.

Similarly, they said MTS would not be sold and are now proceeding to do just that. Manitoba currently has the second-lowest residential rates in North America. Rural rates are less than one-third of the actual cost of providing service. It is not hard to guess who will be hurt the most and quickest by this sale.

Now the same government says that since Manitoba Hydro is in a regulated environment, there is no need to sell it off. Like MTS, Manitoba Hydro has the lowest hydro rates in North America. Manitoba Hydro makes over \$250 million a year in export sales. This is not good enough for this government so, like MTS, they are dividing it up into business divisions. Again, like MTS, they are forcing Manitoba Hydro to sign contracts with their major competitor, in this case, Centra Gas. Both Manitoba Hydro and MTS have had large layoffs in the recent past, with many more expected once MTS is sold off.

According to the Premier (Mr. Filmon), it is now necessary to deregulate Manitoba Hydro just as the same government decided to deregulate MTS in 1992. Small wonder that Manitobans do not trust this Premier or his colleagues.

In all of this, the position of the Liberal Party is firmly on all sides as it is typically. While the three elected MLAs oppose the sale of MTS, their new leader does not. She says that the Liberals do not object in principle to the sale of a Crown corporation. Like the Tories, she

thinks that low rates, service and jobs are not worth defending.

The choice for Manitobans is increasingly clear. We can either keep our Crown assets that provide jobs in Manitoba and affordable service or we can dump them like the Liberals dumped the railroads and the airport or the Filmon government is dumping MTS and in the future Manitoba Hydro.

Impaired Driving

Mr. Mike Radcliffe (River Heights): Good afternoon, Madam Speaker. I know that all members acknowledge the danger of driving while impaired, whether it be to the driver of the vehicle or the general public. While our government's 1989 and 1991 legislation, which brought into effect the toughest drinking and driving penalties in North America, has been tremendously successful, the issue remains.

From 1988 until 1994, alcohol-related charges in our province fell 36.8 percent. This is a dramatic decrease. It reflects a growing public awareness of the consequences of driving and drinking. This decrease is also testament to the success of our legislation. However, our government recognizes that impairment of one's driving does not begin at an alcohol blood level of .08. Therefore our government intends to introduce even more effective legislation in the spring. The legislation will provide for immediate administrative 24-hour licence suspension for drivers with a blood alcohol level of between .05 and .08, strong financial consequences for driving with an over .05 limit, an automatic Addictions Foundation assessment of alcohol dependency where there are two administrative suspensions in three years. If alcohol dependency is found, it must be dealt with before a licence is reinstated.

Our government has made a commitment to the safety of all Manitobans, and we continue to build on that commitment. Thank you, Madam Speaker.

Legislation Schedule

Mr. Gerard Jennissen (Flin Flon): Madam Speaker, the current legislative session has been rightly called the most packed in terms of legislation in at least 10 years. For reasons best known to themselves, the Filmon

government has brought forward far-reaching legislation on a number of areas, from the sale of MTS to stripping workers of their rights, creating major roadblocks and hurdles for unions, attacking teachers and post-secondary educational institutions and forcing through regional health authorities which will be blamed for government cutbacks in funding and service, among others.

Of the more than 70 pieces of legislation being debated, only a tiny number at best were even hinted at during the last provincial election. It is obvious to all that none of the major bills would have been brought forward if this government did not get a majority in the last election. Of particular concern is this government's attack on the rights of workers. Fundamentally, this assault on the rights of workers is predicated on intense hostility to unions having any ability to negotiate issues like workplace safety, salaries or conditions of employment. This is easily seen in the actions of the same government in their cutting back workplace inspectors and refusing to be proactive in terms of—

Madam Speaker: Order, please. I am experiencing great difficulty hearing the honourable member for Flin Flon.

Mr. Jennissen: Many people are calling this legislative session one of payoffs and paybacks. Foes, real and imaginary, of the government are being dragged down while friends, particularly financiers of the Progressive Conservative Party, can look forward to lucrative contracts and fire sales of government assets. Once MTS is sold, can Hydro be far behind?

The arrogance of this government can be seen in actions such as the treatment of the mayor of The Pas, Chief of the Opaskwayak Cree Nation and other delegates from The Pas region who met with the Minister of Health on October 29. The delegation came to discuss the crisis created by this government at The Pas Health Complex by cutbacks and bungled policies that were causing a shortage of doctors there and in many other communities across this province.

Instead of treating this delegation with respect, the minister scolded them for representing their community and told them to go back and talk to the regional health authority, which, like others, is a nonelected Tory-dominated regional health authority. Shocking yes,

surprising no, unfortunately not. The minister by his actions showed the purpose of the regional health authorities and much of the—

Madam Speaker: Order, please. The honourable member's time has expired.

* (1450)

Winnipeg School Division No. 1

Mr. Gary Kowalski (The Maples): Madam Speaker, it is a pleasure that I rise and acknowledge the 125th anniversary of the Winnipeg School Division. On October 29, I attended the banquet along with the other members from this Assembly, and it was a pleasure to acknowledge that anniversary. The theme was remembering the past as we look into the future, and one of the events was honouring all the nominees who were nominated for recognition by the school division. I think there were 67 present there. Of course, being in the political field, I took note that both the Premier (Mr. Filmon) and the Honourable Lloyd Axworthy were acknowledged as nominees for the award. It showed that Winnipeg School Division has given Manitoba some of the best and brightest in the community, and that was remembering the past.

Looking into the future, the keynote speaker, Mr. Frank Ogden, who is commonly known as Dr. Tomorrow, I found his speech very frightening. He forecast a future with survival of the fittest, where the weak die, where the global economy dictates that commerce rules over all social needs, over all care for individuals and contact with human beings. So I found his speech very frightening, and I know he would be challenged the following days at the symposium. It shows that Winnipeg School Division is not scared to bring controversial speakers forward and speak on such a matter, and I think his fee of, I have heard \$12,000, if nothing else, they got a very interesting speaker. Thank you, Madam Speaker.

ORDERS OF THE DAY

Committee Changes

Mr. George Hikes (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: St. James (Ms. Mihychuk) for Wellington (Ms. Barrett); Osborne (Ms. McGifford) for Broadway (Mr. Santos), for Thursday, October 31, 1996, for 6:30 p.m.

I move, seconded by the member for Broadway (Mr. Santos), that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: Selkirk (Mr. Dewar) for Swan River (Ms. Wowchuk) for November 1, 1996, for 9 a.m.

Motions agreed to.

Mr. Edward Helwer (Gimli): Madam Speaker, I move, seconded by the member for La Verendrye (Mr. Sveinsson), that the following committee change that was moved yesterday of the member for Lac du Bonnet (Mr. Praznik) for the member for St. Norbert (Mr. Laurendeau) for the Standing Committee on Public Utilities and Natural Resources for October 31, at 9 a.m., be rescinded.

I move, seconded by the member for River Heights (Mr. Radcliffe), that the composition of the Standing Committee on Public Utilities and Natural Resources—this was for October 30, at 6:30 p.m.—be amended as follows: the member for Roblin-Russell (Mr. Derkach) for the member for St. Norbert (Mr. Laurendeau).

I move, seconded by the member for La Verendrye, that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows—this is for Thursday, October 31, at 9 a.m.: the member for Lac du Bonnet (Mr. Praznik) for the member for Roblin-Russell (Mr. Derkach).

I move, seconded by the member for La Verendrye, that the composition of the Standing Committee on Law Amendments for October 30, 1996, at 6:30 p.m., be amended as follows: the member for St. Norbert (Mr. Laurendeau) for the member for Roblin-Russell (Mr. Derkach).

I move, seconded by the member for La Verendrye, that the composition of the Standing Committee on Law Amendments for Thursday, October 31, at 6:30 p.m., be amended as follows: the member for Lakeside (Mr. Enns) for the member for St. Norbert (Mr. Laurendeau);

the member for Rossmere (Mr. Toews) for the member for Niakwa (Mr. Reimer).

I move, seconded by the member for River Heights (Mr. Radcliffe), that the composition of the Standing Committee on Law Amendments for Friday, at 9 a.m., November 1, 1996, be amended as follows: the member for St. Norbert (Mr. Laurendeau) for the member for River Heights (Mr. Radcliffe); the member for Portage (Mr. Pallister) for the member for Rossmere (Mr. Toews).

I move, seconded by the member for La Verendrye (Mr. Sveinsson), that the composition of the Standing Committee on Public Utilities and Natural Resources for Thursday, October 31, at 6:30 p.m.: the member for Kirkfield Park (Mr. Stefanson) for the member for Ste. Rose (Mr. Cummings), the member for Roblin-Russell (Mr. Derkach) for the member for Steinbach (Mr. Driedger), the member for Gimli (Mr. Helwer) for the member for Lac du Bonnet (Mr. Praznik), and the member for Springfield (Mr. Findlay) for the member for Emerson (Mr. Penner).

