

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 1 June, 1982

Time — 8:00 p.m.

## CONCURRENT COMMITTEES OF SUPPLY

### SUPPLY - EMERGENCY INTEREST RATE RELIEF

**MR. CHAIRMAN, H. Harapiak:** I'd like to call the Committee to order. I would just like to caution the members, before the supper break it seemed as if the committee might be going out of control at times and I think as a Chairman I have a responsibility to keep order in the committee room. So I would like members to direct their questions to the Chair and possibly this will take away some of the animosity.

The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, the Minister of Economic Development has on two occasions upgraded or given the information on the number of loans or grants that have been approved in the program of the Interest Rate Relief for small business. In the paper, I believe it was last week, there was another figure given that was considerably higher than the figures that the Minister had given in the House. I must realize it was a week later. Can the Minister give us the figures of the number of people that have had approvals for the small business development Interest Rate Relief Program?

**MR. CHAIRMAN:** Mr. Minister.

**HON. B. URUSKI:** Yes. Mr. Chairman, 34 small businesses have been approved for assistance by the board. Out of a total of 176 applications received, 24 applications have been rejected and 115 applications are still under review.

**MR. F. JOHNSTON:** Can the Minister tell us what is the amount of money, the cash flow, on the 34 approvals?

**HON. B. URUSKI:** Yes, the 34 approvals are projected to represent assistance commitments in excess of \$400,000, if the clients stay in the program for a full 24-month period.

**MR. F. JOHNSTON:** The \$400,000 on the 34 approvals, it's 50 percent grant and 50 percent loan, so I can assume that the grants are \$200,000 and the loans at low interest rate are \$200,000.00?

**HON. B. URUSKI:** The loan portion is interest free for two years and the portion that he spoke about of grants is a grant.

**MR. F. JOHNSTON:** Yes, I am aware of that, but what I was saying, at \$400,000, there is \$200,000 outright grant and the other \$200,000 of the \$400,000 would be low interest loans.

**HON. B. URUSKI:** That is correct.

**MR. F. JOHNSTON:** Mr. Chairman, I don't want to go over the details that we went over in the Economic Development Estimates to any great extent, but now we have a situation where the Minister has said that 80 percent of the businesses in Manitoba would be helped or could qualify for assistance under this program. The program has a limitation of \$365,000 in sales; \$365,000 in sales puts a business in the position of being either a one or two-man operation, maybe three. We are now assisting and it was very disappointing to me to have the Minister suggest earlier today that the program that the Conservatives would have been involved in as far as households are concerned, or interest rates regarding homes are concerned, or regarding farms were concerned, would be only those that were our friends that were in the top 20.

I submit, Mr. Chairman, that is a bad statement and I don't think that there's any way that you could help 80 percent of the businesses of Manitoba under this particular program. It's \$10 million for farms, households and businesses. We are in the position of helping businesses that probably, as the Minister says, may need help but we have completely eliminated the number of businesses in this province that need help that are in the farm implement business. It could even be the shoe repair business; it could be any business; it could be businesses of services to people because the program does not eliminate services. It isn't just for manufacturing, it does not eliminate services.

So, Mr. Chairman, we now have a situation where we're looking at, if the small business part of this program gets a third of the money, we get \$2,500,000; on 176 applications, there has been 34 approvals for \$400,000.00. It would appear to me that you won't spend the money because the criteria of your program is such that it really can't do that much good. It will be of some help, but it will not help the people that are daily going into receivership in this province or writing bankruptcies. They are businesses that are over \$350,000 in sales. They are the businesses that employ people, so your program is not directed towards the assistance of the majority of the small businesses in Manitoba that are large employers.

The Minister mentioned earlier, then the Minister of Economic Development mentioned earlier - I shouldn't say earlier - the other day, that probably one of the most important parts of the program is that they would receive knowledge of those businesses that had problems and they would be able to help them. But that's secondary as far as I'm concerned because there always has been within the department a very large segment of the department that worked very sincerely with small business to assist them in management problems, production problems or accounting problems.

So what we have at the present time is a program that is basically not going to be as much assistance as is necessary to curb the receiverships and bankruptcies of small business within the province. What is really happening in this particular case is that we have people making application; the forms regarding the application are such that they must prove they don't have any assets. There is one particular statement

about the program that are the shareholders and do the shareholders have any assets, etc.

So we really have got a program that is not going to eliminate the high interest rate problems for a small business and just to elaborate a little bit on that: it's all very well to say we have a program that is going to help those that are in the real need and we may be helping some very small businesses that are in real need, but the program does not assist businesses that are in real need that employ several people. The program does not assist those companies that have been hit very hard by high interest rates. The program, as the Minister has said, is not designed to help bad management, but what is bad management today?

The Federal Government has a call on your money as far as taxes are concerned, the Provincial Government has a call on your money as far as taxes are concerned; and the cash flow that's left for any small businesses today that are employing people is very very nil and management is not the big problem. We also have a situation where the management - it doesn't matter how well they receive assistance - as far as consulting is concerned; they just don't have the cash flow.

So, you know, when I say this, I have a complete realization that the members of the other side seem to take a lot of pride when they say we would like you to spend more money. You've been criticizing us for spending too much; we would like you to spend more money. Mr. Chairman, I submit that unless you have a program that will assist small business from the point of view of assisting those businesses that are going into receivership and going broke today, that are businesses that are over \$365,000 a year or \$50,000 a year, that are businesses that employ people, you really may be putting your money in the wrong place.

I submit sincerely that the best place that money of this type can be placed is in the program for the farm community or in the program to assist young people with their mortgages because the best way to help a businessman is to see that people have disposable income within their pockets. In other words, we must give people purchasing power and that is the only way you will assist small business. As far as I'm concerned, the program that you have compared to the program of the Small Enterprise Rural Development Program for small business which the Premier called useless, which this government has approved a 27 more applications for, has placed more people in business in the province and employing people; that's where you should be placing your money.

As far as interest rate relief is concerned, the interest rate relief should be going to housing or young people in housing and it should be going to farmers. In other words, the direction into small business is, as the Minister says, something small. It's a start, but it is not going to solve the problem. The problem can only be solved by having disposable income in people's pockets as far as business is concerned and that seems to be something that the government has forgotten.

Mr. Chairman, your program regarding the Interest Rate Relief Program for small business is not much better than they had in Saskatchewan under the NDP, it was a disaster; they only spent about \$250,000 on it. This program is not going to save businesses in the

Province of Manitoba. It certainly is not going to make the promises of the Premier, that no small business would go under in the Province of Manitoba. It is disappointing to me that now we hear from the Ministers that it's only designed to help those really in need, but that's not what the Premier said when he was running. Mr. Chairman, he basically said that all of these businesses would be helped and it comes from the top. The Premier of the province has a tendency to say anything and he does very easily. Anybody that would make the statement that the Premier made, that he signed on that particular brochure - and I have said this before and I said it in the Economic Development Committee - that I feel sincerely sorry for his Ministers who have to sit here and defend a statement that is absolutely impossible to achieve.

Mr. Chairman, I'm sure that I will arouse the ire of the Minister of Resources when I make this statement. When he and I were councillors in the City of St. James-Assiniboia and in St. James, one of the worst things that we could ever do is to make a promise or to pass a bylaw that could not be achieved, and when he was Chairman of the Police Commission and I was Assistant Chairman and when I was Chairman and he was Assistant Chairman, we threw it back and forth like a yo-yo. The Ombudsman, who just resigned, was the Chief of Police and he used to say: "Mr. Johnston, Mr. Mackling, please don't ask me to administrate laws that are impossible to administrate."

That's poor law, very poor law. It is very poor; it is very stupid. In fact, it has the need of a psychiatrist for a person to make the statement that the Premier of this province made. How can anybody build up the confidence or the expectations of the small business people of this province the way the Premier did, and the Minister of Economic Development will defend him, I'm sure, but she's been put in an impossible position of being able to accomplish the promises. You would be better off to make sure there was disposable income in the pockets of the people of the Province of Manitoba so that businesses can survive and do better.

**HON. B. URUSKI:** Mr. Chairman, I appreciate the comments of the Honourable Member for Sturgeon Creek. I really do, Mr. Chairman, because I appreciate him so much that I'm pleased that he is the one that really should examine his remarks and maybe hire himself a psychiatrist —(Interjection)— remarks. Mr. Chairman, I want to set the Honourable Member for Sturgeon Creek's comments straight and the Honourable Member for Pembina's comments straight with respect to comments made by the Leader of my party, the now Premier of the Province of Manitoba, during the election campaign on October 30th when we announced an Emergency Interest Rate Relief Program for homeowners, farmers and businesses —(Interjection)— Mr. Chairman, the Member for Arthur says "last-ditch effort." The last-ditch effort, Mr. Chairman, was made by your party when you, in a deathbed repentance, came up with an ill-conceived, ill-thought-of interest rate program and I will deal with that shortly.

**MR. CHAIRMAN:** Order, order.

**HON. B. URUSKI:** Mr. Chairman, I want to quote from a statement made by the then Leader of the Opposition and I quote from Page 6 of the statement dealing with the program on interest rate relief: "The NDP are not prepared to use tax dollars except for hardship cases. There will be no assistance for those who have purchased houses well beyond their means in the selfish hope that inflation would enrich them. There will be no assistance for businesses put in jeopardy by poor management or by farms owned by land speculators. We expect that, on the pessimistic assumption that interest rates will not be much lower in 1982 and will only start to come down significantly in 1983. The Budget for emergency relief will be \$23 million." On October 30, 1982, that statement was made. "This is planned as a one-time crisis effort because no province in Canada can afford a permanent interest rate subsidy, nor could the economy withstand the inflation that would result from three or more years at the present level of interest rates."

Mr. Chairman, all this to-do, howling and baying at the moon, by members of the Opposition. They came out as a last-ditch effort during the campaign to assist homeowners in the Province of Manitoba with an emergency interest rate mortgage assistance plan by the Conservatives. There was a program announced in response to what was announced by the New Democratic Party; we did an analysis of that announcement, Mr. Chairman. While their program covered the entire population, eligible homeowners of approximately 25,000 in the Province of Manitoba, their benefits to those 25,000 homeowners on an average monthly basis, amounted to just under \$14 per month. While our program doesn't reach that many people, —(Interjection)— well, Mr. Chairman, doesn't reach as many people, but it does reach the people in the greatest need. These kinds of people that the Conservatives kept saying, we only want to help those in the greatest need, we only want to help those who need it most. Their program would have helped, yes, 25,000 homeowners at \$13 a month. Mr. Chairman, our program can reach an eligible amount . . .

**HON. H. PAWLEY:** You know, I would ask your ruling. I heard distinctly the Member for Pembina yell, "He's a liar," and I would appreciate your ruling. If we are going to maintain some sense of dignity and respect in this committee there has to be some standard that we apply.

**MR. CHAIRMAN:** Do you have a point of order?

**MR. D. ORCHARD:** Mr. Chairman, on that same point of order. If the Minister of Agriculture would repeat the same figure twice in a row, I might not have to resort to calling him a liar. He started out at \$14 and he said \$13 the next time. What is the figure that he wants to leave us with, \$14.00 or \$13.00? Which is the figure he's putting on the record?

**MR. CHAIRMAN:** Mr. Premier.

**HON. H. PAWLEY:** Mr. Chairman, I ask for you to make a ruling.

**MR. CHAIRMAN:** We ruled before the supper hour, that was on . . . the same point of order.

**MR. J. DOWNEY:** On the point of order. My comment is what are we asking for a ruling on, whether the Minister of Agriculture is misleading this committee or what's the question being put on?

**MR. CHAIRMAN:** The Member for Lakeside on the same point of order. Order.

**MR. H. ENNS:** Mr. Chairman, on the same point of order, whether or not the comments from the Member for Pembina were in order or not, the fact of the matter is he was not speaking as you have directed us at the outset of this committee meeting, through the Chairman; he did not have the floor. The First Minister may take objection to the comment made as comments are sometimes made from the sidelines, from a member who does not have the floor. I suspect that there is not a point of order to deal with.

**MR. CHAIRMAN:** Mr. Premier.

**HON. H. PAWLEY:** Mr. Chairman, I know very well where the comment came from, where it was directed and since, Mr. Chairman, I called the point of order, the member has repeated those comments very clearly and very proudly for all to hear. I just say to you, Mr. Chairman, if this is the extent to which committees of the Legislature are going to stoop, to such kindergarten sort of comments, then we are going to be in grave difficulty if this kind of process and trend continues as we have observed frequently from the Member for Pembina, but certainly are observing in that kind of reference in this committee.