I move, seconded by the member for River Heights (Mr. Radcliffe), that the composition of the Standing Committee on Public Utilities and Natural Resources for Friday, November 1, at 9 a.m., be amended as follows: the member for Ste. Rose (Mr. Cummings) for the member for Roblin-Russell (Mr. Derkach).

* * *

Hon. Darren Praznik (Deputy Government House Leader): Madam Speaker, just on a point of procedure, although one probably does not exist, I am about to announce some of the committees that the member—

An Honourable Member: No, no. I did not.

Mr. Praznik: Okay, all right, fine. My mistake, Madam Speaker.

* * *

Motions agreed to.

Madam Speaker: The honourable member for Point Douglas, with additional committee changes.

* (1500)

Mr. Hickes: I move, seconded by the member for Broadway (Mr. Santos), that the composition of the Standing Committee on Law Amendments be amended as follows: Radisson (Ms. Cerilli) for Dauphin (Mr. Struthers) for Friday, November 1, for 9 a.m.

Motion agreed to.

House Business

Mr. Praznik: Madam Speaker, my apologies to the member for Gimli (Mr. Helwer). I misunderstood on his calling of committees; I can appreciate that he was not making changes on committees that I am about to call.

I would like to just reconfirm: I understand that there are two committees that have been called for this evening already, and I understand that two committees have been called for tomorrow, Law Amendments and Public Utilities and Natural Resources, to sit between 9 a.m. and 3 p.m. in the afternoon.

I would also like to announce that for Saturday, the 2nd of November, the Standing Committee on Public Utilities and Natural Resources shall sit between 9 a.m. and 3 p.m. to continue hearing presentations on Bill 67.

As well, the Standing Committee on Law Amendments will sit from 9 a.m. to 3 p.m. to continue hearing or dealing with Bills 32, 48 and 72.

I also wish to announce that on Monday, November 4, I believe, if that is the correct date, the Standing Committee on Public Utilities and Natural Resources will sit between 9 a.m. and noon to continue dealing with Bill 67 presenters, if required.

The Standing Committee on Law Amendments will sit also between 9 a.m. and noon to consider the following bills: Bills 4, 55, 59, 61, 75, and 76. I understand those bills have a very limited number of presenters, and that is why the number of bills are being called for that particular committee.

I would also announce today, as well, in the interests of giving proper notice to presenters, that the Standing Committee on Law Amendments will sit beginning at 6:30 p.m., on Monday evening, the 4th of November, to

give consideration to Bills 58 and 57, and this committee is being called today in order to ensure that presenters can properly be accommodated and have sufficient notice.

I would ask as well, Madam Speaker, if you could call the following bills in this order, Bills 63, 17 and 41, for continuation of debate on second readings, and there may be some willingness to waive private members' hour. That might be dealt with later on in the afternoon. There may be other announcements.

Thank you.

Madam Speaker: Is there leave to waive private members' hour?

An Honourable Member: No.

Madam Speaker: No? Okay.

Standing committee announcements: For Saturday, November 2, 9 a.m. to 3 p.m., the Standing Committee on Public Utilities and Natural Resources will meet to continue to consider representation on Bill 67.

On Saturday, November 2, 9 a.m. to 3 p.m., the Standing Committee of Law Amendments will meet to consider Bills 32, 48, and 72.

On Monday, November 4, from 9 a.m. to 12 noon, the Standing Committee on Public Utilities and Natural Resources will meet, if required, to continue to hear public representation on Bill 67.

On Monday, November 4, from 9 a.m. to 12 noon, the Standing Committee on Law Amendments will meet to consider Bills 4, 55, 59, 61, 75 and 76.

The Standing Committee on Law Amendments will meet 6:30 p.m., Monday, November 4, to consider Bills 58 and 57.

DEBATE ON SECOND READINGS

Bill 63—The Statute Law Amendment (Taxation) Act, 1996

Madam Speaker: To resume second reading debate, on the proposed motion of the honourable Minister of

Finance (Mr. Stefanson), Bill 63, The Statute Law Amendment (Taxation) Act, 1996 (Loi de 1996 modifiant diverses dispositions législatives en matière de fiscalité), standing in the name of the honourable member for Rupertsland (Mr. Robinson).

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

Mr. Steve Ashton (Thompson): I wish to speak very briefly on this particular bill, because it is ironic that we are debating this bill, which deals retroactively with one of the biggest tax scams we have seen in this province for quite some time. It has been called the Quebec shuffle, part of that ill-fated plan of the government to work with those very civic-minded individuals who wanted to continue their ownership of the Jets and maintain it here in Manitoba, and I say, civic minded, because we saw one of the most incredible tax scams that we have seen in this province, something that is just absolutely unbelievable.

It is interesting because today we dealt with another tax issue, another major potential tax problem for this province, and that is related to the Manitoba Telephone System. This government does not even have a tax ruling, and, to put it in perspective, in Alberta, AGT received a tax ruling based on the \$6 increase, which is \$1.1 billion less than what they had estimated—\$1.1 billion.

An Honourable Member: What is a billion or two?

Mr. Ashton: What is a billion, I guess, as the member for Kildonan says, seems to be the buzzword of today's corporation.

This government has not even got a tax ruling. It gets even worse because they also apparently, and we can thank the Financial Post for this, over the next few weeks the rating agencies are expected to complete their analysis of MTS. They do not even know what the credit rating of MTS will be under a private company and what they will have to pay for debt capital as an independent company without a government guarantee.

Madam Speaker, this is incredible. This government expects us to be sitting in committee dealing with Bill 67, to be voting on the sale of MTS, when we do not know

what the company is going to pay in terms of its debts. We do not know what the tax liabilities are. Not only that, we will not even see the prospectus according to this government until two days after this bill is passed through the Manitoba Legislature.

Madam Speaker, I ask you this question, would anyone, except maybe this incompetent group across the way—just imagine yourself as an individual. Once again here, as somebody is coming, first of all you get a real estate agent, three real estate agents come to your house and they say, well, I am going to do something for you. I am going to advise you on whether you should sell your house.

An Honourable Member: What if you do not want to sell the house?

Mr. Ashton: The Premier says, what if you do not want to sell the house? What the Premier should have done here—you know, a Premier should know, though. I am using the analogy of MTS. The people of Manitoba do not want him to sell the house, but this government has said, well, give us some objective analysis on whether we should sell the house, the real estate agent is here.

Now, guess what the real estate agents, in this case the investment brokers, said. Guess what. Do you think they said no? Do you think they said, oh, it is not a good idea? Guess what they did. They said, sell the house. But it gets even better. Let us imagine the Deputy Premier there standing in the front doorstep of his house talking to these three real estate agents. I wanted to create this image here because this is actually what is happening.

* (1510)

You know what the Deputy Premier and the Premier have said in this situation? Do you think they have said, well, I want full details, what is going to happen, and the rest? You know what, he stands there and says, well, that sounds like a good idea. In fact, I was probably thinking of doing that anyway. Forget about the rest of the family, they will find somewhere else to live, but we are okay. All right.

Guess what. Guess what deal the investment brokers came up with. Actually, what we are going to do first, we

will give you a rough idea. We might make this amount of money, but we have a deal for you. We are going to sell it, but you get to keep half the mortgage. If you are lucky enough, we might rent it back to you at a reasonable rate. That is what is happening with MTS here. We are going to be maintaining the debt. More than half the debt is going to be maintained by the Province of Manitoba, and we are going to count on this private company to pay it back. [interjection] That is right. They will throw in a bridge.

You know, this is what is happening. This government now, on top of that—let us use the House analogy—does not even know what the costs are going to be, does not even know the sale price, does not even know the sale price. But do not worry, they are going to trust those real estate agents, those objective people who have come in and decided that, jeez, we could sell one way or the other, but we are going to sell it off here. This is absolutely incredible. Nobody in their right mind would do this if they were looking at selling their house or their car or anything, and now we have the government expecting us, members of the Legislature, and the people of Manitoba to decide upon the sale of MTS when it is absolutely clear this government does not even know the tax liabilities, the impact on rates because of the debt rating that is going to happen and the ability of the company to raise. We do not know what is going to be put in the prospectus. We do not know any of that information, but we are still supposed to vote to sell MTS.

That is absolutely not acceptable to the opposition and we are speaking, I can assure the members opposite, on behalf of all Manitobans because the people of Manitoba do not accept that this government has any right to sell off MTS. That is why symbolically, as it is on this bill which deals with another Tory scam, the scam that we saw just a few months ago of the Quebec shuffle on the Jets, we want to adjourn this House until we get to the bottom of what is happening with the other scam, the sale of MTS.

That is why I move, seconded by the member for Kildonan (Mr. Chomiak), that the House do now adjourn.

Madam Speaker: It has been moved by the honourable member for Thompson (Mr. Ashton), seconded by the honourable member for Kildonan (Mr. Chomiak), that the House do now adjourn. Agreed?

Some Honourable Members: Agreed.

Some Honourable Members: No.

Madam Speaker: No?

Voice Vote

Madam Speaker: All those in favour of the motion, please say yea.

Some Honourable Members: Yea.

Madam Speaker: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Speaker: In my opinion, the Nays have it.

Formal Vote

Mr. Ashton: Yeas and Nays, Madam Speaker.

Madam Speaker: A recorded vote has been requested. Call in the members.

Order, please. The motion before the House was moved by the honourable member for Thompson (Mr. Ashton), seconded by the honourable member for Kildonan (Mr. Chomiak), that the House do now adjourn.

Division

A RECORDED VOTE was taken, the result being as follows:

Yeas

Ashton, Barrett, Cerilli, Chomiak, Dewar, Doer, Evans (Brandon East), Evans (Interlake), Friesen, Hickey, Jennissen, Mackintosh, Maloway, Martindale, McGifford, Mihychuk, Reid, Robinson, Sale, Santos, Struthers, Wowchuk.

Nays

Cummings, Derkach, Downey, Driedger, Dyck, Enns, Filmon, Gilleshammer, Helwer, Lamoureux, Laurendeau, McAlpine, McCrae, McIntosh, Mitchelson,

Newman, Pallister, Penner, Pitura, Praznik, Radcliffe, Reimer, Render, Rocan, Stefanson, Sveinson, Toews, Vodrey.

Mr. Clerk (William Remnant): Yeas 22, Nays 28.

Madam Speaker: The motion is accordingly defeated.

* (1610)

Mr. Neil Gaudry (St. Boniface): Madam Speaker, I was paired with the member for Turtle Mountain (Mr. Tweed). If I would have voted, I would have voted for the benefit of Manitobans.

* * *

Madam Speaker: To resume second reading debate, on the proposed motion of the honourable Minister of Finance (Mr. Stefanson), Bill 63 (The Statute Law Amendment (Taxation) Act, 1996; Loi de 1996 modifiant diverses dispositions législatives en matière de fiscalité).

Mr. Tim Sale (Crescentwood): Madam Speaker, Bill 63 is a statute law amendment bill which is normally details that are being brought before the House to amend the smaller and finer points of our taxation system. Usually such bills do not attract wide-spread attention, and, in most cases, they are passed reasonably routinely by the House because they simply serve, for the most part, to implement a budget which has already been passed by this House.

But, Madam Speaker, this bill is an exception to this rule, and I hope the honourable Minister of Finance is paying attention to the issues that are being raised, because he knows they have been raised not only by the members opposite him but by many in the professional community.

Bill 63 has a clause in it which purports to deal with the so-called Quebec shuffle. The Quebec shuffle is a relatively simple mechanism in which there is the option on the part of companies locating in Quebec to value their assets differently for Quebec tax purposes than they

value them for federal tax purposes. Quebec makes this opportunity available because it has not yet complied with general anti-avoidance rules which were put in place in the mid to late 1980s by the federal government.

The federal government assured all provinces that the GAR rules would have the impact of avoiding the kind of interprovincial shuffling which goes on when companies take advantage of the fact that in Alberta and Ontario, it is also possible to gain tax advantages by locating assets in those provinces for various tax purposes, but that particularly in Quebec it is advantageous to do so. Most companies that are moved for tax purposes at the point of asset disposal or change in ownership make use of the Quebec rules, Madam Speaker, although there are a number that do make use of the Alberta rules as well. Now these are well-known measures. We are assured by tax lawyers and by accountants and by legal professors that these are very well-known measures of avoidance.

They are also very serious measures which are worthy of a bill unto themselves. I would ask the Finance minister to recognize and to acknowledge that, indeed, he has had advice to this effect. The Finance minister has received advice from the Chartered Accountants of Canada, the Chartered Accountants of Manitoba and their associations, and from the Manitoba association of tax lawyers. He has correspondence from those three bodies which, unfortunately, he has not seen fit to share with this House. In the correspondence, the professional people involved in those professions urged the minister to take much more seriously than he apparently does the overall impacts of this legislation. Madam Speaker, I am told by members of the professional associations involved and by members of the tax lawyers committee that they have made very strong presentations to the Minister of Finance (Mr. Stefanson) urging him to present the Quebec shuffle, anti-avoidance rules for Manitoba, as a separate piece of legislation as they believe it ought to be.

The reasons for their concern are manifold. Specifically, the minister has proposed that he will undertake retroactive tax legislation. Now, this kind of legislation, Madam Speaker, has generally been found by courts to be lawful, to withstand challenges in court, and so tax lawyers have told the Finance minister—and I suppose his own officials have told him—that this legislation will likely stand up if it is challenged. There is indication, however, that it is likely that it will be

challenged. Therefore, if it is like most tax legislation that is challenged, we will all be significantly older before the word on the law is any clearer, because typically such challenges take some years to wend their way through the tax labyrinth of the federal government.

Madam Speaker, first of all, it is at least possible, and some whom we have consulted indicate that it is likely, that this legislation will be challenged delaying significantly its implementation. Secondly, retroactive legislation should always be approached with great caution. It is rather like Humpty Dumpty who, in falling off the wall, gets himself rather messed up, and all the king's horses and all the king's men will have a great deal of difficulty putting Humpty back together again.

Madam Speaker, many of the deals which made use of Alberta, Ontario or Quebec were done in the late 1980s, early 1990s and right up through to the present day. Many of them involved companies which no longer exist. A number will have involved estates. Some will have implications for personal trusts. Others will have implications for pension plans and the beneficiaries of pension plans who hold assets in companies which have been disposed of using the Quebec shuffle and the Alberta version—I guess it would be the Alberta square dance or Quebec shuffle.

So, Madam Speaker, in going after the unlamented owners of the Winnipeg Jets to get the assets which should properly have been sold in Manitoba, this government is opening up a can of worms which may have very large volume in it. This is not a small can. This is one of those big commercial catch cans that has many, many worms in it.

Now, the requirement, of course, will be on Revenue Canada to investigate back to the 1991 implementation date of this tax legislation for the 1991-92 year and, in some cases, back to 1988 to discover what deals might have been done which might have implications for Manitoba's capital gains tax revenues. The government has been warned by many of its supporters—I do not know of a lot of tax accountants and tax lawyers who are supporters of any party other than the Conservative or Liberal Parties—have been warned by their supporters and by professionals in those bodies that they are treading on very dangerous ground with this legislation, but they are doing it because they are horribly, horribly embarrassed.

Madam Speaker, here is a government which was so ~~enmeshed~~ with the Winnipeg Jets that they had signed an interim operating agreement in 1991, that it put in place an interim ~~steering~~ committee which quarterly audited the Winnipeg Jets operation, that it had a securities commission reviewing the prospectuses and draft prospectuses and memorandums of offering all during 1994, '95 and '96 in increasing numbers as the panic around the Jets escalated.

* (1620)

This is a government which, through The Freedom of Information Act, finally, after a great deal of work on the Ombudsman's part, was revealed to have thousands and thousands of pages of documentation on this team. Yet some day last June the Finance minister (Mr. Stefanson) awoke from a long sleep and said, my goodness, the assets have shuffled off to Quebec, the old shuffle off to Buffalo, but, in this case, it was Quebec. Well, this is really a tragedy.

What an irony that, just as children were breaking open their piggy banks on Peter Warren's flatbed, the owners of the Winnipeg Jets were petitioning their lawyers in Montreal to establish companies so they could avoid Manitoba taxes. These fine, upstanding corporate citizens in whose interests Manitobans were asked to sacrifice and with whom the government of Manitoba did many a dance were quietly hiding their assets in the province of Quebec.

Is it not a fine irony that just as les Nordiques went to Denver, les Jets went to Quebec? So Quebec did not actually lose a hockey team; they just had one they did not know about, and Quebec's hockey team last year played in Winnipeg, but it really was Quebec's hockey team. I guess that is kind of a quid pro quo; they lost the Nordiques, they got the Jets. The Nordiques won the Stanley Cup. The Jets are the desert weasels, or is it the Phoenix Coyotes? I am not sure which.