**MR. CHAIRMAN:** The Member for Springfield on the same point of order.

**MR. A. ANSTETT:** Yes, Mr. Chairman. With respect to the Member for Lakeside, the comments that were made by the Member for Pembina clearly are listed in all our supporting House procedural publications and documents as unparliamentary expressions; there is no question about that. I am sure the Member for Lakeside would be just as conscious as I am of the need to avoid those kinds of remarks whether they are formally on the record or not because of our interjection mike system in which Hansard prints interjections in debate. —(Interjection)— Well, it usually does. Mr. Chairman, the Member for Lakeside has some reservations. I suggest he consult with the Member for Minnedosa about interjections and unparliamentary expressions appearing on the record.

If we wish to avoid having this Legislature degenerate and the kind of language used here, then we might as well forget about the whole game. The reason we have those rules, the reason we have those lists is to avoid the kind of expressions in debate that cause rancour and bitterness between members. I realize this is a heated debate. I realize there may be some opportunities for disagreement among members but certainly I think we want to avoid those kinds of expressions and it behooves all members on both sides to avoid that kind of language whether they're

calling it out across the floor of the House or the Committee, whether their mike is on or not. If we're concerned about decorum in debate and scoring points from either side about debate, then it behooves us to use the vocabulary in a language that reflects our status as members and not that kind of language, Mr. Chairman.

**MR. CHAIRMAN:** The Attorney-General on the same point of order.

**HON. R. PENNER:** On the same point of order, I was fully endorsing the remarks of the Member for Springfield as to interjections. I do want to draw attention of the Chair to the fact that the Member for Pembina, when challenged on the record said, "misleading the Committee," which amounts to the same thing and he can't have it both ways that at one time he's off the record, but when he's on the record it doesn't amount to a breach of the decorum of this Committee and I think that with respect to the Member for Lakeside to suggest that the remark was pasteurized by being an interjection, misses the whole sequence and this is the point that is being urged here.

**MR. CHAIRMAN:** The Member for Arthur on the same point of order.

**MR. J. DOWNEY:** On the point of order, Mr. Chairman, the Member for Springfield made comment about the Member for Minnedosa making some comment that was picked up by the microphone or by the system in Committee that was reported in some particular way.

Could the Member for Springfield identify or make those comments so that we know what he's talking about? I don't know what the Member for Minnedosa said that would be picked up by Hansard. —(Interjection)— no, it's not. No, the Member for Springfield used the Member for Minnedosa, who is not at the Committee, as an example as to what was picked up by the microphone and by Hansard to use as an example in this particular case. Could he identify what the Member for Minnedosa said?

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

**MR. A. ANSTETT:** Mr. Chairman, I will identify a Committee of the House on Public Accounts in the spring of 1976. The member can consult; I will not repeat the remarks. It was an unfortunate incident —(Interjection)—

**MR. CHAIRMAN:** Order please.

**MR. A. ANSTETT:** Mr. Chairman, I will not enter into the record remarks that I considered and the Chairman of the Committee considered unparliamentary. I will not repeat them.

The fact of the matter here is that the Member for Pembina on a point of order accused the Honourable Minister of certain activities which he called from his seat as an interjection and then repeated them, specifically, that the member was lying, that he put on the record when he was recognized in debate. Mr. Chairman, that is an unparliamentary expression and I think

the Minister and this Committee have every right to a full unqualified withdrawal forthwith.

**MR. CHAIRMAN:** Order. The same words were used before supper hour and they are clearly unparliamentary and because the member did not have the microphone at this time, doesn't make it any less wrong. So I would ask the member to - and I asked for co-operation before the meeting got started to try and keep the decorum in Committee - and I'll ask the member's co-operation to withdraw the remarks and refrain from making them again.

The Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Chairman, I will withdraw the remark that I put on the record that the Minister hasn't got his facts straight. I won't repeat the unparliamentary phrase that is so offensive to all members of this Chamber, but would the Minister care to clarify whether in fact, it is \$14 per month he's trying to say, or \$13 per month? He has used both figures. Which figure is correct and which figure do we assume the Minister to be using in a truthful manner?

**MR. CHAIRMAN:** The Minister of Agriculture.

**HON. B. URUSKI:** Mr. Chairman, if the member wants the exact figure, it's \$13.85 per month that I was giving him and I rounded it off at . . .

**MR. D. ORCHARD:** Mr. Chairman, could we assume that the Minister was telling the truth at \$13 the first time or \$14 the second time?

**HON. B. URUSKI:** Mr. Chairman, I did have the floor when I was making my remarks. I indicated that the benefits that we were talking about under their program when we made the analysis, would pay benefits and I started by saying, of approximately \$14 a month is the figure that I used initially, and to give the honourable member the correct figure, I will give him the analysis of \$13.85 per month in terms of the deathbed Tory plan that was in place, that was going to be the salvation of homeowners in the Province of Manitoba on the announcement that they made during the election campaign, as compared to, Mr. Chairman - and as I've indicated before - that our program will not and would not reach as many homeowners. Our projections would be roughly at an 18.25 percent mortgage interest rate. We would be able to reach somewhat less than 5,900 homeowners, in the vicinity of between 5,800 and 5,900 homeowners, with an average monthly benefit of \$52.81, if he wants the exact calculations that were made and he won't be in a position to call anyone a liar on the basis of 15 cents, Mr. Chairman.

That analysis that was done in terms of helping many homeowners, and so indicated by the Member for Tuxedo and the Member for Sturgeon Creek who indicated that our plan really wasn't going to do very much; we should do nothing for business people. There was even a suggestion made, Mr. Chairman, and I just want to make sure that I understood the Member for Sturgeon Creek, on the point that he indicated or he insinuated, there were comments made from this side that, oh well, let's forget about the 20 percent of businesses that are in the higher annual

gross income sales area because they're really not our friends.

Mr. Chairman, if that statement was made, that was an insinuation again by his colleague, the Member for Pembina, before we left for supper. It was he who drew that kind of an inference from remarks supposedly made by my colleague, the Minister of Economic Development. It is he who has stooped that low of trying to pit one segment of our society against another in terms of his analysis of who the assistance under this program will benefit.

Mr. Chairman, I quoted from the speech made by the then Leader of the Opposition with respect to how far our assistance would go in terms of our election commitments on October 30th. Mr. Chairman, nowhere did we say that we would assist everyone who is in difficulty. The statements were - I would have to put it quite mildly - conservative in nature in terms of being atoned; the scope of the program was defined in terms of the budgetary amounts that was clearly spelled out at the time on October 30th. The \$23 million figure was put into play; the extent was limited, Mr. Chairman, and I gave those remarks.

We know, Mr. Chairman, that a program for businesses whose gross sales are beyond the 350,000 mark is beyond the scope of the financial ability of this province. We know that that responsibility should be clearly handled by our National Government in terms of - they made announcements with respect to the Small Business Development Bond Program that was supposed to assist farmers who were in higher gross income categories and businesses who were in higher gross income categories - that they could go in and apply for the Small Business Development Bond Program.

But I have to say, Mr. Chairman, that the financial institutions and the Government of Canada really couldn't make up its mind on how to work through some of the intricacies that they put into place under this program and there wasn't very much take-up under this program and it hasn't benefited many of those people and those businesses in those categories. We acknowledge that and we understand that, but to suggest as some members have tried in this Committee, that we are not living up to our commitments, we are somehow misleading the public, Mr. Chairman, those statements were very clear and if the members wish, the statement that I quoted from was from the speech given by Howard Pawley on October 30th, 1981, and I quoted from them.

The Honourable Member for Arthur now says: "So what?" Mr. Chairman, the "so what" is that we were very clear in defining what our intentions were when we announced the program. They were there in black and white. Now the members may not like what was said because they didn't like it so much, Mr. Chairman, and they, during the final terms of that election campaign, decided they better do something about it: number one, rent controls; number two, the Interest Rate Relief Program, so they did announce a program.

When one analyzes that program, and talks about administrative costs, the way their program would have operated, Mr. Chairman, would have been that our administrative costs would have gone up three times the amount that we will be spending on adminis-

tration now. If anyone talks about a Mickey Mouse program, Mr. Chairman, that was the Mickey Mouse program in terms of the benefits that would have been paid on a monthly basis to homeowners, if one wants to talk about Mickey Mouse.

We talked about the seriousness of the situation, Mr. Chairman, in terms of interest rates and in terms of being able to provide limited assistance to people who are in great difficulty. We did not say that we would be the salvation of every business, farm and home, whoever are in financial difficulty. We said if it was high interest rates that were causing the problems, we would assist.

There is a federal program which hasn't worked to assist those who are in the higher growth sales area, but Mr. Chairman, members of the Opposition here tonight and this afternoon, I believe - I hope - may have learned a bit of a lesson in terms of how far they want to exaggerate their comments or how low they wish to get in terms of their attacks on some of the statements that have been made.

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, the Minister just finished off by saying "exaggerate." I would say that the exaggeration came from the government at the present time regarding the programs that we are speaking of at the present time.

Mr. Chairman, the Minister makes a very great point about the fact that the Progressive Conservative Government at that time during the election came out with an interest rate program for homeowners and it was towards the end, as they keep saying, after the N.D. Party had made promises. The promises of the N.D. Party were made when they had full knowledge of the deficit, and as a matter of fact, Mr. Chairman, during the last Session of the Legislature when the Budget was brought up, they predicted what the deficit would be and they had the quarterly reports from the province.

Mr. Chairman, the Progressive Conservative Party at that time did not come out and make any promises or give any programs until we knew the basis of the Federal Government Budget. I heard the comment that somebody said: "That's a lot of crock," but I can tell you this, that the government at that time was very aware of what the deficit was, very aware of what should be done, but hopefully, we expected that the Federal Government would come out and do something to assist the homeowner regarding interest rates and interest rates on renewal of mortgages. When they didn't, we came out with a program.

Our program was structured on the basis that there would be assistance to anybody that had a mortgage renewal presented to them over 14 percent and we would pay 75 percent of the difference between 14 and 20 percent, I believe, and I don't have it in front of me, and we would have given assistance to \$23 million or \$22 million to the homeowners out there that had extreme problems.

It's all very well for the Minister to say that their program will assist people who are paying more than 30 percent on their mortgages. Mr. Chairman, there are young people out there today and I can give you examples of two, where they were both working, they

had bought a house and their mortgage doubled. It went from \$325 in one case to \$650; it doubled. The system or the program that you have put before us regarding 30 percent of income is all very well to say that they may be able to afford 30 percent of income, but there are many young people out there, very young people out there who had bought homes and were budgeting to make the mortgage payment, but all of a sudden when the renewal of mortgage came up, it doubled. Those are the people who need assistance in a very big way and the one that I am speaking of would get \$7 a month under your program. It's very, very, very good for the Minister to talk about \$13.85 or \$14 or \$13 per month. He uses an average. Under our program, people would have received much more than that and the Minister keeps continuing to use an average.

Mr. Chairman, when the Minister keeps talking about, and the members of the government keep talking about the fact that the Progressive Conservative Party didn't come out with a program until after the NDP, we came out with a program after we knew what the Federal Budget was. The N.D. Party came out with a program with full knowledge of what the deficit was. They started out at \$23 million over the basis of three areas, farms, businesses and homes. I remember clearly, and there is an article in one of the papers that says that the First Minister says: "Oh no, all I meant was for mortgages," and then now as we get into it, we find out it's for all three. So the programs that you're speaking of have now boiled down to farms, businesses and people who need assistance on mortgage assistance because of high interest rates or renewal of mortgages that in many cases have doubled. We have a program that is absolutely inadequate and mostly inadequate for those young people who have had their mortgages doubled.

Mr. Chairman, the government would have been better off, as I have said previously and I may be criticized. I was the Minister of Economic Development. We have presently a Minister of Economic Development who does her job very tediously. I told her during Estimates that she does not realize what's going on out there and I still believe that, but I can tell you very sincerely that the best way to help the small business is to put the money into assistance to mortgages and assistance to farmers so that there will be disposable income and your program of \$23 million over a two-year period will not make a dent into assisting the small business people and your program, as far as mortgage is concerned for young people on the basis of 30 percent income, is not really worth that much to those people who have had their mortgages doubled.

I would like to take the Minister a little bit to task on the statement that he was making earlier on the basis of what the Minister of Economic Development said. The Minister of Economic Development said earlier today - and we can look it up in Hansard - when I said earlier today I might put it "infer" that our program was only designed to help those people who may have been our friends, I can assure you, that is not the case, Mr. Chairman.

**MR. CHAIRMAN:** Point of order, the Honourable Minister.

**HON. M. SMITH:** Mr. Chairperson, is it in order if I clarify that statement?

**MR. CHAIRMAN:** Yes, you may clarify the statement . . .

**HON. M. SMITH:** What I said and . . .

**MR. CHAIRMAN:** . . . after he finishes making his statement.

**MR. F. JOHNSTON:** Well, I'm finished.

**MR. CHAIRMAN:** The Minister of Economic Development to clarify a statement.

**HON. M. SMITH:** Yes, I said that the programs were designed to help more than 70 percent of the farmers and more than 80 percent of the small business people and if the complaint from the other side was that we weren't helping anyone, I suggested that they are implying that it's the 20 percent of the small business and 30 percent of the farmers who aren't getting any help. I did state that maybe the group that they associate with and think are all there are out there, but in the total context it's still a small percent, I don't know how you can say if you're helping over 70 percent of a group of people that you're not doing anything for them. —(Interjection)— Well, you're helping the people who are in most economic need and when you have limited resources and you're putting in an emergency type program, it seems to me that's the sensible thing to do.