This is a tale that could only be written by someone with a great sense of humour or a great sense of tragedy. Bill 63 has in it legislation which by any precedent should be separate legislation in this House. It should go before committee so that people can tell the government what the likely implications of this kind of retroactive tax legislation is.

Now, Madam Speaker, we will vote for this legislation, because we believe in closing corporate loopholes. We believe in a tax system that is fair and treats everyone fairly and equally. We believe in Manitoba assets and Manitoba companies being taxed under Manitoba law when that is appropriate, so we will support the legislation. But let there be no doubt that we are watching through this legislation a tale of incredible incompetence on the part of this government and its advisers, that such assets should move to Quebec without their notice, that a well-known tax loophole known to this government for many years should be used by unscrupulous business people who want to maximize their return on their capital investment while stealing from the piggy banks of Manitoba children and calling themselves leading citizens in company with the Premier (Mr. Filmon) and his Finance minister (Mr. Stefanson).

This is a tragic piece of legislation. It should be separated into at least two bills. It should go before public committee for hearing. It is not simply a statute law amendment.

House Business

Hon. Darren Praznik (Deputy Government House Leader): Madam Speaker may just want to check at 4:30; there may be a willingness not to see the clock if she canvassed the House.

On House business, as well, I would like to announce that we would like to call the Standing Committee on Industrial Relations, I believe is the correct title of that committee, for Monday evening to commence at 6:30 to consider Bills 50 and 73. I believe both those bills are being taken through by the Labour minister (Mr. Toews). I believe, to date, there are 14 presenters on one particular piece of legislation. I am calling it today in the interest in ensuring there is sufficient time to inform those presenters so that they can govern themselves accordingly to be in attendance.

I believe the opposition House leader (Mr. Ashton) concurs in that, so I would like to make that announcement, as well, this afternoon.

Madam Speaker: First of all, is there leave for the Speaker not to see the clock at 4:30? [agreed]

The Standing Committee on Industrial Relations will meet Monday, November 4, at 6:30 p.m., to consider Bills 50 and 73.

Committee Changes

Mr. Edward Helwer (Gimli): Madam Speaker, I have some committee changes.

I move, seconded by the member for Sturgeon Creek (Mr. McAlpine), that the composition of the Standing Committee on Law Amendments for Thursday, 6:30 p.m.: the member for River Heights (Mr. Radcliffe) for the member for Minnedosa (Mr. Gilleshammer).

I move, seconded by the member for St. Vital (Mrs. Render), that the composition of the Standing Committee on Public Utilities and Natural Resources for Friday, November 1, at 9 a.m.: the member for Gladstone (Mr. Rocan) for the member for Gimli (Mr. Helwer).

I move, seconded by the member for St. Vital (Mrs. Render), that the composition of the Standing Committee on Law Amendments for Saturday, November 2, at 9 a.m., be amended as follows: the member for Niakwa (Mr. Reimer) for the member for Lakeside (Mr. Enns); the member for Fort Garry (Mrs. Vodrey) for the member for Portage la Prairie (Mr. Pallister).

I move, seconded by the member for Sturgeon Creek (Mr. McAlpine), that the composition of the Standing Committee on Public Utilities and Natural Resources for Saturday, November 2, at 9 a.m., be amended as follows: the member for Steinbach (Mr. Driedger) for the member for La Verendrye (Mr. Sveinson); the member for Lac du Bonnet (Mr. Praznik) for the member for Morris (Mr. Pitura); the member for Emerson (Mr. Penner) for the member for Sturgeon Creek (Mr. McAlpine); the member for Brandon West (Mr. McCrae) for the member for Gladstone (Mr. Rocan).

I move, seconded by the member for St. Vital (Mrs. Render), that the composition of the Standing Committee on Law Amendment for Monday, November 4, at 9 a.m., be amended as follows: the member for Ste. Rose (Mr. Cummings) for the member for Assiniboia (Mrs. McIntosh); the member for Kirkfield Park (Mr. Stefanson) for the member for Pembina (Mr. Dyck); the member for Charleswood (Mr. Ernst) for the member for St. Vital (Mrs. Render).

I move, seconded by the member for Riel (Mr. Newman), that the composition of the Standing Committee on Public Utilities and Natural Resources for Monday, November 4, at 9 a.m., be amended as follows: the member for Morris (Mr. Pitura) for the member for Kirkfield Park (Mr. Stefanson); the member for Gimli (Mr. Helwer) for the member for Ste. Rose (Mr. Cummings); the member for River Heights (Mr. Radcliffe) for the member for Lac du Bonnet (Mr. Praznik); and the member for La Verendrye (Mr. Sveinson) for the member for Brandon West (Mr. McCrae).

Motions agreed to.

* * *

Mr. Leonard Evans (Brandon East): I am rising to speak on Bill 63, which I believe is standing in another person's name, but after speaking we are prepared to have it pass so that it can go to committee stage. Thank you, Madam Speaker.

* (1630)

Madam Speaker: Okay. Just one moment, then. Is there leave to not allow Bill 63 to remain standing in the name of the honourable member for Rupertsland (Mr. Robinson)? [agreed]

Mr. Leonard Evans: As usual, a statute law, a taxation bill is one that is an omnibus bill containing many items on various matters of taxation, and indeed this one is no exception. We finally did get from the minister rather extensive committee reading notes, which helps to explain the various provisions.

Many of the provisions, of course, are very minor, and that is what is supposed to be in this bill, that is, minor adjustments to tax laws. But, as my colleague for Crescentwood (Mr. Sale) has very well outlined in a speech a few moments ago, this bill does contain a very important item, an item of policy that has been debated at length in this province, and that is the government's handling of the whole Winnipeg Jets issue.

It is just incredible that no one seemed to know that this company or indeed, I suppose, any companies could do what it has obviously done, and that is to shift assets to avoid paying taxes in the province of Manitoba. The question is going to be raised, I am sure, when it goes to

court whether we can pass retroactive legislation. That is the real question. I, for one, want us to be able to collect this money. I do not think there is any disagreement on either side of this House, but the very real question is whether this is a possibility, because it is retroactive. So this remains to be seen, but it is regrettable that we have exposed ourselves in this sense. It is regrettable, the whole Winnipeg Jets issue has been one of great debate in this province, and while we all wanted the Winnipeg Jets, it is a matter of how much people are prepared to pay in keeping a privately owned hockey team.

As the Leader of the Opposition has said, we seem to be ready to privatize publicly owned assets and assets which serve the public of Manitoba, yet we are willing to get into some form of public arrangement for the private companies where we should not have any business, frankly. At any rate, it remains to be seen what will happen with this particular tax item with the so-called Quebec shuffle episode.

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

The bill contains, as I said a moment ago, a lot of miscellaneous measures, some of which are very technical. They are not controversial. They are amending some existing tax law. They are making provisions for miscellaneous adjustments. For example, we do not oppose this payroll tax refund for workplace training as being eliminated for workplace training costs incurred after April 2, 1996. These amendments will help to mitigate the tax impact for small corporations in the year they become an associated group. In other words, there is a limit under which you do not pay any payroll taxes, and when small companies are gathered together and are formed into one larger group, they then become subject to taxation. What this particular amendment does is to not exempt them from that taxation, but it does not click in, the taxation will not click in, will not become operative until the time they become, the precise part of the year in which they become, associated or amalgamated.

So this is a very minor amendment, but the point is that this government has failed the people of Manitoba on a very important policy promise they made back when the now Premier (Mr. Filmon) was Leader of the Opposition. The Premier, when he was in opposition, stated, and I heard him with my own ears on more than one occasion,

that a Conservative government would totally eliminate the payroll tax, the Health and Post-Secondary Education Levy, as it is referred, but it is still there. Yes, the exemption level has been raised, which we support. Fewer companies may be paying this tax, but nevertheless it is still an important tax.

I do not have the numbers with me, but I think it is close to \$200 million. It is a lot of money, and I predicted at the time that the Premier, when he was Leader of the Opposition, was making this promise, and also the former Minister of Finance, Mr. Manness, on many an occasion, I said, you will never do it. You will never eliminate the payroll tax, given the fact that the Manitoba government needs the revenue and given the fact that it does provide us with a new source of revenue which is not only beneficial, but a new source of revenue from the large corporations and from large federal Crown corporations that were not providing us with this revenue previously.

Nobody wants to hurt small business. In fact, when we brought in the Health and Education Levy, we did provide for exemption of a lot of small businesses, and I am sure, over the years, this limit would have been raised because no one wishes really to penalize the smaller or medium-sized companies. However, the limit has been raised, but the fact is that that tax is very much alive. I simply point out and remind honourable members opposite that they have failed to live up to a very important election promise that they made in 1988.