Now, you have a different opinion as to what you should do with limited resources. If you give mortgage money to people who are spending less than 30 percent of their income on their mortgage, it's very nice for them, but I submit they're not in anything like the economic difficulty and distress as the people who are having to commit more than 30 percent of their income or who earn under \$30,000. So it's a question of relative need and our program was consciously designed and planned to hit the people in most distress, not that other people weren't in some distress, but when you only have so much to go around you don't just look at the people in your immediate vicinity, you try to get data on what the total picture is. So I wasn't saying don't help your friends; I was just saying if you think we're doing nothing when we're hitting such a large proportion of the population, that you must move in a narrow circle of friends.

**MR. CHAIRMAN:** The Minister of Agriculture.

**MR. H. ENNS:** Mr. Chairman, I'm speaking on a point of order that was raised by the Minister . . .

**MR. CHAIRMAN:** There was no point of order. It was just a clarification of opinion.

The Minister of Agriculture.

**MR. H. ENNS:** Well then, on the same point of clarification.

**MR. CHAIRMAN:** Your name is on the speaker's list - the Member for Lakeside. The Minister of Agriculture

wanted to speak after your comments, so the Minister of Agriculture.

**HON. B. URUSKI:** Mr. Chairman, the Honourable Member for Sturgeon Creek raised a number of points in terms of the effectiveness of the program that they announced versus this program and there have been many accusations by the Conservatives that we were spreading the dollars too thin. Limited dollars too thin was basically the criticism that the Tories have levelled from time to time, and now saying that we didn't know our deficit position. How could the NDP make this kind of a pledge not knowing the deficit position, and yet there should be \$80 million in a program because I think their Deputy Leader suggested that if there's going to be a program, it should be \$60 million to \$80 million. Now, you're spreading it too thin. Now, I think you can't have it both ways.

We did an analysis of your —(Interjection)— well, you're trying to; I admit you could certainly try. The rates that we analyzed your program at, or your announced deathbed program, was that at interest rates of 18.25 percent the average Tory benefit would have been and I said before about \$14 per month compared, as an average if there was a full take up of the plant, to about \$53 per month under our program. The maximum benefit under the Tory plan to those with lowest incomes and highest mortgage payments would have been \$125 per month as compared to \$275 per month under this program.

The Tory program would have in effect provided - if one could put it charitably - token amounts of assistance to larger numbers of middle income homeowners whose need was questionable in the first place, while not providing adequate levels of assistance to those in really true hardship cases, and now you have the temerity to accuse us of spreading the dollars too thin.

In fact, it's clear that our program, by utilizing the 30 percent income threshold, is the better targeted program in terms of providing assistance to those in most need. It is your proposal which amounted to nothing more than a cynical effort to buy votes from a broad cross section of households who thought they might be experiencing some additional difficulties in meeting their new mortgage payments and would still be able to fairly comfortably, within the 30 percent income criterion used by the mortgage lenders themselves to determine affordability, and they could meet those payments yet.

Mr. Chairman, in the numbers of cases that have been approved to date, and we've been trying to deal with some of the hardship cases, the average monthly pay out under this program has been \$140 a month of assistance provided to date, already \$15 a month more than anyone would have been eligible under your previously announced program to those people who have qualified, and the experience is there. So you have the gall to come here and suggest that somehow it's not helping anyone and when we said it would only help those in the greatest need and that's what we've tried to accomplish, really trying to use so-called Tory logic. Now the Tories are saying no, you should spread it out even further. Well, Mr. Chairman, they want to be on both sides of the fence. Sometimes being on both sides of the fence you get torn apart in the middle. Maybe that's what's happen-

ing to them internally.

So, Mr. Chairman, those arguments that they have put forward about assisting people, the Member for Sturgeon Creek should well realize what his program meant in terms of what announcements they were making and what benefits and who they would go to. He talks about spreading them too thin, Mr. Chairman. He should go back and analyze the announcements that they made, talking about someone who was ill-prepared to make those announcements. It was your administration and your party who was ill-prepared to make that kind of announcement and that's why you made it as a last-ditch effort before the election was concluded.

**MR. F. JOHNSTON:** Well, Mr. Chairman, the Minister keeps talking about last-ditch efforts and I would refer to the fact that interest rates were high when they were 6 percent; interest rates were high when they were 10 percent; they were high when they were 12 percent. They're always high, but in the last year-and-a-half interest rates doubled. That's what the N.D. Party didn't take into consideration, that they doubled and there were people out there in homes that had them doubled when they refinanced their homes. They doubled.

Our program basically said that anybody that refinanced their mortgage and it was more than 14 percent, we would pay 75 percent of the difference up to 20 percent and with the \$40,000.00. We were taking into consideration that people got hit hard in the last year-and-a-half. That's what we were taking into consideration. We were taking into consideration that there were young people that had bought homes, who had budgeted to buy a home, pay \$325 a month mortgage and when it was renewed it was \$650.00. We didn't say to them the fact that 30 percent of your income — we were basically saying that in the last year-and-a-half mortgages have doubled and that's what the N.D. Party didn't take into consideration.

They have gone on with their program and I can tell you sincerely that there are people out there, regardless of what their income was —(Interjection)— let's not get carried away about income. Let's get carried away about the fact that in a year-and-a-half their mortgages doubled; they doubled. The Minister is saying to me that we shouldn't be considerate of the fact that it did double. They went on a program that said 30 percent; I know how the program was brought forward. The program was brought forward to you by a person who was probably one of the better known, and I might say to the Minister one of the better known people who have knowledge about housing in this country. He's sitting beside you; his name is Saul Schubert. He knows more about housing than most people at this table.

**HON. B. URUSKI:** He didn't develop your program.

**MR. F. JOHNSTON:** Yes. But I can say to you sincerely that when the program was developed, you absolutely —(Interjection)— I can say to you sincerely that the development of the program was well thought out, but you absolutely forgot that in a year-and-a-half mortgages doubled within this province.

**HON. B. URUSKI:** Mr. Chairman, I appreciate the Honourable Member for Sturgeon Creek's comments. I think if he would have consulted with the people who he says were consulted, then you may have had a program. Mr. Chairman, the fact of the matter is and he makes the case that some mortgages doubled, notwithstanding that happening, how can the Member for Sturgeon Creek stand here and say that if my mortgage is doubled I can only receive under our program, the Tory program, \$125 per month based on criteria and under the NDP program I can receive up to \$275 per month based on what portion of my income goes towards mortgage payments. —(Interjection)— Well, Mr. Chairman, talk about . . .

**MR. CHAIRMAN:** Order.

**HON. B. URUSKI:** . . . spreading the pie too thin. It was his Deputy Leader, the Member for Fort Garry, who accused us of spreading the limited amount of money too thin, talk about the Member for Tuxedo who indicated that our program was inflationary, talk about spreading money all over the place and of not benefiting those people in greatest need, at least now you can acknowledge that you're admitting that your program was only there to broad brush, not really to help people who really needed help, people in the greatest need.

You were willing to sacrifice one of those household workers who may have lost their job, their mortgage has doubled and the portion of their income towards their mortgage payments, went above the 30 percent rates. Notwithstanding that, they could only receive a benefit of \$125 a month from your program; notwithstanding that, you were prepared to say, oh, sorry, but we're going to give it to many more people but we're not going to give them as much, even though those are in desperate need. That's what you're really admitting and I appreciate that.

**MR. F. JOHNSTON:** Well, Mr. Chairman, the Minister put his finger on it or has admitted very clearly in his statement that our program recognized that everybody who had their mortgages doubled - and they did double in the year-and-a-half - needed assistance. You are saying that people that had their mortgages, there was a percentage of them that didn't need help. I submit to you very sincerely that everybody that had their mortgages doubled need some sort of consideration. If the Minister wants to take a look at it from that point of view, I guess that we don't really have much more to discuss.

I am saying to you very sincerely that anybody that had their mortgage doubled, that was working on a budget, living in a home, raising a family, should be deserving of some consideration by a program that the government put out. What the Minister is saying very very clearly, Mr. Chairman, is what the previous Premier of this province said, is, I don't give a damn who drives a Cadillac or a Lincoln or what have you and I guess that may be true, but he was completely eliminating people who had their mortgages doubled from the point of view that they may be able to afford it. Nobody can afford a doubling in a year-and-a-half if they're budgeting.

**HON. B. URUSKI:** Mr. Chairman, just one small comment. Mr. Chairman, when I said that "no one can afford" - and he can comment later on - if the member doesn't accept that if a family's income exceeds the normal lending criteria where their mortgage payments exceed 30 percent of their gross income, then they would be not in that great difficulty in terms of being able to absorb increases in their mortgage rates. But if their housing shelter costs exceed the 30 percentile range of their income, then they are the ones in the greatest need because that is pretty well the acceptable cutoff limit as to how much of one's income should go towards shelter. If he doesn't accept that and says to me, if I own a house while my mortgage payments are 10 percent of my income and they've doubled and they now go to 20 percent of my income, the member is saying to me that notwithstanding that, I should receive assistance even though I'm still well below the criterion that is normally accepted by financial lending institutions to say that 30 percent is about the maximum that we will loan you money on in terms of your income, towards your mortgage payments. If he is saying that we should give assistance to those who don't reach that criteria then of course, Mr. Chairman, I guess we have a difference of opinion there.

I say that those people who do not reach that threshold, while their mortgage payments may have doubled, if they have sufficient income to meet that income versus mortgage payment ratio, then there's a difference of opinion.

**MR. F. JOHNSTON:** There's a very definite difference of opinion and there is no question about that. I would take a young couple who have budgeted to buy a new home, both working, and felt that they could handle the mortgage very sincerely and taking into consideration their family, their expenses and working their way up in the world, etc., whatever it may be, but I am saying that in a year-and-a-half - and that's what this government forgot, completely forgot - that mortgages doubled in a year-and-a-half and put an awful lot of people into very sincere problems and those are the people, all of them, who have got problems and the Minister keeps relating the fact of 10 percent, 20 percent. I relate the fact that the mortgages doubled, period, in a year-and-a-half and there has to be consideration given to them.

If the Provincial Government is going to give consideration to assistance on mortgage rates because they went up too high, I think there has to be consideration on the basis of all mortgage rates that have been renewed and they have doubled in a year-and-a-half. In other words, when you are paying \$325 a month and you went to \$650 a month, are you telling me that those people are not looking toward some sort of assistance? Really, I'm not going to convince the Minister because he's got his ideology on one particular program, I have mine. I say that you have not taken into consideration the fact that the NDP Government has been critical of the increase in interest rates that have been caused in this country. The NDP keeps saying that we were in favour of interest rates and they've never been able to show me anything where we were in favour of them. In fact, I have looked up the clauses in Hansard that they referred to. I showed



them to the Member for Inkster one day by the previous Minister of Finance, it doesn't say that at all. —(Interjection)— Well, it's there to be read. Well, the Minister of Resources, I will get him the clause and show it to him tomorrow.

It was never said at any time that the Progressive Conservative Party in Manitoba was in favour of high interest rates. It's just another one of those statements that comes from the top of "say anything" and I can assure you that's not what was said. There was no favouritism by the Progressive Conservative Party in Manitoba about high interest rates. We basically said when we got down to working on housing that people who had their mortgages doubled, whoever they may be, should probably need some help.

Now, Mr. Chairman, let me just comment by finishing up, as saying this, the program that you have for small business - and I put into this that there are 34 approved, 24 rejected, 176 approvals to come forward - are you really telling me that you are going to assist 80 percent of the businesses in this province? I bet you 80 percent of the businesses do less than \$365,000 a year. Are you really under this program, when you've only got 34 approved for \$400,000 assist, 80 percent of the businesses in this province? I assure you that you're not going to be doing it at all.

**MR. CHAIRMAN:** The Minister of Economic Development.

**HON. M. SMITH:** Mr. Chairman, I've been trying to get my head around all the ideas that are floating around, I know there is one. The member opposite says I'm out of touch but I keep thinking back to what the meaning of his comments are, that if you've had your interest rates doubled or your mortgage costs doubled, it doesn't matter what your income, it's hard and you should be helped by government.

I guess I have two parts to the comments I'd like to make. One is, I can't somehow accept that to have doubled your income if you are over \$30,000 a family, say, two young people with \$20,000, \$25,000 income each, who experience a doubling of their mortgage rate, I can't somehow feel that their hardship is on a par with some family that's under \$30,000, say \$20,000, and experiences a doubling of interest rate on their housing because the kind of thing they're going to have to give up is adequate food. It's maybe new boots and winter clothing for their children, it's even bus fare, let alone a new car or a trip, whereas people at the upper end, when they have an extra pressure on their housing expenditures, Mr. Chairperson, what they have to give up is the special trip or the extra set of new clothes. It's so disproportionate. It just doesn't make sense to me, if you're in touch with the varieties of people out there, the range of income that they actually earn, to say that doubling of mortgage rates hits everybody equally, it seems to me quite ludicrous.

The other comment I'd like to make is that I don't know whether the Conservatives ever sat down and said that they were in favour of high interest rates. What I do think they have said, though, is that if government would just back off a little and get out of the way that somehow the market system would correct itself, that we would have prosperity again and everything would be hunky-dory and yet, here we have high

interest rates. I don't hear them saying, look at the question of why they have rapidly rising interest rates, and instead of them wanting to hearken back to that great corrective process of the marketplace, what are they calling for? They're calling for government - government hear this - to give handouts to people at double, triple and quadruple the rate that we would propose or feel we could afford.

Somehow it seems to me that their logic goes off in two completely opposite directions and I don't think it's ever going to meet. I think their approach to the problem lacks any coherence and I finally decided that's why I'm having difficulty making sense of it, so instead of sitting here scratching my head and trying to square the circle, I'm just going to really sit back and rather feel sorry for the fact that they have such an incoherent and inconsistent approach to the problem.

I just did want to comment briefly, there was a referral earlier on to a civil servant. As I understand the proper procedures in these committees, Mr. Chairperson, and in the House, that we elected people take responsibility for programs as they're developed or not developed and that we don't name, blame, praise or whatever the civil servants, that we're responsible for what we ask them to do and for approving or disapproving of what they propose, so I would just ask that it be noted in the record that it's inappropriate to name a civil servant. I seem to be assisted here by the Member for Lakeside. —(Interjection)— A quote from Mao, "But women hold up half the sky" - that's my favorite. I'll observe the quotation at my leisure, Mr. Chairperson.

I do submit that there may be a joke intended here, but that really the issue we're talking about is a serious issue. We're talking about money, access to housing, food, shelter and jobs. We have one analysis as to why we've got the problems and one set of proposals to cure them. I wish I could hear more from the other side about what their analysis is and what their proposal is to improve it. Instead, what we're getting is —(Interjection)— but the point is there's an integrity to Opposition, where you don't just attack from the left, the right, the top, the bottom, inside out. I respect an Opposition that comes from a consistent point of view, takes the problem seriously and the real suffering or life experiences of people out there and attempts to adjust those problems, even if they're not in a position to implement. I welcome that kind of constructive criticism, but I tell you, if I get completely contradictory recommendations and analysis, I will cease to have much respect for the role of the Opposition.

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, I will be very brief. The last comments of the Minister regarding the comments of mine about a civil servant - usually we are criticized because we are critical of a civil servant - I thought I was very complimentary of that civil servant and I would continue to be complimentary of that particular person or man, never mind this person business. What the Minister has been saying regarding housing, she doesn't really care about anybody getting ahead in this world. There are young people who have decided to move ahead in the world, they bought

a house, they budgeted, they knew that they were going to have to work hard for four or five years to be able to get themselves on a plane, that they could afford it, and all of a sudden in a year-and-a-half mortgage rates doubled and it put them in a position of either having to fall back.

The Minister's statements really say to me that nobody should try to get ahead in this world. We wouldn't be sitting here today talking about mortgage rates, we wouldn't be sitting here talking about assistance for mortgage rates to people in the Province of Manitoba if interest rates hadn't doubled in a year-and-a-half. It doubled; it was an emergency situation that everybody was involved in and everybody got hurt by. The only people who didn't get hurt by it are old dogs like me who haven't got a mortgage. — (Interjection) — I tell you this very sincerely, there's a hell of a lot of young people out there today that tried to get ahead in the world, tried to make their little niche in life a little bit better because they worked hard to do so and got their mortgage rates doubled and that wasn't taken into consideration, Mr. Chairman.

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

**MR. G. FILMON:** Thank you, Mr. Chairman. I'd like to ask, whichever Minister is prepared to answer, how the figure of \$350,000 gross sales was arrived at as a means of delineating between those businesses that should qualify for assistance and those that shouldn't?

**MR. CHAIRMAN:** The Minister of Economic Development.

**HON. M. SMITH:** That figure was arrived at by the latest income tax figures for earnings for the business sector and was in extrapolation from the data available. We did say, when describing the small business program, that it was the program where data was most difficult to obtain and we did get the co-operation of the banks in giving us quite accurate information. We've made the best guess we can on the basis of data available. We looked at a cutoff, as I said, the 80 percent of small businesses do have gross earnings of \$350,000 or under. In designing the program we didn't expect 100 percent take-up; there is another percent of expected take-up, so it was a sort of progressive design.

**MR. G. FILMON:** That's helpful, Mr. Chairman, I think we're on to something; 80 percent of the businesses in Manitoba have gross earnings of \$350,000 or less or gross incomes of \$350,000 or less?

**HON. M. SMITH:** Gross sales.

**MR. G. FILMON:** Gross sales, okay. Does the Minister suggest that the relationship between gross income or net income is the same in all businesses for whom the gross sales are \$350,000.00?

**HON. M. SMITH:** I'm not sure that I heard all of your question. The gross sales figure - we used the data from the Manitoba Business Register.

**MR. G. FILMON:** Sorry, Mr. Chairman, may I just

repeat that? Does the Minister suggest that the relationship between gross income and net income will be approximately the same among all businesses for whom the gross sales is \$350,000.00?

**HON. M. SMITH:** No, but it was felt that was one of the criteria that could be looked at by the board because the financial distress criteria would help deal with some of the other variables.

**MR. G. FILMON:** Can the Minister tell me, or her staff advisers, what is considered to be the gross sales for, say, a travel agency? Is it the total amount of travel that they book through the agency or is it the total amount of commissions that they receive? — (Interjection) —

**HON. M. SMITH:** That's precisely the point.

**MR. CHAIRMAN:** Order, order. The Minister of Economic Development.

**HON. M. SMITH:** The definition that we're using would be the total travel sales. We'd be using the same measurements that are being used in the Income Tax and the Business Register because that was the basis on which 80 percent was . . .

**MR. G. FILMON:** Okay, well, that's very interesting because I just want to point out the real weaknesses and pitfalls of the manner that they've taken as a very very broad brush sort of gross view of the business. If she were to use the figure of the total travel that an agency booked as the gross sales that agency, out of \$350,000 of travel booked, would only receive \$35,000 to pay the entire cost of its rent, its light, heat, power, utilities, salaries and everything else. So there is no agency short of a one person operation that could possibly qualify for any assistance in this province, whereas presumably if . . .

**MR. CHAIRMAN:** Order, order. The Member for Tuxedo.

**MR. G. FILMON:** I think the Minister asked for some valid assessment and analysis of her program and I'm trying to do that in as rational a manner as I can. If they used, for instance, the total amount of insurance that somebody sold - like somebody sold me one policy for coverage of all of my business holdings, so on and so forth, for \$400,000 for which the commission might be \$1,000 - if they used that as the basis then one policy would eliminate all of the insurance . . . Now, I don't assume that they did that, I would assume that they would consider that the gross sales of an insurance agency would be the gross commissions, okay. So I'm saying to you that there's a vast difference because now we have an insurance agency whose gross commissions are \$350,000 as the limiting factor for whether or not it's eligible for assistance and, if so, then you're talking about a very substantial agency that might employ a dozen people, have a nice downtown office and all sorts of other amenities, so there's an entirely different approach. If you then take that into a comparison between a store in a mall such as Polo Park that is selling blue jeans, try and use the gross sales

figure of \$350,000 and equate that to what they might be paying, you might find an entirely different aspect of profitability of business or net income.

What I'm saying to you is that the figure of \$350,000 is a totally unrealistic yardstick to apply on a broad-brush basis to everybody for the basis of comparison or decisions as to whether or not they receive assistance. More particularly, it probably eliminates the very people who should be in consideration for assistance today because it's the people who, in order to stay in business, have to carry an inventory. So if you're using an agency income, such as an insurance agency, where they carry no income, where there really is very little justification for them having any bank loan whatsoever. You may be giving them help because they carry a small operating loan, but you may be ignoring the very people who have to carry inventory in order to have their very lifeblood existence, and in fact I suspect that you are.

In fact, I suspect that the criteria by virtue of the \$350,000 as a gross figure and a broad-brush approach will virtually ensure that people in retail and wholesale businesses, who should reasonably expect to have some assistance, because now it's the cost of their carrying an inventory which has doubled by virtue of the interest rates doubling in a year-and-a-half, that has seen so many of them go out of business. That's why all the stores on Portage Avenue are closing their doors and I'm sorry for exaggerating, why I mean significant numbers of stores on Portage Avenue, significant numbers of stores and retail businesses, jean stores and on and on and on, hardwares and agribusiness, car dealerships, machinery dealerships, fertilizer sales and so on and so forth, anybody who carries inventory of any sort is now faced with a massive problem that has changed dramatically in a year-and-a-half. I say that your program doesn't address that whatsoever by virtue of that 350,000 cutoff and the people who are going to get assistance under it are probably people who shouldn't have bank loans for any justifiable reason, for the most part anyway.

**MR. CHAIRMAN:** The Minister of Economic Development.

**HON. M. SMITH:** Well, until the last comment I was really appreciating the thoughtful analysis from the Member for Tuxedo, but the last comment has left me quite astonished. He's really saying that 80 percent of the small businesses in Manitoba really shouldn't survive the current difficult times. — (Interjection) — Well, he said that the ones that come under the \$350,000 shouldn't get help from banks.

Now, we're addressing the problem of 80 percent of the firms by number, most of which we know will have fewer than four employees. The reason they were selected as the group that had the greatest trouble was because they have had more difficulty getting loans from banks; they don't qualify for Small Business Development Bond. Now in fact, of the group that we have been approving, we have the wholerange of types of business, admittedly the small ones.

Now when it comes to the larger ones, we know the program is broad brush, that it isn't refined in terms of selecting all the variations that the Member for Tuxedo has quite helpfully identified. That is one reason why

we have put in a board, to build in some of that analysis and discretionary power. We've asked the board to very carefully identify for us what the unmet needs are of the people who don't qualify under the current criteria, so we can either vary the criteria or start to design other programs to meet their needs.

We know that we're seeing many of the bankruptcies that are occurring now aren't because of poor management, they're caught in the whole chain of events with high inventory costs. But frankly, that is why we've been critical of a marketplace economic structure and why we've been trying to put in place a more planned economy where we can trim off some of these ups and downs and plan things out over a longer period of time so that nobody, no firm, no householder or no farmer should have to go through doubling interest rates in a year, or extraordinarily high inventory costs because someone down the line insists that they carry high inventory and so the would-be purchasers don't have enough money in their pockets.

That's our whole criticism of a system that has built into it, recession and boom as part of its very nature. Our whole economic critique is that that's a very inhuman, unfair, unreliable and unacceptable economic system. That's why we are doing the emergency programs, beefing up our stimulus to the economy type programs, our public investment, during this period of time and putting in place as quickly as we're able, some structural changes in the economy, but we can't convert from what is by and large a market economy to a more stable, balanced economy overnight. We're doing what we can in as carefully thought out and responsible way as we can.

**MR. G. FILMON:** Well, I can assure the Minister that they can't convert the economy until they understand it and they obviously don't understand it by virtue of their program, which takes such a ridiculous prime criterion that doesn't make any sense whatsoever and demonstrates a total lack of understanding of who in the marketplace is having difficulty and why. All you had to do was talk to anybody in business and they would have told you that.

How many people have qualified for assistance under that - I know the figure was given earlier and I've lost my notes - under the Small Business . . .

**MR. CHAIRMAN:** The Minister of Agriculture.

**HON. B. URUSKI:** Mr. Chairman, 34.

**MR. G. FILMON:** 34, and what's the pay out?

**MR. CHAIRMAN:** The Minister of Economic Development.

**HON. M. SMITH:** The actual pay out is 139,000.00. Well, of that, \$200,000 will be when people qualify for their second and third installment and they can reapply for a second year, so that's the equivalent of 400,000.00.

Now, the program is still escalating in the number of applications coming in and the number that are processed. When we hit a tapering point, we will then assess whether we have made our criteria too narrow

or not.

**MR. G. FILMON:** Can the Minister give us some indication of what types of businesses those 34 businesses are in?

**HON. M. SMITH:** My staff inform me that we have the full range of variety. We have had some clothing concerns, manufacturing of cabinets and machinery, hotels, construction, restaurants, plumbing business, grocery stores. So we're getting quite a mix.