There is another area that I am concerned about in this particular bill, Mr. Deputy Speaker. That is the one with reference to personal care home fees. There are technical amendments here that affect individuals, including a restriction on Manitoba tax reduction claims in the year of a personal bankruptcy; well, that is a different issue. But there are other amendments related to changes in the rules governing the property and cost of living tax credit programs to clarify their application in regard to personal care home fees, and then I am concerned about that this particular amendment will provide the basis for the government to reduce assistance to those residents of personal care homes, in particular, as we stated, the cost-of-living tax credit and the property tax credit.

Both of these credits were made available by a previous Schreyer NDP government to personal care home

residents, and it helped them financially over the years. Now we are seeing an amendment, and it is not clear. One cannot tell precisely what will happen from this amendment even though there was an explanatory note provided by the minister. I would read it here if I could just put my hand on that particular page. But, having read the explanation, we are still not clear as to the impact. It refers to personal care homes—here it is. Section 5(1.2) limits personal care home costs claimed as a rent equivalent for property tax credit purposes to one-half the portion of per diem charges not claimed as a medical expense.

As I would understand that, it lowers what is deemed to be rent paid in a personal care home. That is an estimate that has to be made, but if you do that, then you might be reducing the property tax credit and the cost-of-living tax credit available to those particular residents. On that matter, Mr. Deputy Speaker, I am particularly concerned at what the government has done over the last few years in terms of personal care home fees, because I found out in my constituency that the rates charged personal care home residents were raised to such an extent that those people living on the basic government Old Age Pension and Guaranteed Income Supplement were now being charged to such an extent that they only had about \$1 or \$2 a day left for their personal expenses.

* (1640)

We have to remember that when you are in a personal care home, yes, you have a bed, you have accommodation, you have meals provided, but you still have the responsibility for buying your own toothbrushes, your clothing, medical aids, dental work. [interjection] Yes, you have grandchildren or great-grandchildren coming in. You might like to buy them a little bit of candy or something. There is no money left for these people. It was to the point where that particular category could apply for welfare. The government had reduced the disposable income left for those people to such an extent that they were considered under provincial allowance rules, the social allowance rules/regulations under the Minister of Family Services, to apply for welfare.

In fact, I wrote to every resident in a personal care home in Brandon East pointing out that, yes, the rates had risen, but if you are in this category, you should inquire with the administrator or your family to see

whether or not you can apply for welfare or provincial assistance. In fact, Mr. Deputy Speaker, many did.

I recall being told later, about a year or so later, that this one gentleman who is very active in the Salvation Army—that is beside the point, I guess—[interjection] Yes, I was playing my accordion for a seniors group there. We were having a singsong at the local Salvation Army Citadel. At any rate, the point is that he said thanks very much, Len, for telling me about this because my mother was in that category. She was really having a difficult time, and now she gets about \$100 a month welfare. Well, I said to myself, this is crazy. I mean, one branch of government is jacking up the rates to personal care home residents to such an extent that they can go to another branch of government and get some financial assistance to offset the situation they were being put in. I mean, this is not logical, and I do not think any member of this House wants to see that or would like to put those people in that particular bind or in that particular position. Nevertheless, that is what happened. I do not know exactly where people stand today, [interjection] but the fact is it is worse after Bill 36, my colleague from Burrows (Mr. Martindale) said.

So those people that are very vulnerable, that depend on the public through their government to provide them with security and safety and a healthy environment, we are actually penalizing. That, to me, is not acceptable.

We give a lot of lip service to helping people who are elderly and who are deprived and disabled. So we give all this lip service, but in reality, we really socked it to them. This government has socked it to them by raising those rates to an incredibly intolerably high level. I am concerned that this particular part of The Statute Law Amendment (Taxation) Act will put another turn of the screw, in other words, reduce, for those who may qualify, the availability of the tax credits for property tax credits and for the cost of living tax credit. We can discuss this in more detail in the Committee of the Whole when we do this section by section and try to get a clarification, but I do not think it is good news for residents of personal care homes.

I am speaking up on behalf of people who cannot speak up on behalf of it. These people do not have easy spokesmen out and around the community. There are certain groups in our society, invariably the poor and the

people with very little income and people who are handicapped, whose voices are often not heard, and as a result, they are hurt by government policies. We do not realize it, and yet the reality is that they are being financially, in this case, hurt and it has a great bearing. If you only have a dollar or two a day, that in this day and age is not adequate.

Mr. Deputy Speaker, there are other parts of this bill, as I said, very technical in nature. A large part of it deals with motive fuel taxes, and there is reference to retail sales taxes affecting interprovincial trucking and how these matters are calculated. Those items are really not controversial, so I have nothing really to say about them in second reading. I would just, in closing, reiterate what my colleague for Crescentwood (Mr. Sale) has stated, and that is that it is not acceptable that we have had this possibility of this Quebec shuffle and that it is something that is simply—well, it is definitely going to be challenged in the courts as retroactive legislation which has no application.

An Honourable Member: We hope we win, though.

Mr. Leonard Evans: The Minister of Natural Resources (Mr. Driedger) says, we hope we win. I hope we win, too, because, goodness knows, we need the money. This item is so important it should not have been included in this bill. There should have been a completely separate bill on this item so that there would be more attention to it and it could be debated perhaps more fully than it can be in this particular legislation.

I realize that we have certain time limits here, so I am not going to continue further, although one could discuss other items and the policy spin-offs from them, including clarification of definition of revenue sharing with the municipalities, other items regarding income tax and how they impact on our people. I have figures tabulated by a national taxation research agency showing that Manitoba has the highest tax rates for low-income people in the country, and it may be unbelievable, but it is true. When it comes to the people in the lowest category of income, according to The Income Tax Act, Manitoba has the highest rate of income tax. So there are these items that we could spend some time on if we were not around the closing portion of the session. But, as I said, there are some parts of the bill that we have no problem with and certainly would be supporting.

So, with those few words, Mr. Deputy Speaker, we are prepared to see this bill go to Committee of the Whole.

Messages

Hon. Darren Praznik (Deputy Government House Leader): On behalf of the Minister of Finance (Mr. Stefanson), I would like to table the message from His Honour the Lieutenant Governor that accompanies this particular piece of legislation.

* * *

Mr. Gary Kowalski (The Maples): Mr. Deputy Speaker, I would like to put a few words on the record, on behalf of our caucus, before this moves to the committee stage to hear representation from the public.

From my understanding, this bill contains amendments to five different tax laws: The Corporation Capital Tax Act, The Health and Post Secondary Education Tax Levy Act, The Income Tax Act, The Motive Fuel Tax Act and The Retail Sales Tax Act.

This bill has already made it into the media since it closed what has been called the Quebec loophole. By incorporating their company in Quebec prior to sale, corporations can avoid paying tax in Manitoba. The Winnipeg Jets owners pulled this move, and this bill is something like damage control for the government. This bill is retroactive, however, and this is generally not seen as a good move. One would also question why this loophole was not closed earlier.

Part 1 of this legislation is a housekeeping amendment that is an attempt to make the definition of the fiscal year clearer.

Part 2 of this bill concerns tax exemptions for health-related corporations. In essence, it offers a tax break in what seems to be an effort to encourage such corporations to merge.

Part 3 covers The Income Tax Act, making some minor changes to bankruptcy provisions and the definition of principal residence.

Other changes also include the 10 percent education benefits promised during the election. This section also

contained the Manitoba tax avoidance section that goes back to 1991. This section closes the Quebec loophole.

Part 4 allows the oil and gas industry to take advantage of tax-free coloured diesel fuel for mineral exploration. Currently farmers have this advantage.

* (1650)

Part 5 contains changes to The Retail Sales Tax Act. This change will affect the auto sales industry the most. Amendments brings the act up to date, including fleet vehicles and the formula for figuring out the tax rate. Amendments also cover interprovincial sales, geophysical survey of mining equipment, again getting another tax break into this legislation. We welcome this bill to move forward to a committee, so we can hear representations from the public.

Thank you, Mr. Deputy Speaker.

Mr. Deputy Speaker: Is the House ready for the question? The question before the House is second reading of Bill 63. Is it the will of the House to adopt the motion? Agreed?

Some Honourable Members: Agreed.

Mr. Deputy Speaker: Agreed and so ordered. Private Members' Business.

An Honourable Member: It was agreed not to see the clock.

Mr. Deputy Speaker: Where do you want to go to?

An Honourable Member: 60, 41.

An Honourable Member: Bill 17 and Bill 41.

An Honourable Member: 17 first, please.