**MR. G. FILMON:** Where do you have retail businesses in there? How many retail businesses do you have or how many wholesale businesses do you have, both?

**HON. M. SMITH:** I don't have the breakdown that fine, but I can undertake to get it for you.

**MR. G. FILMON:** Well, it seems to me, Mr. Chairman, that there's an obvious weakness in there. Did the Minister say that there would be \$400,000 payable to the 34 businesses that have qualified?

**HON. M. SMITH:** Potentially, if they reapply for the second year of the program.

**MR. G. FILMON:** So that on average, these businesses are getting something over \$12,000, say?

**HON. M. SMITH:** \$6,000 a year is the maximum.

**MR. G. FILMON:** Well, I would suggest, Mr. Chairman, with all due respect, that this is a program that is not aimed at the target that is and should expect to be in difficulty and should be expected to be in difficulty because of precisely what I said.

The businesses that are in difficulty are those that have to carry inventory. The ones that have been named, aside from the clothing concern - and I don't know in what manner that person is in the clothing business - it seems to me that they are not businesses that are carrying inventories and that's the whole crux of the problem in the marketplace today, is you can't be in business at retail or wholesale level unless you have a selection of goods to offer your customers. You can't have an empty store and say, what do you want, I'll order it in. It just doesn't work. Therefore, if you have to have some inventory on hand, it has to cost you interest. If it cost you so much last year or a year-and-a-half ago, it's double today and that's the difference between being in business and being out of business for 99 percent of those people who are having difficulty.

That is where they've entirely missed the market with this program and I suggest that it is going to have to be shored up, entirely changed and the criteria are going to have to be set to fit the need in the marketplace, not to fit some convenient figure that's taken out of the gross returns that are available from the computer in Manitoba. I can't believe that a program would be structured based on such a simple premise. That's all I have to say. I think it's totally ineffective.

**HON. M. SMITH:** Yes. Well, I don't know whether the Member for Tuxedo has a recommendation for what

he would do.

We said that we were going to enable the smaller businesses who have no other method of assistance to get some lifeline for a while. With some of the larger ones that have inventory problems, in some cases we've been able to help them refinance because of knowing a few more of the ropes, as it were, in terms of where they can go. In some cases, by helping them to manage their inventory a little better, you can provide another bit of assistance.

The combination of where we, instead of backing off in the economy where we've raised minimum wage, kept our social services going, increased our public investment by 40 percent and have done some straight economic stimulus things, we feel the combination of those economic measures, as well as some redistributive work through the tax system, is the best that we can do in the current economic situation, but we see as the problem the underlying economic system that we're operating under, at least in its unplanned aspects of it. So, as I say, I think our analysis and our approach to the longer term problems hangs together and has some toughness and integrity to it, but we don't underestimate the size, the complexity, the difficulty of the problem we're dealing with. Of course, it's enormous.

**MR. G. FILMON:** Mr. Chairman, I wonder if I could ask whichever Minister chooses to answer, how many applications have been approved under the housing component of the scheme.

**MR. CHAIRMAN:** The Minister responsible for Housing.

**HON. A. MACKLING:** Yes, Mr. Chairman, 430 applications have been received; 118 approved; 60 not approved; 252 still in process.

**MR. G. FILMON:** What is the amount that has been committed of the 118 approved?

**HON. A. MACKLING:** The amount in dollars?

**MR. G. FILMON:** Yes, for the first year, I suppose.

**HON. A. MACKLING:** Well, I don't know whether we can project that, whether we have the dollar figure on that. You know there's so much per month and then if the projection is for the year . . .

**MR. G. FILMON:** There's 12 months in a year.

**HON. A. MACKLING:** If the 118 that have been approved are on the program for a full two years, that would involve \$350,000.00.

**MR. G. FILMON:** I believe that the Minister of Agriculture in earlier addressing the magnitude of this program indicated that the universe that were eligible in the government's view, within the criteria that have been structured, is 5,800 to 5,900 homeowners. Is that correct?

**MR. CHAIRMAN:** Mr. Minister.

**HON. B. URUSKI:** That's if there was a full take-up under the program at an interest rate of 18.25 percent.

**MR. G. FILMON:** Well, I think the Minister said that there were 5,800 homeowners who were eligible. Is that true or is that not true?

**HON. B. URUSKI:** Mr. Chairman, I gave the member the exact figure in terms of how many would be eligible at that interest rate that I gave him. Depending where interest rates are, it could vary anywhere from 3,000 to 8,000, depending where the interest rates would go at any point in time in terms of the program, but at an 18.25 percent interest rate, I gave him the figure of between 5,800 and 5,900. That is correct.

**MR. G. FILMON:** What does the Minister consider is the operative interest rate today?

**HON. B. URUSKI:** In and around between 18 and 18.5 percent.

**MR. G. FILMON:** You're saying at today's interest rate, it's 5,800 to 5,900 people eligible and that we have approved 118 and we've received 480 applications, okay. There's kinks in every program says the Member for Dauphin.

**HON. B. URUSKI:** Mr. Chairman, the member should know that there have been 4,000 applications sent out.

**MR. G. FILMON:** Thank you for that information, Mr. Chairman. We've got several of them that we ordered for people in our caucus room. At what interest rate would there be 8,000 people eligible for assistance under the plan?

**MR. CHAIRMAN:** Mr. Minister. Could you repeat the question please?

**HON. B. URUSKI:** I'm sorry I didn't hear you.

**MR. G. FILMON:** Earlier he talked about between 3,000 and 8,000 depending on, I think, interest rates and other factors. What factors would make 8,000 people eligible for assistance under the plan?

**HON. B. URUSKI:** Well, the interest rate would be at least 20 percent or more during the two-year period and over the whole period.

**MR. G. FILMON:** 20 percent, okay, and was the 350,000 projected figure for two years?

**HON. B. URUSKI:** Yes.

**MR. G. FILMON:** So, if 118 approvals commit \$350,000 worth of funds, somebody with a calculator could assist me as to what 5,900 approvals would commit and I suggest that it is well beyond anything . . .

**HON. B. URUSKI:** Mr. Chairman, the member should realize that of those applications that are here, these are probably the hardship cases in terms of the cases in greatest need, that everyone won't receive the maximum benefit or that benefit, but it will vary some-

where between the range of a minimum of \$10 a month in terms of eligibility to the maximum of \$275 per month.

**MR. G. FILMON:** Mr. Chairman, is that because the hardship cases have been selected first out of the 480 that have applied or why?

**MR. CHAIRMAN:** The Minister responsible for Housing.

**HON. A. MACKLING:** Well, Mr. Chairman, obviously the hardship cases are the ones that are going to be on our doorstep first. They're the ones whose homes are threatened with foreclosure if we don't act and the program is working in respect to 118 applicants who'd otherwise be in trouble. Now I don't see why he should be critical of that program.

**MR. G. FILMON:** Mr. Chairman, I'm not being critical. I'm trying to elicit reasonable information so I can make my analysis of what's happening.

**HON. A. MACKLING:** Mr. Chairman, why I used the term 'critical' earlier on in respect to this same debate, he talked about our programs being inflationary.

**MR. G. FILMON:** Mr. Chairman, I'm glad that the Minister has repeated that false statement that was earlier made by the Minister of Agriculture. I did not refer to this program as being inflationary. I referred to this government's Estimates as being inflationary because they are 18 percent over last year's expenditures and will inevitably, with the settlement of the MGEA and the doctors thrown in, be 20 percent over. I regard anybody, whether they be business, personal life, or a government that says that they're going to spend 20 percent more this year than they did last year as being inflationary and governments, as leaders who are trying to convince people that they should live within their means, going over the CPI by over 7 percent in one year, are absolutely being inflationary and irresponsible in their spending, there is no question about that, but I am not singling out this program as being inflationary. This may be one of the programs that I think has some merit depending on how it's run.

Now, getting back to the point at hand, Mr. Chairman, I would think that if the Minister would check with his department he would find that the applicants who applied for SAFER and SAFFR did not necessarily come in, in those who were eligible for the maximum amounts first. I don't think that had much to do with it; it had to do with their knowledge of the program, their knowledge of the eligibility process, their knowledge of the application process, so on and so forth. It wasn't automatically those who were in greatest need who applied first. In fact, we had the whole range of people who were eligible from a matter of \$5 up to a matter of the maximum per month all the way through the program and they came in random form. So I don't think that the Minister's suggestion that, ergo, because the first 118 came in and the 350,000, all the rest will be very minimal. That's not so at all and they won't even tail off in terms of their need. There will still be people in need a year from now who find out that they are eligible for the program, they meet

the criteria, so on and so forth.

**MR. CHAIRMAN:** The Minister responsible for Housing.

**HON. A. MACKLING:** Mr. Chairman, that's why I will not be critical of the previous government when it spent money advertising this SAFFR and the SAFER Programs. We have spent money advertising the Interest Rate Relief Programs and I trust that money won't be criticized as inflationary spending and so on because we think that people have to know about these programs. It's true that a lot of people don't know about their entitlement to the programs, but the point that we make is that the people who are threatened with the loss of their home, they find out about the program because we are giving the information to the banks and the lending institutions when the mortgage is being demanded. We are doing our best to get to the people who are in trouble; we are dealing with the crisis cases in those numbers and the dollar take-up is much higher.

It's true there will be people that may be entitled to some marginal relief right now that aren't getting it, but the design of this whole program in all three areas is to help people who are otherwise going to lose their assets because of the critical high interest rates. We think the program is being very successful to that extent. It's certainly not going to help everyone to the extent that we would all like because we're limited in funds.

**MR. G. FILMON:** Mr. Chairman, I suggest that the government's figures of 5,800 to 5,900 are a horrible exaggeration. I suggest that the criteria will not necessarily ensure that those who should deserve assistance in preventing them from losing their homes will get the assistance. I suggest that there will be pits, loopholes and cracks that people will fall between as a result of the criteria that have been laid out that will cause a problem. We'll give it the opportunity to prove its merits as the year goes by but I believe that, based on the initial returns, there are problems showing up. I would hope that this government will be alert to the problems and ensure that in their desire to show how much they are doing they haven't ignored the people who really deserve assistance.

**HON. A. MACKLING:** Mr. Chairman, I know that in the estimates that were provided by the previous administration in respect to SAFER and SAFFR, they estimated that there would be much greater take-up, but the estimates were never reached because, although the numbers may be right, the people don't know about the program. I'm not criticizing the media; I'm not criticizing anyone. Some people just don't learn about these programs and it takes a good deal of government concern through continued advertising to get across to people these programs are there. As I say, I'm not critical, I'm not critical about what happened with the previous administration's advertising or the fact that all of the expected take-up, what didn't occur in respect to SAFFR and SAFER, and I don't think that we should be supersensitive about not a full take-up, at this time, of Interest Rate Relief Programs.

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

**MR. H. ENNS:** Mr. Chairman, I was prompted to want to get into the debate because of the point of clarification being made by the Minister of Economic Development but, since that point in time, let me simply put a few observations on the record from back home at the ranch. Mr. Chairman, if the government and the Ministers involved are sensitive or feel that the Opposition is being unrealistic or indeed unreasonable in their expectations of the kind of help that farmers, homeowners, businesses, were led to believe would be available to them under this program then, Mr. Chairman, let there be no misunderstanding about why. My colleague, the Member for Pembina, prior to the supper hour adjournment got into a little bit of a hassle here. It wasn't his words that he was using, he was reading and repeating documented statements made by the New Democratic Party, by their spokesman, by principally their Leader, now Premier, in what I would have to say, in my 16, 17 years of politics, surpasses by far the most blatant promises made in any of the five elections that I've been involved in by a political party seeking office.

Mr. Chairman, the documentation was there. I appreciate what takes place during election campaigns, but there was none of the program development taking place or explained that would take place, as we're now hearing from the different Ministers explaining the limitations of the program, in fact, some of the mechanical problems in administering these programs as pointed out very capably by the Member for Tuxedo. No, Mr. Chairman, they were very straightforward comprehensive statements, not about talking as the Minister of Economic Development now says about reaching a percentage of people in trouble. By the way, we assume, so readily and so easily, her figures of percentages - 80 percent of the businesses that are in trouble, 70 percent of the farmers having troubles. We haven't asked, I suppose we could start. I think the Member for Tuxedo in a very short questioning period showed how questionable the use of those kind of figures can be, the kind of data base that the Minister has used in the formulation of this program in terms of reaching those people in need.