Mr. Deputy Speaker: I am sorry.

Bill 17—The Government Essential Services Act

Mr. Deputy Speaker: On the proposed motion the honourable Minister of Labour (Mr. Toews), Bill 17, The

Government Essential Services Act (Loi sur les services gouvernementaux essentiels), standing in the name of the honourable member for Inkster (Mr. Lamoureux), who has 29 minutes remaining.

Is there leave for this matter to remain standing?

Some Honourable Members: No

Mr. Deputy Speaker: No? Leave has been denied.

Is the House ready for the question? The question before the House is second reading of Bill 17. Is it the will of the House to adopt the motion?

Some Honourable Members: Agreed.

Mr. Deputy Speaker: Agreed and so ordered.

Bill 41—The Fisheries Amendment Act

Mr. Deputy Speaker: On the proposed motion of the honourable Minister of Natural Resources (Mr. Driedger), Bill 41, The Fisheries Amendment Act; Loi modifiant la Loi sur la pêche, standing in the name of the honourable member for Brandon East (Mr. Leonard Evans).

Is there leave for this matter to remain standing?

Some Honourable Members: No.

Mr. Deputy Speaker: Leave has been denied.

Ms. Rosann Wowchuk (Swan River): Mr. Deputy Speaker, I want to take a few moments to put some comments on the Fisheries Amendment bill. The fishing industry is a very important industry in our province and very important to the economy of many of our northern and aboriginal communities, and it is an industry that we must look after. Unfortunately, in my opinion, particularly in my constituency, when I look at what the government has been doing, there has been neglect in keeping this a sustainable industry.

The purpose of this bill is to transfer some of the regulatory powers currently held by the federal fisheries over to the province. The bill deals mostly with licensing requirements and enforcement. The concern we have, and

a concern that has been raised with us, is what the implications of this bill are for First Nations people. The agreement the First Nations have with treaty rights is between the federal government and the bands, and when we have a provincial government now taking over some of the regulatory powers, it has been raised with us that there might be a concern for aboriginal communities.

An Honourable Member: The First Nations are excluded from this. That stays with the federal government.

Ms. Wowchuk: Now the minister tells us that the First Nations have been excluded from this, and I wish that message had been communicated to the First Nations to ensure them that was actually true, that they do not have any concerns with it, but when I look at the record of this government with communicating with the public, for example, we have had great discussions in the last few days about how this government has refused to travel out to rural communities and talk about the privatization of Manitoba Telephone, I seem to see a bit of spillover here.

If the minister is accurate and indicates that there are no problems for First Nations, I wish that his department had been in contact with the aboriginal communities and let them know what the intent of this legislation was, to give them that insurance, because that has been raised with us and there are people who are coming, I understand, from some of the First Nations communities, who are going to be making presentations when this bill goes to committee to address these concerns. So I hope that that would be accurate.

We must be sure that when we transfer powers from the federal to provincial governments, there is not interference because these agreements, these treaties that have been signed, are from First Nations to the federal government. Those people have been given the right to hunt and fish, and the provincial government should not be trying to limit what is covered under a treaty. Those would supersede.

But, Mr. Deputy Speaker, I also want to talk just briefly about the fishing industry in my constituency, that being on Lake Winnipegosis. As I have said, it is an important part of the economy in many communities, but the people on Lake Winnipegosis who fish for a living have had a serious downturn in their revenues, and when

I meet with these people, they have given many suggestions about what should be done. They want to be involved with the government in resolving the problem and looking at ways that we can rehabilitate that lake, but they have not been getting a very good return for their efforts in the last little while. Part of it is that the stocks in the lake are so low, and the other fact is that this government has not done a very good job of restocking that lake in comparison to what they have done with restocking of the sport-fishing lakes. This is a commercial lake that has been sadly neglected.

Now the people of the area have put forward several suggestions in trying to upgrade the lake, and the government has put forward their suggestions. One of the suggestions that the government has put forward is to close down the summer fishing on that lake, and I have to tell the minister that that is not going over very well with the fishermen. The fishermen feel that shutting down the summer fishing season is only taking income away from one small group of people and not increasing the income for the winter fishermen.

I am very pleased that the minister is here and is listening to these comments because this is what the fishermen in my constituency are saying. I also want to alert the minister to the fact that the winter fishermen, a small group of fishermen, are proposing now to also reduce the net size. Now, they used to have a four-inch mesh on Lake Winnipegosis; it went down to three-inch; and now fishermen are proposing to go down to two-and-three-quarter-inch mesh. If the fish stocks are starting to come back, it is not going to help these fish stocks if we start to go for a smaller mesh.

So I want to tell the minister that his advisory committee, or some people on the lake, are making recommendations, and I understand that there is going to be a meeting this coming weekend—this Sunday, in fact—where the advisory committee will make a decision as to whether or not they want to go with the smaller mesh size, which is two and three-quarters inch. I hope that the minister will recognize that this is a bad move, will not do anything to help the fish stocks, and is not in the best interests of the community, is not in the best interests of the fishermen, is not in the best interests of the aboriginal people who try to make a living on that lake. I hope he will address that concern.

With those few comments—the other concern that we have with the bill is that this bill gives increasing powers to the minister over marketing and the ability for the minister to permit fishing without a licence at his or her discretion. That is very significant. When we think back to about what we heard over the last week about the fishing that was happening up north, and certain people had made allegations about the government giving permission for people to fish on lakes, and that is illegal, now this piece of legislation will make it possible for the minister to permit fishing without a licence at his discretion. That, I think, again, as we have seen in other legislation, gives the minister an awful lot of power, and I do not understand why the minister would want the ability to give permits to fish without these people having licences. Perhaps the minister, when we get to committee, can explain to us why he would want that kind of power, and I would hope that he would not use it to let people go into lakes which are in the far north where the aboriginal people are supposed to have control over the lakes. So we would have people from southern Manitoba going into the North and exploiting the resources that have been there for generations for people of the North to use.

* (1700)

With those few comments, Mr. Deputy Speaker, I know that one of my other colleagues may want to say a few words about this. We want to have feedback from the aboriginal communities; we want assurances that this legislation is not interfering with the treaty rights of First Nations; and we want explanations from the minister as to why he would want the power to be able to issue licences, permits to fish without licences. Thank you.

Mr. Eric Robinson (Rupertsland): Mr. Deputy Speaker, my comments are going to be very brief on this matter, The Fisheries Amendment Act, Bill 41. I must confess that I have not made myself totally aware of the bill, and I am trying to gain a better understanding of the contents of the bill and if there are, indeed, going to be implications with respect to treaty and aboriginal rights and First Nations people's aboriginal right or treaty right to fishing.

However, from what we have been able to ascertain in our discussions with First Nations representative organizations, including the Interlake Reserves Tribal Council and representative organizations that represent

First Nations communities in Manitoba, particularly those First Nations communities that have a direct interest in this traditional economy have told us, in fact, that this bill gives a great deal of power to the province and also to the Minister responsible for Natural Resources. Their fear is that in referring it and comparing it to the 1930 Natural Resources Transfer Agreement, which was done after the treaties were signed, commencing with Treaty No. 1 in 1871 and the subsequent treaties, particularly Treaty No. 5, which encompasses a great deal of northern Manitoba territory, they feel that this may be a bill which gives, again, authority to the provincial government, where they feel that it infringes on the treaty rights of First Nations people, the First Nations people's treaty right to the fishery. Although the word is that this will not occur, aboriginal leaders and people and particularly fishermen are suspicious about this bill and its potential implications. My colleagues the member for Dauphin (Mr. Struthers) and the member for Interlake (Mr. Clif Evans), I believe, outlined some of the concerns and some of the real concerns that exist in Manitoba with respect to the fishing industry.

The way we understand this act is that it is going to consolidate and co-ordinate authority for the licensing and allocation of all aquatic organisms harvested in The Fisheries Act of Manitoba. Also, the act will allow the transfer of appropriate federal regulations from the Manitoba fishery regulations 1987 to provincial regulations. Now, as we understand it, the intent is to transfer administration and regulations and not to make changes to the regulations itself.

The second component, the way we understand it, of the legislation is to incorporate the authority to control leech harvest in the province. Apparently there is no specific authority to administer the harvest, and as interest continues to increase for the commercial harvest of bait leeches, the amendment will help manage the resource more effectively.

A couple of areas that we read in the briefing notes that were prepared for the minister include the powers that are given in the bill to the minister, including the issuing of a special sport fishing licence. A couple years ago we had a problem in northern Manitoba with the Gods River First Nation, where the First Nation people there wanted to exercise their treaty right and treaty and aboriginal

right to have a fishing derby and were not allowed by this government, but they proceeded and practised their inherent right and their treaty right to embark upon a fishing derby and thus proceeded, as far as I understand.

So these are some of the concerns that are being expressed to us, and having met with the Norway House First Nation a couple days ago, the member for The Pas (Mr. Lathlin) and I were told in no uncertain terms that it is no longer acceptable where First Nations people are not given the proper consultation on matters relating to such bills as Bill 41, where aboriginal people—when we take Lake Winnipeg, for example, Mr. Deputy Speaker, where we have over 300 aboriginal fishermen and 11 nonaboriginal fishermen fishing that lake and aboriginal fishermen having to abide by zones and by areas and having to abide by these regulations.

So it is only understandable that First Nations people would be suspicious of any such legislation such as Bill 41. It makes all the sense in the world to me and my colleagues that First Nations and other aboriginal people would be suspicious of such legislation, although we are told that it is a companion to a federal legislation already in existence. So we are indeed looking forward to having representation from other aboriginal organizations, aboriginal leadership in the next few days until this House rises on next Thursday. So we indeed look forward to that.

In the meantime, Mr. Deputy Speaker, I believe I am the last that will speak on this bill from our side of the House, and we are prepared to pass it to committee and look forward to other comments. Thank you.

Mr. Deputy Speaker: Is the House ready for the question? The question before the House is second reading, Bill 41.

Mr. Gary Kowalski (The Maples): Mr. Deputy Speaker, just a few words to put on the record on behalf of our caucus. I understand, Bill 41, The Fisheries Amendment Act, that this bill is a transfer of regulations. No changes in the current legislation are being made. This act will consolidate and co-ordinate authority for licensing and allocation of aquatic organisms harvested under The Fisheries Act of Manitoba. This includes both commercial and sport fishing licence. This new act allows the transfer of appropriate federal regulations from

Manitoba Fisheries regulations, 1987, to provincial regulations.

The second purpose of this legislation, according to the minister, will give him the authority to regulate the live bait industry in Manitoba. Specifically, the minister made reference to the new leech harvest. With sport fishing now a multimillion dollar industry, live bait such as leeches has become a growing industry. Anyone with a cheesecloth net and a willingness to get their feet wet can sell live bait on the roadside. Small places have been doing this for years without any impact on the environment. It is quite probable that a commercial harvest may be started.

So, Mr. Deputy Speaker, we are interested to see if the public have any concerns with this bill, and we welcome it going to committee for presentations by the public. Thank you.

Mr. Deputy Speaker: Is the House ready for the question? The question before the House is second reading, Bill 41. Is it the will of the House to adopt the motion?

An Honourable Member: Agreed.

Mr. Deputy Speaker: Agreed and so ordered.

PRIVATE MEMBERS' BUSINESS

DEBATE ON SECOND READINGS—PUBLIC BILLS

Bill 200—The Health Services Insurance Amendment Act

Mr. Deputy Speaker: On the proposed motion of the honourable member for Inkster (Mr. Lamoureux), Bill 200, The Health Services Insurance Amendment Act (Loi modifiant la Loi sur l'assurance-maladie), standing in the name of the honourable Minister of Northern Affairs (Mr. Praznik).

Leave? Is there leave that this matter remain standing? [agreed]

Bill 201—The Aboriginal Solidarity Day Act

Mr. Deputy Speaker: On the proposed motion of the honourable member for Rupertsland (Mr. Robinson), Bill

201, The Aboriginal Solidarity Day Act (Loi sur le jour de solidarité à l'égard des autochtones), standing in the name of the honourable member for St. Norbert (Mr. Laurendeau).

Leave? Is there leave that this matter remain standing? [agreed]

Bill 203—The Public Assets Protection Act

Mr. Deputy Speaker: On the proposed motion of the honourable member for Thompson (Mr. Ashton), Bill 203, The Public Assets Protection Act (Loi sur la protection des biens publics), standing in the name of the honourable member for St. Norbert (Mr. Laurendeau).

Leave? Is there leave for this matter to remain standing? [agreed]

* (1710)

Bill 205—The Dutch Elm Disease Amendment Act

Mr. Deputy Speaker: On the proposed motion of the honourable member for Wolseley (Ms. Friesen), Bill 205, The Dutch Elm Disease Amendment Act (Loi modifiant la Loi sur la thylose parasitaire de l'orme), standing in the name of the honourable member for St. Norbert (Mr. Laurendeau).

Is there leave that this matter remain standing? [agreed]

(Mr. Mike Radcliffe, Acting Speaker, in the Chair)

THIRD READINGS—PRIVATE BILLS

Bill 300—The Salvation Army Catherine Booth Bible College Incorporation Amendment Act

The Acting Speaker (Mr. Radcliffe): Next matter is third readings, private bills, No. 300. Is the member ready to proceed with second reading?

Mr. Marcel Laurendeau (St. Norbert): Mr. Acting Speaker, I move, seconded by the honourable member for Gimli (Mr. Helwer), that Bill 300, The Salvation Army Catherine Booth Bible College Incorporation Amendment Act; Loi modifiant la Loi constituant en

corporation le Collège biblique Catherine Booth de l'Année du Salut, be now read a third time and passed.

Motion presented.

Mr. Steve Ashton (Thompson): I move, seconded by the member for Wolseley (Ms. Friesen), that debate be adjourned.

Motion agreed to.

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

PROPOSED RESOLUTIONS

Res. 19—Social Impact of Gambling

Mr. Steve Ashton (Thompson): Mr. Deputy Speaker, I move, seconded by the member for Wolseley (Ms. Friesen), that

WHEREAS the most rapidly growing source of revenue for the government is gambling; and

WHEREAS the rapid expansion of gambling in the province has also increased the number of addiction problems suffered by Manitobans; and

WHEREAS recent figures from the Addictions Foundation of Manitoba show that enrollment of programs geared toward treating persons with gambling addictions have almost doubled since last year; and

WHEREAS recent AFM figures show that contrary to the Volberg report which describe the profile of a problem gambler as a young, unmarried male, the majority of people seeking treatment are between the ages of 51 and 64 years; and

WHEREAS gambling affects all segments of society; and

WHEREAS the impact of gaming activity on Manitoba communities may be socially draining as opposed to economically profitable; and

WHEREAS the Manitoba Lotteries Corporation continues to promote gambling through internal marketing.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the provincial government to consider reallocating \$1.6 million from image advertising to the AFM for the provision of gambling addiction treatment programs; and

BE IT FURTHER RESOLVED that this Assembly request the provincial government immediately to consider working in conjunction with the AFM to combat the problem of gambling amongst all ages and demographic groups of people; and

BE IT FURTHER RESOLVED that this Assembly request that the provincial government consider ensuring that the Manitoba Lotteries Corporation not promote gambling, including encouraging marketing activities amongst any one demographic group.

Motion presented.

Mr. Ashton: Mr. Deputy Speaker, I appreciate the opportunity to speak on this resolution.

I want to stress, first of all, that despite the Desjardins commission, despite the recommendations of the Desjardins commission and the fact that some of them are being implemented by the government, perhaps in some cases halfheartedly with the establishment of a commission which does not have very much strength, the situation in this province is that the government is still being driven by revenue in terms of gambling decisions.

(Madam Speaker in the Chair)

It is coincidental to the introduction of this resolution that just a few days ago the Lotteries Corporation announced it is extending the hours at the casinos here in Winnipeg. Madam Speaker, once again we are seeing revenue come before the social problems that can occur from gambling. I want to stress how significant those social problems are. I think everyone in this room today, everyone in this Chamber knows in their community the impact gambling is having.

You know what I did, Madam Speaker? I actually went to the casinos—to the Minister of Labour (Mr. Toews), not during the strike, but I went to the casinos several months before the strike and talked to many of the people that worked in the facility. What was very

interesting, there are people that go into those casinos at opening time and quite literally stay there until closing time. They sell six packs of Tylenol a week. People in that smoky environment, eating not necessarily the most nutritious food, and, I mean, these are people that are there literally hours and hours.

This most recent decision is going to do what? It is going to extend those hours. I understand that it is a concern related to tour groups, but there many people who will stay that additional three hours. I have talked to people who work in the many bars and restaurants in Manitoba and they tell me that they see on a daily basis the gambling addiction many people have with VLTs. People spend their entire pay cheque.

What is frustrating to my mind is, if you are in a bar and you drink too much, servers are legally bound and also trained, as part of the server intervention program, to prevent you from consuming too much alcohol, but you know what? In Manitoba there is no ability to do that with gambling, to maybe say to someone, maybe you played VLTs maybe one too many times.