Mr. Chairman, I'm not going to argue those figures, I just simply mentioned that's questionable to begin with. Even then - I have to come to this point - she says but it was never our intent to help those people who were friendly to us. —(Interjection)— That's exactly what she said and her clarification only reiterated that. That, Mr. Chairman, unfortunately reminds of —(Interjection)— no, no —(Interjection)— I sat in the House, and the public record and the Hansard will show where a Leader of the New Democratic Party, a Premier of this province, says I don't want any representation from south of the river. I don't want any of those people in the southwest corner of Manitoba; I don't want anybody represented by the gold dust twins of River Heights, were the actual phrases used by a Premier and Leader of the New Democratic Party. That's the kind of garbage that even in a motherly way, I get from the Minister of Economic Development. —(Interjection)— Yes, you may have to qualify that a little bit, but Hansard will show that she said that it was

our fault that we perhaps, associate with that 20 or 30 percent of farmers who are in just as great trouble, whose businesses are going bankrupt, whose farms are being lost because of high interest rates, but because they happen to be friendly to us and because their sales are over \$70,000.00. Mr. Chairman, Hansard will record what the Minister has said, not once, but then has, on a point of order, on a point of clarification, took a point in time to try to clarify it. Mr. Chairman, that's fine, that's not at issue here.

What is at issue is the points raised by my colleague, the Member for Pembina. It was on that basis that the New Democratic Party went to the election in November of this year. It was that material that was mailed to every householder in my constituency that said that every home, that every farm, that every business would be saved from the ravages of high interest rates. Mr. Chairman, it went further than that, it said: "We will not need higher taxation or a 1.5 payroll tax to fund that. The profits of ManOil, that we've yet to create, is going to do that; the profits of Hydro that is now reporting and telling the government that they are looking at a \$60 million - \$70 million deficit is going to fund the money for that government." That is the kind of nonsense and irresponsible electioneering that took place in an election that I'll remind you, Mr. Chairman, where the decision was decided by a mere three percentage points of the popular vote; 44 percent voted Conservative, 47 percent voted NDP.

Mr. Chairman, I make the case that, at a time of acute frustration in the general population, at a time of hardship, at a time when people are going bankrupt, at a time where businesses are being lost, those kind of promises surely have a ring of hope and a ring of faith and certainly, in my judgment, influenced a goodly number of voters, as well they should.

Mr. Chairman, I won't abuse the privilege, but I could go beyond that. They made other outrageous promises. They made promises that said that no one will be laid off in this Province of Manitoba without 12 months' notice. That is such a nonsensical, irresponsible promise when members opposite say: "Well what are you promising?" I can tell you, we never made those kind of promises. (Interjection) — We had no deal signed as you know.

**MR. CHAIRMAN:** Order.

**MR. ENNS:** Mr. Chairman, do I have the floor?

**MR. CHAIRMAN:** Yes.

**MR. ENNS:** We said that we hoped that with the major development taking place with Alcan, with Limestone, with potash, that some of our problems could be resolved. Read the literature. We did not say that no business was going to go bankrupt, nobody was going to be laid off without 12 months' notice, that no farmer was going to lose his farm. Sir, we didn't make those kind of promises. Those kind of promises were being made by this present government and they're going to have to live with them. Like my dear aunt, who is waiting for me to pass the rent control bill, because she's assured that, for the next four years, like the Hydro freeze, there will be no increase in rental rates anywhere in Winnipeg, and I will be there to remind

her of that. That is the expectation of this government, no 9 percent, no 4 percent, there will not be a 2 percent raise in housing costs once we pass that bill. That is the expectation that you have raised and our job will be to keep you honest about that. —(Interjection)— That is a matter of perception. Unfortunately the Rent Control Program that was well administered by my colleague, the former Minister responsible for Housing that, in effect, and it can be stated, kept rental rate increases reasonable in this province during the last two years.

There were exceptions, there were problems, there were anomalies, but, Mr. Chairman, I will challenge members opposite at any time to check the record of those jurisdictions that have, in fact, the kind of rigid rent control legislation in place, as compared to the record that took place in Manitoba during these years, and we'll match that four years from now as to the kind of rent increases that take place under the rent control laws. Unfortunately we fell victim to the politics of the business because, in the perception of the people, rent control meant freeze. Rent through arbitration, the different other processes that we set, meant no control. Mr. Chairman, I'm not being unfair. I know exactly what has to be done but I'm telling you, that's what the perception is out there. My job, as a politician, is going to be to simply reinforce that.

Mr. Chairman, it is these kinds of promises, the kind of promises that we have in this program, that has led to a level of expectation that is entirely out of touch with reality, that is going to ensure that this administration will be the second one-term administration in the Province of Manitoba.

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

**MR. J. DOWNEY:** Mr. Chairman, some comments that were made sometime earlier in this Committee gave me reason to ask a question of the Minister of Economic Development. At the particular time that the comments were made the Premier was in the Committee at that time and seemed to support and reiterate the kind of comments that were made. I don't know if they really got on the record but it's a question that I have; it's a fairly interesting concept. A comment was made that one of the reasons the minimum wage was raised in the Province of Manitoba, that that was a major stimulus to the economy. Could the Minister of Economic Development further back that up, and correct me if I have a misunderstanding, that she really believes that the increasing of the minimum wage is a major stimulus to the economy?

**MR. CHAIRMAN:** Madame Minister.

**HON. M. SMITH:** The raising of the minimum wage provides a stimulus to the economy because the money in the pockets of the people who receive it is immediately spent on rent and food and clothing and transportation and all the necessities of life. This provides the very stimulus that the Member for Sturgeon Creek was saying that he wanted for small business. He wanted disposable income in the pockets of people so they would spend it at small business. It's not the only way an economy can be stimulated but it has the virtue, not only of stimulating the economy but of

assisting in meeting their basic needs. The very people who have the most difficulty with it and that's one of our prime goals for being in government because we feel those are the people who deserve, by their daily labours, the contribution of their time and energy at whatever work they perform, to have some share of what the economy produces; so that's our view of what the interrelationship of increasing minimum wage to some stimulus in the economy. It's not the only kind of stimulus; it's not a large one but, qualitatively it's very important, particularly to those people who receive it.

**MR. J. DOWNEY:** Mr. Chairman, that being the case, that the Minister subscribes to the principle that a raising of the minimum wage is a major stimulus to the economy, then why would the Minister restrict the increase in the minimum wage to such a small amount? Why didn't she see and why hasn't she giving a lot larger increase to the minimum wage? I think it's the objective of the New Democratic Party to increase the economy and stimulate the economy; why would she subscribe to such a lower rate? I can't understand it. She is, I am sure, a Minister of Economic Development and stimulation, as the Minister of Natural Resources said. If that is the principle she subscribes to then why would she not increase the minimum wage even higher if that's the principle?

**MR. CHAIRMAN:** I think you were getting off track here.

**MR. J. DOWNEY:** I agree, Mr. Chairman, I have one other question.

**MR. CHAIRMAN:** One other question?

**MR. J. DOWNEY:** But I think that's something that I think the Minister should . . .

**MR. CHAIRMAN:** Possibly at a different time.

**MR. J. DOWNEY:** . . . think she's making that kind of a statement and reassess her principle.

**MR. CHAIRMAN:** Order. Does the Member for Arthur have another question?

**MR. J. DOWNEY:** One of the other concerns that I have, Mr. Chairman, and that is that the Minister of Economic Development has indicated that there are 70 percent of the farmers eligible for this particular Interest Rate Relief Program and that some 80 percent of the small businesses are eligible for this program. That being the case, why was there just \$10 million put in the program? As my colleague, the Member for River Heights, indicated that 5,800 people or small businesses - I'm sorry - homeowners would qualify, 70 percent of the farmers, that being 20,000, approximately 21,000 people would qualify. How many small businesses? I can't, for the life of me, figure out how they could introduce a program with a good intent and meaning to support people with high interest rates and now asking for \$10 million. Something doesn't match up.

I, again, go back and what is supporting is what my

colleague for Lakeside said, that the Member for Pembina has said, that we have seen a major misleading of the people of Manitoba. With the comments they are making, they're saying publicly 70 percent of the farmers, 80 percent of the homeowners and whatever percentage of the small businesses are eligible for the program - make public, it's been talked about here all night. Yet we're only voting \$10 million and it's really perpetuating what I said earlier in Committee, perpetuating the kind of misleading statements that were made during the campaign. Here we are, as a Legislative Committee, supporting the New Democrats and they're misleading.

I'm really upset about it, Mr. Chairman, because it is not in the best interests of Manitobans. It's not in the best interests of the security of those people who would have to do other things to find financial support when their mortgage doubles. It's not good leadership when it comes to a farmer who is expecting support when he's going to lose his farm; he should be now. I have to leave this Committee and say don't live in hopes of the government helping them because there is no help. By the time you get through the bureaucratic red tape, find out that there aren't any funds there after you do go through the hoops, why mislead them? Why not come out with a statement? The Minister of Economic Development has asked for some positive criticism and I'm saying, why is she continually telling them that there is support? Why is she saying, "I'm sorry, it's a last-ditch approach; we have enough money to serve 250 farmers; we have enough money to help 250 small business people and 250 homeowners and that's it; we've almost reached our quota to use up the \$10 million?" Why doesn't she do that?

The Minister of Agriculture - and I warned him earlier, I said the worst thing he could do was to mislead the farmers and lose the faith of the farm community. He's already done it - (Interjection) - no, he's done that in the farm community with the Beef Program; he's done it with the Interest Rate Relief Program. The Ministers are asking for constructive criticism. What I'm saying is come out with a statement saying our Interest Rate Relief Program is used up; there are no more funds. We have enough applications, the rest of you can just go find funds elsewhere. Now I have no problem with that but come clean, admit that the Interest Rate Relief Program that they introduced falls far short of what their election promise was. It falls further short of what the real problems are; it has been documented here tonight. It falls far short of really being of any meaningful support to the farm community, to the small business community and to the homeowner. It isn't a program of any meaningfulness to anyone in any sense of word that is going to help them.

So that's what I would suggest and ask the Minister if she wouldn't do and the Minister of Agriculture, too. I think the small business community, the homeowners and the Minister of Agriculture, I think all those people who come within those jurisdictions, should be told tonight. They should be told in a press statement tomorrow, we have used up the funds that are available. Sorry, we were unable to help you in the way in which we assessed or thought we could - (Interjection) - well, she's asked for meaningful criticisms



and suggestions. I'm trying to help her, I really am and I'm sincere, particularly the Minister of Agriculture, because I'll tell you, they won't forget. I'm sorry I have to bring this to their attention - come straight forward and tell them that the program you've introduced falls far short of your election promise, even falls far shorter than even attempting to scratch the surface in attempting to help the problem that is created by high interest rates and make a statement tomorrow. I think that the Minister who asked for the constructive criticism would be held in a better light.

There's one other comment I have that I think is worth commenting on and that is a comment the Minister of Agriculture has made. He's made the comment that the Federal Government's Small Business Development Loan is a program that's in place to help the farm community. I, Mr. Chairman, challenge or request that the Minister of Agriculture use his office, first of all, to find out how many Manitoba farmers have been assisted with the Small Business Development Bond. How many have been helped, number one? How many people has he made representation to, to the Federal Minister of Agriculture? Because I don't know specifically of any farmers in the last six months or a year that have received assistance through that program? The Minister of Agriculture federally stands up and he says, my answer - after he bashes at the banks and after he has a go at Bill Davis because of the agricultural problems in Ontario - they are now Bill Davis's problems and first they were the banks and they were everybody else's.

Mr. Chairman, I ask the provincial Minister of Agriculture to request how many farmers in Manitoba have received support under the Small Business Development Bond? How many people he has made representation to, if, and the Minister led the committee to believe, I think through the committee to the farm community, Mr. Chairman, how many farmers could now expect to apply and get support for that program because it's obvious that the farmers who are grossing over \$70,000 need some support as well? It isn't within this ministry, within this government, to get it. So I would hope the least he could do is tell the farmers if there is any hope of getting money through the Federal Minister - Small Business Development Bond Program. Those are straightforward questions, I would think he could answer them.

**MR. CHAIRMAN:** You've asked questions of all three Ministers . . .

**MR. J. DOWNEY:** That's right, I would hope all three Ministers could answer.

**MR. CHAIRMAN:** . . . so I'm not sure which one I should call, so I'll go to the Minister of Economic Development first.

**HON. M. SMITH:** Yes, Mr. Chairperson, I seem to hear the message from across the way, that if you can't do everything perfectly right away, do nothing and tell the public that you're not going to do anything because it's not worth trying.

Okay, \$23 million over 2 years of which because we had less than a full year remaining this year we put in \$10 million and we've designed the program accord-

ing to what's predictable, what is measurable at the moment. The usual take-up rate on programs like this, we got the size of the total group we could help and what proportion were likely to take it up and then what we could afford to give to help. Those figures are as well designed as we can make them in order to target what assistance we have. But if the experience in the first five or six months of the program shows that we're not getting that pattern, we will moderate the program. It's never been claimed to be more than an emergency program. What we would most like to see is the disappearance of the necessity for it. We'd like to have the interest rates come down.

Now, of the small businesses out there that qualify, not all of them are in equal difficulty. Some of them have managed by good guesswork or good calculation, to have put in a crop, or just managed to acquire the right mix of machinery, that they're able to tighten their belts and get through the difficult times. Not all small businesses have precisely the same profit-loss statement and we recognize that. We recognize that some are able to manage their way through it. With the small businesses, particularly, an essential component of the program is the —(Interjection)— just a minute, you asked a question, here's an answer. If they receive the counseling where they acquire some better skills in terms of riding out the difficult times - not all the problems are resolvable that way, but quite a few are. Good management can do a lot, but can't do everything. So we've never claimed in the small business portion of the program that the money was the sole aspect of it. The counseling, the access to resources that they maybe didn't tap before is an important component.

Now, I don't think we've ever claimed for the program more than temporary emergency assistance while we plan for what is needed next time around. I hope at this time next year we can all quite happily say we didn't need the full 23 million because the interest rates have come down; we've gone past the worst of the recession; things are picking up and people are managing on their own. I hope that's the report we can make, but we're not in control of all those factors. So we've designed the best we can with the things that are knowable and predictable and we're willing to move in either direction, cutting back if it's not necessary or extending or developing the next range of programs if it should prove necessary within our means. I think it's been a responsible approach to the program.

If we'd come out with criteria where we'd used up all the money in four months and had nothing left for the rest, that would be irresponsible. If we've made the criteria too tight so that people can't qualify and that we can afford to loosen up, all well and good, we'll be happy to do that. But we've done, on the basis of the data that the very few planning people that were around and could address the problem could come up with, this is the way we've designed the program and I think we can be quite proud of the work that's gone into it. That's not to say we think it's perfect or that we're not going to be improving it as we go.

**HON. B. URUSKI:** Mr. Chairman, the Honourable Member for Arthur raised a question whether we made representations. He should recall my comments

that I said that the federal program was supposed to be working for businesses and farmers and it was not. I did make specific proposals and representations to the Minister of Industry and Commerce, Trade and Commerce, the Honourable Herb Gray in February specifically on this very issue and raised the concerns - we had discussed these items with the financial institutions in the Province of Manitoba - that there was no take-up, that the financial institutions were reluctant to participate in this program and there were problems with it that they obviously either were not prepared to resolve or that there should be amendments made. I made specific proposals to the Federal Government. They were not acted upon by them, but we did make representations directly to the Ministers responsible in early February when we met with them here in Manitoba.

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

**MR. D. SCOTT:** Thank you very much, Mr. Chairman. I don't want to get hackles up. I just want to go through for a couple of minutes and highlight a couple of concerns that I've had of comments that have been raised, clarify a few issues as well.

You must go back and recognize that when the program was brought out initially, and it was initially announced - and I have the press release from October 30th. It was given in my constituency; I should have some idea of what was said in it; it was given in Tyndall Park. One of the reasons for the program was the obvious problems that people were having with high interest rates and we did not have a Provincial Government at that point in time, prior to the election, that was interested in trying to alleviate the struggles of an awful lot of people, particularly homeowners, small businesses and farmers had in relation to the high interest rate policy. We had the Minister of Finance at the time, Brian Ransom, say that in support of high interest rates - and this is where he supported high interest rates with his quote on May 8, 1981, in the Legislature of Manitoba - he stated that the best advice available today is that the monetary policy of the Bank of Canada is basically sound. Now, the monetary policy of the Bank of Canada which he claims is basically sound was one of high interest rates. So, if that is not saying that a person's in favour of high interest rates, I really don't know what is. The main challenges that they had at that point was that they were challenging the Federal Government because they were spending too much money and wanted more acute protracted restraint on behalf of the Federal Government.

Furthermore, on May 22nd, a couple of weeks later on, he stated that "I am advised" - this is the Minister of Finance at the time, Brian Ransom, "I am advised that the consequences of the Central Bank, following a very different course of action than they are now following, would lead to an even worse situation." And that is, once again, a statement backing up a federal policy of high interest rates. Now, we've had a lot of allegations as to what was promised in our Emergency Interest Rate Relief Program and we had the headlines of the thing, "Emergency Interest Rate Program for Homeowners, Farmers and Businesses" - "emergency" right on the very top so that people

would not be misled and thinking that they're being led by some sort of a carrot on a stick during the election campaign. At the end where the most important part of the statement is, second paragraph from the end, Mr. Pawley stated very clearly that the NDP are not prepared to use tax dollars except in hardship cases. There will be no assistance for those who have purchased houses well beyond their means in the selfish hope that inflation would enrich them. There'll be no assistance for businesses put in jeopardy by poor management and there'll be no assistance for farms owned by land speculators.

In the campaign I went to people very specifically and they asked me if they would qualify and I said basically if you did not buy over your head you will qualify for assistance when your rate goes up. I talked to people then who said, well, listen we're looking at losing our home; I've just lost a job; we bought on the basis of both of our incomes and I said, listen, I'm terribly sorry but I can't, as a political candidate, stand in front of you and tell you that the government is going to come in and save your home, because you went in and bought with the hope and the intentions that interest rates wouldn't be going up. I told quite a few people this, anyone who investigated or talked about the program and went into any dialogue with me whatsoever. I had full support. I had no person - that woman herself stood in her doorway and said that she agreed with me, that they got themselves into a problem and it was not the purpose of the Province of Manitoba to come and bail them out. So don't think that we went around with some sort of a carrot that the members of the Opposition are trying to claim that we did and what the Member for Lakeside, on the rent controls program today, tried to equate rent controls with rent freezes - no one is as foolish as to contemplate that kind of an extent of any policy. The only people foolish enough to make long-term freeze commitments was the previous government going into hydro rate freezes for a period of five years. I think that it is foolish for any government to come in and say that we are going to freeze an item of any sort, that we're going to freeze it for X number of years, a number of years in the future - one year at a time possibly - but to get into five-year freezes or six-year freezes or whatever, it just makes no sense whatsoever to me. As a matter of fact, it turns around and works against the people's wise use of those resources which are being frozen.

Another point I'd like to make is that the program that we have actually introduced is even better than that which was promised during the campaign. During the campaign we promised that the program will subsidize monthly mortgage payments for middle and low income Manitobans who are spending a major part of their income on mortgage and tax payments. A subsidy will be a combination of grants and loans which are interest-free during the emergency period. Well, Mr. Chairman, when you look at the Interest Rate Relief Program for homeowners today, which we are referring to here, there are no loans; it is a straight grant program. We have even made the pot sweeter when we went to draw up the final details of the program. It is better than it was in the initial stages, in that there are no loans that people are going to have to pay back.

I might add one other point as well, that when the program was initially being conceived which was last summer, we had reference that a civil servant was somehow or other involved in that by the name of Saul Schubert; that is absolutely false. That program was developed by the members of the caucus and the caucus at that time - we considered the caucus to be the present elected members of the 31st Legislature of Manitoba, or the previous Legislature of Manitoba and nominated candidates - so we had in excess many times, of 60 people out for weekend sessions, hammering through the development of programs. That is how our election policy came about.

We did not wait until the very last day, the dying days of a campaign, a deathbed repentance as has been so often stated, to cook up a program that they now claim - and the Member for Sturgeon Creek claimed - that we came across, offered this program when we knew the government was in a strong deficit position; they were saying constantly who is going to pay for it? All of the time they were saying who is going to be paying for this program and what happens? They came up with a \$60 million program, a program they started talking about interest rate relief for homeowners on universality.

Now, did we hear the Conservatives back in years gone by ever push universality in Medicare, in Denticare? Did we see universality from the Conservatives? Now they're wanting to come in with a universal program, talking universality with mortgage assistance, not recognizing that the people who are in most need are the people who need the most assistance.

Even the Free Press reporters, when Mr. Pawley made the statement on October 31st, the day after he made the statement in Tyndall Park the Free Press started the article off with, "Homeowners caught in dire straits because of spiraling mortgage rates, have been promised a relief in the form of a \$23 million emergency fund if the New Democrats are elected in the Manitoba election next month." People in dire straits does not implicate a program that we're just going to be tossing money out to everyone and their dog.

Under the P.C. program, under the so-called Progressive Conservative or forward-backward party program, the maximum benefits were going to be \$125 - the maximum benefit - but they were going to be giving benefits to everybody no matter what their mortgages were. If a person had a mortgage left of only \$5,000 and the mortgage rate doubled so that they are paying still a relatively small amount of their income on that mortgage, they were going to step in and assist them over - was it 14 percent? Or 15 percent, I believe, was the figure used?

Our program recognizes shelter as a priority in peoples' lives, recognizes the need for a decent home and recognizes the investment that people put into a home, the long years it takes to acquire a home in today's society. We recognize that a program that was going to be giving over twice as much assistance to people who were most in need - \$275 versus \$125 - is really quite an improvement over what the Conservatives had ever even contemplated in bringing forward.

When we look at the program preparation of the previous government, we look at their commitments to housing, we look at what happened in the residence

of the senior citizens in the Bluebird Lodges where, I believe, in the first seven years of existence of those lodges, their rents went from \$37 a month to \$52 a month. Then in the next four years, their rents went from \$52 up to \$110 - in four years - they over doubled in the four years under the P.C.s. They talk about a formula that was put in place with us in consultation and in cooperation, I must add and under some duress likely as well, by the Canada Mortgage and Housing Corporation and that agreement allows for a maximum of 25 percent. All I can say is, thank goodness there was a maximum of 25 percent of the total income of the individual or else we probably would have had higher rate increases than what actually came through. The agreement clearly stated a maximum of 25 percent of their gross income and we charged that. Now when we were charging that, people were paying \$50 a month, not over \$100 a month as they are currently. —(Interjection)—

Now, under the Conservative plan - and we've had much moaning and groaning here about their plan and how it was supposed to have helped people more and which concluded in proving that it would help people much less - we would have had another 34 bankruptcies in the province because we had no programs whatsoever offered by them for the small business community or for the farm community. I'm quite sure that of the applications that would have come forward, we would not have as much emphasis and as much push in a program as we currently have, trying to make people aware of the program to try and get the up-take a lot higher.

We had their demonstration in the last government under the CRISP program, where there was supposed to be a \$21 million program and we're lucky if there is \$7 million being covered to the end of their term in office. So I think that clearly indicates a problem with any program that we have to apply for and I think that what you have to do, is you have to give consideration that an awful lot of people don't peruse the regular newspapers; they're not paying attention to the ads that the government or anyone else puts on the radio and that we have to work that much harder to make the people aware of the programs. Other than going door-to-door to familiarize the people with the programs, it's very difficult.

But anyway, Mr. Chairman, in conclusion, I just want to clear the record on some misstatements that have been made earlier; clear the record as to what our election commitment was and clear the record as to some comparisons between what our promises were, what our commitments were and to what the feeble commitments of the Opposition parties were.

Thank you very much for the time, Mr. Chairman.

**MR. CHAIRMAN:** The Minister of Agriculture.

**HON. B. URUSKI:** Mr. Chairman, I move Committee rise.

**MR. CHAIRMAN:** Committee rise.

## SUPPLY - CROWN INVESTMENTS

**MR. CHAIRMAN, J. Storie:** Committee will come to order. We'll continue with the Estimates of the Crown

Investments Department.

The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** Thank you, Mr. Chairman. Earlier this afternoon I was attempting to determine to what extent the government had actually conducted negotiations with IMC concerning the potential potash development at McAuley. I gathered from the last answer that the Minister provided that the government had met with representatives of IMC once in the latter part of February and that they had met once again in the early part of May to set up a further meeting. I conclude from that then, Mr. Chairman, that there really has only been one meeting with IMC during the six-month period that the government has been in power. There has only been one meeting that could be termed a negotiating session with IMC. Is that a correct understanding?

**MR. CHAIRMAN:** The Honourable Minister.

**HON. W. PARASIUK:** Well, we've had one meeting that could be termed a negotiating meeting. I don't know if it's the quantity of meetings that count, but rather the quality of meetings. I mean, again I don't really want to get into too much of this, but I can, through the chronology of a whole set of meetings that were taking place in August, September and October of last year, where a whole set of proposals were coming forward from one party only, comment on those one way or the other. I'd prefer not to, because again I think that negotiations take place within certain contexts. One can reflect back on the past and make judgment this way or that way and it's not my intention to dwell on the past in terms of whether, in fact, I thought the negotiations were proceeding better or worse. I think the best thing to do is try to proceed with negotiations in a manner that can probably bring about some decisions which are balanced on both sides. Again, I don't really want to spend my time commenting on the nature of the past meetings, apart from saying that it isn't the number of meetings that's important, it's how we think we can proceed with them, during them, and what emanates from them.