I want to throw this out. We are often accused in the opposition of simply criticizing, but there is a casino in the United States that has a server intervention program. They have empowered their staff to be able to say to someone that may be addicted to gambling, perhaps you should stop at this point.

You know, if there is any concern about the legality of that, I would point out that, for members who are not aware, you can actually bar yourself from a gambling facility operated by the Manitoba Lotteries Corporation. You can actually tell them, I do not want to be let in this institution. I think that is important, because we already allow for that to take place voluntarily through that, and if we were to look at something like a server intervention program, I think that could have some distinct possibilities to deal with the big problems.

It is not recreation gamblers. My family are recreation gamblers. I have no problem with that. They are regulars at the bingo palaces. They play in the Legions. They play in the hotels and bars. I am not criticizing that at all. I am realistic. Gambling has always been part of the province, whether you like it or not. I think it always

will be there. But I think where we have to start is dealing with the addiction, identifying it.

Second of all, I have always felt that one of the provisions in the Desjardins commission that deserved some consideration is that of having a referendum at the local level on gambling. We do it with alcohol. There are communities in Manitoba that still do not have licensed alcoholic facilities. Steinbach. [interjection] That is right, in southern Manitoba. I think gambling is very much in the same category. I have talked to many people who say they do not want it in their community, and I know people who say, well, it may be available in the surrounding community, but you know, it still is having much more of a direct impact, particularly VLTs, because VLTs are very accessible in bars and restaurants.

The most obvious example of that is probably the Quest Inn. I do not want to criticize the Quest Inn per se, it is a legal facility, but they have a lounge in a hotel that is also a seniors residence, and I have had calls from family members, and we have had calls from family members who are concerned about that, Madam Speaker, so I think there should be some community choice.

The third point is, I really question the promotion that goes on, not just the overall promotion, but some of the internal promotion. It is good marketing, it is good business, I understand, to have what are called seniors days. I know my parents have gone to those seniors days, but even they have sort of questioned whether that is really what the Manitoba Lotteries Corporation people should be doing, encouraging, targeting marketing efforts towards a particular demographic group, and I will tell you, there are many seniors who are having problems with gambling.

I have talked to people who are very concerned about people in their own families. You have to recall too that seniors, being retired, are in a position of having that spare time, the leisure time, and it is very easy to fall into the habit of going to the casinos or to the bars or restaurants or Legions, and there is a tremendous amount of concern with that. That is why this resolution references not targeting specific demographic groups. I do not think there should be seniors events. I do not think there should be any type of promotional events, quite frankly, for gambling within this province.

* (1720)

Now, we can put aside perhaps the question of tourism, there may be a different argument there, but I do not think you promote it. I have always felt that, Madam Speaker, when it comes to gambling, when it comes to alcohol, when it comes to any of those parts of our society that can be recreational in one sense but can be social vices in another, there is a balance there. I am not saying we should necessarily have prohibition, but I do not believe you promote alcohol and I do not believe you promote gambling. I believe there are enough people out there who are going to gamble without your making it a subject of these marketing events that we see. Well, that is what I am looking for and what we are looking for in the New Democratic Party, some balance.

I do not think anyone is saying that gambling is going to be eliminated in the province. If you were to make it illegal tomorrow, it would still continue. I mean, the Irish Sweepstakes, I think, a few years ago was the substitute for the fact there were no lotteries. You know, if you do not have governments doing it, you have shadier elements of society running gambling facilities. I do not believe prohibition works: it does not work on alcohol, and it does not work for gambling. But I still think there is a social balance. That is what this resolution is all about.

I wish in a way we had more time to discuss this. I have much more I could put on the record, but I did want to allow for other members to speak on this, because I think it is one of those types of issues that should not necessarily always be a partisan issue. I would hope that it would be treated as alcohol was in the old days, a few years ago.

We used to have all-party committees on these types of issues. I think perhaps now with the establishment of the commission, which I do not think is strong enough in its power, I think it may be something that we could still do as a legislative committee, because I would like to talk to Manitobans as an all-party commission on the social impact of gambling, and perhaps you know—and I know, with members opposite, I think, there is probably some common ground there.

What we are looking for is more of a balance. I have mentioned some suggestions, positive suggestions. I

have many more I am more than prepared to make both as a concerned Manitoban and as gambling critic, Lotteries critic for the New Democratic Party. I look forward to—I believe the member for River Heights has some comments as well. I am hoping, as well, that this is the kind of resolution that we can return to, if not this session in other sessions, because I think this is probably one of the areas where we can move into all-party discussion and perhaps some positive suggestions for Manitoba. Thank you.

Mr. Mike Radcliffe (River Heights): Good afternoon, Madam Speaker. I laud the overall general direction of my honourable colleague across the floor, but one must be very careful adopting such a broad-stroke resolution as he has advanced. In fact, my colleagues on this side of the House would be very careful with compulsive behaviour of any sort. We do not condone compulsive behaviour, and we are very aware. We want to put on the record that we are aware of the social ills that devolve from compulsive behaviour.

In fact, I can relate to this Chamber and my colleagues here that I have a friend of my mother's, a woman of 86 years of age. She has been compulsively attracted to Columbia House publishing sweepstakes. In fact she lives for the mail delivery every day. This is a senior. She lives in a block where she receives subsidized rent. She has all the material comforts of life. In fact, the problem is that this woman is bored, and she looks to the Columbia House publishing sweepstakes for a little bit of excitement and spice in her life. The problem is that in all these situations one must not overlook the human element.

An Honourable Member: Is this your wife?

Mr. Radcliffe: Not my wife. I can advise this House that this government has recognized the fact that there are ills that arise from compulsive behaviour and from the gambling in this province. [interjection] My honourable colleague from across the way is perhaps betraying some of the historical roots of his association and his party, because they were proponents originally, I would suggest, with the greatest of respect, of the prohibition era. We all saw the ills and the ineffectualness of the prohibition.

In fact we know that some of the largest whiskey houses of our nation had their roots in Manitoba from the

prohibition era. Therefore, if we were to adopt this resolution of my honourable colleague across the way, we would fall into the easy road of which has already been repeated once in this province. In fact, being a modest student of history, I am sure all my honourable colleagues know that there is that old adage that, if you do not understand and know history, you are cursed and bound to repeat it. Therefore, having the benefit of some grasp of a modicum of history in our province—

An Honourable Member: Modicum?

Mr. Radcliffe: Modicum. A small amount.

I would suggest that we would be sliding down the slippery slope to repeat some of the mistakes that we have already made, probably in this very Chamber.

An Honourable Member: Is Michael speaking in favour of this?

Mr. Radcliffe: I am with my friends.

I would suggest, with the greatest respect, I would like to point out and put on the record that at the present time the Manitoba government has shown that it is responsive. The Filmon government is responsive and responsible in its approach to problem gambling, and at the present time, the Addictions Foundation of Manitoba, the AFM, receives nearly a million dollars annually. This money is spent to fund 17 staff positions and to deliver extensive services in the areas of treatment, of education, of prevention and training.

These programs and services are offered by the AFM, and they are designed and funded to meet the identified needs of people who find themselves in this unfortunate situation. I do not mean to deprecate or diminish in one iota the social ills that this compulsive behaviour raises, but what we must address is the real ill and not cast the broad net and catch a lot of unintentioned victims by our thoughtless legislation. In fact, this government, I would

suggest with the greatest of respect to my honourable colleagues across the way, a hallmark is the careful thought and care that goes into all our legislation.

In fact, I heard somebody across the way indicate that they are in favour of our MTS legislation, and I would laud the honourable member for his—

An Honourable Member: Definitely in favour.

Mr. Radcliffe: In fact, Madam Speaker, I believe that my learned friend did indicate that gambling is with us and is going to be with us. Prior to the opening of the casinos in Manitoba and the bingo parlours, we saw busload after busload of Manitobans taking our good Canadian dollars south of the border.

An Honourable Member: And they still are.

Mr. Radcliffe: And they still are, as the honourable member for Sturgeon Creek (Mr. McAlpine) has indicated. I would suggest that he may have some personal knowledge of this phenomenon. What we have done in Manitoba is be aware of the advertising issue which my honourable colleague has raised.

I am advised that the Manitoba Lotteries Commission has removed lifestyle advertising from the Manitoba marketplace in response to a working group which has been gathered to study this issue. This shows a real sensitivity of this government and this corporation in being aware of people's needs and being sensitive to the people of Manitoba.

Madam Speaker: Order, please. When this matter is again before the House, the honourable member for River Heights (Mr. Radcliffe) will have eight minutes remaining.

The hour being 5:30 p.m., this House is adjourned and stands adjourned until Monday next.

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, October 31, 1996

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