I do say that the proceedings with respect to potash, have been proceeding at a slow pace but that's in part reflective of the world situation, the situation in the potash industry. If the potash industry is extremely weak, I don't know if either side is in any great position to make any final decisions. That doesn't mean that both sides aren't interested, that both sides aren't prepared to pursue this. Always, negotiations are a matter of price, terms and timing and we certainly haven't given up on these negotiations. We hope to proceed with them. Again, as I've said, I think an important date will be July 1st for us to see what takes place with respect to the marketing mechanisms. I think they've been looking at that because it would have an impact on price and price sensitivity.

Secondly, I think that an important factor will be the level of interest rates, especially in the United States. That will have a tremendous impact on what they will be doing and we've been watching what's been going on with respect to IMC's own activity with respect to its own diversifications. Having, in a sense, gotten rid

of a number of their diversified companies, I think probably they'll be concentrating and focusing their attentions much more so on potash and, again, this is not to say anything negative about IMC. I think that they're a worthy firm for discussion and negotiation and, as we said, we will be pursuing this.

**MR. B. RANSOM:** Normally, Mr. Chairman, it's my understanding that when two parties are trying to arrive at an agreement through negotiation, you have to get together, you have to meet, you have to get around a table and negotiate to try and work out a satisfactory arrangement.

I recognize that the points the Minister raises concerning the international situation and interest rates, markets, etc., are valid points. But, I would think that those would be the sort of objections that I would more reasonably expect to hear coming from the company, from IMC, that they might be telling the government that, "We're concerned about these sorts of things," rather than having the government tell us that they're concerned about them. That seems to be one of the reasons why the government's not sitting down with IMC and attempting to negotiate out an agreement and settle the points that have been referred to earlier as being of concern to negotiators of the previous government, as they were to negotiators on behalf of the present government.

So, I have difficulty in understanding why in six months that, first of all, it took the government until late February to sit down and meet with representatives of the company the first time and since that time apparently the only further meeting they've had is to talk about another meeting. Now that's not what I would call serious and aggressive negotiations but we'll see what the Minister's able to conclude. I sincerely hope that he is able to conclude an agreement because this sort of development is going to be, could be very beneficial to Manitoba.

Could I ask the Minister then, Mr. Chairman, if he has had a response from IMC as a consequence of the February negotiating meeting; either the concerns were raised with IMC and/or they were asked to submit a completely new proposal. Has the government had any response to that request?

**HON. W. PARASIUK:** IMC have indicated to us that they wanted some time to think about the raising of concerns by us. They also wanted us to clarify our position regarding taxation and that's one of the reasons why Mr. Roper is doing work.

They said they wanted a bit of time to think about the concerns that we had raised, which I say are not new ones and ones that were, I think, the reason why the agreement wasn't signed last year. As I said, one doesn't necessarily resolve these concerns by having five meetings in a week or something like that. I know that the member had been involved, I would think, in a long drawn-out exercise with respect to negotiating Northlands. I don't know if he was very much involved in the negotiations of any of the Western Inter-Tie projects or the aluminum project or the potash or ManFor.

I think the problem sometimes is when one puts in artificial deadlines or sets deadlines which are too optimistic, especially when the government does that,

it finds itself in a difficult bargaining position and what we're talking about in negotiations is bargaining. We're trying to bargain a fair deal for both sides, for our side, and I obviously realize that IMC is trying to bargain a fair deal for their side.

Again, I don't want to dwell on, I think, the difficulties that occurred before when IMC was making a number of proposals which were a deviation from original memorandum between the province and IMC. The previous government wasn't getting too far in reconciling these and we are still attempting to deal with these. We hope we can do so but to go beyond that - I mean, we can be criticized if the Opposition wants to say that we should rush out and say, forget about the objections that were valid objections prior to December 1st; we want the NDP Government to go out and forget about those objections; tell everyone that we're ready to sign this thing next week. Well obviously that would weaken our bargaining position. We wouldn't want to do that and I don't think the Conservative Opposition would want to do that in terms of what would be best for the long-term interests of Manitoba.

We are talking about trying to establish a deal which would provide the basis for the development which is what we want, which is what the Opposition wants, but we want to do so in a way that, indeed, would be fair over a 35-year period which would, in fact, be a deal that's understood by all parties and would not be a prelude to any flip or anything like that. I think that's important. I think that's important for Manitoba's perspective. I think these were concerns that the previous government had; certainly they're concerns that we have.

**MR. B. RANSOM:** I was interested in what point the Minister was going to make concerning the Northlands negotiations, but I have a feeling maybe he broke that off before he made the point. When we were negotiating the Northlands Agreement last year, we would've been very happy to be able to sit down with the Federal Minister and try and negotiate an agreement. That's what we were seeking, was an opportunity to meet with them so that we could negotiate. The great difficulty was that you can't negotiate with somebody when you can't get close enough to talk to them. That's precisely our concern in this case, that we really don't see that much evidence of serious negotiation taking place. Has the government put forward positions to IMC that would be satisfactory resolutions of the problems raised from a governmental point of view? Have those positions been put forward?

**HON. W. PARASIUK:** It had always been on the table as to what the government thought would be a way of dealing with them. Those positions as to why they were being put forward or the reasons as to why they were put forward were always known. IMC says they're going to take a look at that. They want greater clarification with respect to taxation over a long-term period. We're doing a bit of homework in that respect. I told you that's why we're, in fact, utilizing Jack Roper to do some extra work for us in this respect. We think that's an important exercise but at the same time, that won't stop us from sitting down with IMC in the near

future and going over some of these points again.

If the member is saying we should rush out and sign the agreement, what we are saying is that we are trying to sign a good, long-term agreement. I guess one can sit there and say, I think the Opposition is trying to put himself into a position whereby we'd like to leave the impression that, had they stayed in office, all of these things would have been signed by now. I come back to the point that I raised earlier, if that would have been the case and if they were so confident of it, I think they could have held off the election for three to four months and brought these things in. It is our mandate now and we have been pursuing all of the mega project negotiations.

The ManFor one, I think very little had happened on that for awhile prior to our assuming office. There had been a bit of a slowdown there. We've revived that; that's been moving faster now. We think we have probably a better prospect of getting federal funds now. So, there's been some movement there. I'll comment on the other two when I get into the Department of Energy and Mines but there has been movement there. Of the four, I would say that this has been the one where the movement has been the slowest. I'll concede that to the member if he says that we haven't gone at 100 miles an hour on all four of them. There's been movement on three and this one's been a slower one. But at the same time I think the external factors here have been a bit more unpredictable than certainly two of the others. We're hoping that we can move on this a bit more quickly over the course of the next few weeks, in terms of another meeting and in terms of doing some hard work over the summer with IMC in this respect.

**MR. B. RANSOM:** Mr. Chairman, the Minister has said that the positions have always been on the table with respect to those points of concern. Is he saying by that statement that they have always been on the table since February, or they are positions that were on the table all along that had been placed there by the previous government as well? Are these the same positions?

**HON. W. PARASIUK:** With respect to some of these points, we've pointed out that they were, in fact, deviations from an original understanding. We asked for explanations and for reasons. It had been an ongoing process and fears were expressed about certain activities that could take place or certain events that could happen.

As to our coming along and saying: "Well you've changed this agreement; we don't know what the reasons are exactly for your wanting these changes but we'll sort these things out." As I said, the drafting, and people say this isn't that important, but the drafting change from the government organizing the drafting to the company organizing the drafting, that's an important change. Maybe the company felt that for some reason the government drafters weren't reflecting the original understanding. I don't know if the government was trying to inch some better deal, or whether in fact the government was conforming to the original understanding and the company then decided to inch a better deal. I don't want to comment too much on that in the past. What's past is past in that

sense. But there were deviations; there were outstanding concerns; there were questions raised about why these changes occurred and we're still at that stage of trying to sort those things out. It may be that conditions and circumstances have changed. It may be that maybe there isn't any need or desire for any third parties and we're still at that stage of sorting that out.

We haven't said, we'll have third parties or not have third parties, because the original intention was to have only two parties. I think the member may or may not be aware of some of those concerns that had been raised and continue to be outstanding issues. We're doing more homework on it; maybe we can come up with some better arrangement that might overcome those concerns but they are an impasse. They're giving some thought to it; maybe they can come up with some different proposals that will break that impasse. That's what we're hoping to find out. People have been spending a bit of time taking another look at it and there's nothing wrong with that. This is a long-term agreement. It's an important long-term development and we hope that the product of our next meeting would be positive but at the same time we are in a bargaining situation and those things are completely unpredictable.

I want to correct one aspect. IMC had, in fact, the right of a third party but the government would have had the right to approve such a third party. There is an understanding there that I didn't want to mislead the House about. Clearly, the intent was that the government would be aware of any of these things and would have a veto power on it and it was getting concerned about its ability to exercise that veto power.

**MR. B. RANSOM:** Well, Mr. Chairman, there are some interesting things coming out here from the Minister's statements now, most interesting to me. We've learned this afternoon that the concerns the new government has are, indeed, the same concerns that the previous government had. We, tonight have learned that the negotiating positions that the new government is adopting are evidently those negotiating positions which the previous government was adopting. They are provisions that were in the memorandum of agreement initially. I begin to wonder now where was the substance for the challenges and accusations that were made by the New Democrats in Opposition and during the election that the government was engaged at giving away the resources of Manitoba. What's happened?

I expected to hear from the Minister that there were provisions being negotiated by the previous administration that we're giving away the heritage of the province. Far from it. Now, I find out that the new government is essentially sticking to the principles of the agreement that the previous government had negotiated and that they're concerned about the same things that the previous government was concerned about. It's very interesting to learn that. I guess they come back to the position then, that our view would be that simply the government should be more aggressive in negotiating. However, that's in their hands and not in our hands.

Mr. Chairman, I wonder if the Minister then could provide us with a description of what the government's preferred approach to the development of

potash reserves would be. Is the government interested in having a joint venture; a 50-50 joint venture; a 49-51; a 51-49 joint venture? Does the government envisage undertaking this kind of development entirely on its own? Does the government have a preferred approach to the development of the potash reserves or resources of the province?

**HON. W. PARASIUK:** We are interested in a joint venture with a private company; the exact level of participation is a matter for negotiation. Different firms have different attitudes about the percentages, so we leave that open for negotiation, but we certainly aren't starting off from an initial position of being against any joint venture.

I know that the previous administration accepted the position that the government can, or possibly in this particular instance should, be involved in a joint manner. That certainly hadn't been its position when it was in Opposition but that position changed when it became government. It came to accept the position that public investment can be a catalyst; it can be a contributing factor to economic development. It was prepared to undertake a joint participation with IMC.

When the Opposition says the province shouldn't be doing any homework with respect to market, with respect to interest rates, future possibilities, they forget that the province would be a 25-percent investor in this. It could be 40-percent investor. It could be a 49-percent investor in this and surely if public funds are going to be expended, you just don't say, well, this private company said it was a good deal, we're not going to do any checking on it and we're not going to do too much homework but rather we'll just proceed with them because if they say it's a good deal, that's good enough for us. I think it's important for the public sector to do its homework in this respect too. We're doing that and we are doing a bit more work on the taxation side just to make sure that we have a good deal in terms of our long-term position on that and that isn't completed yet. I say that candidly. We hope that it'll be completed soon. In terms of the major stumbling blocks to date, those are still on the table, but our preferred position would be a joint venture.

I think it's a matter of negotiating the percentage activity; that's the way any type of joint venture proceeds. Now, I don't say it's necessarily 50-50. We do leave that an option. I think there had been times in the past when government had said that if we do get involved it will be on a 50-50 basis. We haven't taken that position; we say that's negotiable.

**MR. B. RANSOM:** Mr. Chairman, one of the questions that I was going to ask the Minister, he has just referred to now. Perhaps the many references that we have heard over the past few months in relating to the international markets and the interest-rate situation arose from the government's reluctance to invest in 25 percent or whatever share of the development might be negotiated. I guess to some extent that is an encouraging sign on behalf of the government because we have heard from them in the past that investment in mineral resource development dating back to the Kierans Report was something where one simply had to put in a little money in one end and a lot of money rolled out the other end.

Evidently the government and the Minister realize at least that it's not quite that simple and whether you're dealing with potash or whether you're dealing with nickel or copper or zinc or oil; it's not that simple. I think we're seeing that, perhaps in the caution with respect to the potash development, as well as in the fact that they seem to have shelved the plans for now at least for oil development, even though these resource developments were going to help to finance the basic services that people in this province enjoyed under the previous administration and I hope will continue to enjoy under the present administration.

One other question, Mr. Chairman, would be: does the government have any intention at the moment to alter the royalty structure that would apply with respect to potash?

**HON. W. PARASIUK:** This is one matter that is under review and I can't give a commitment on that at this stage until that review is finished. When that review is finished I'll make public what our position is, but that we are reviewing the taxation matter is something I've indicated to the House previously.

**MR. B. RANSOM:** Mr. Chairman, it's been an interesting discussion for me to hear the answers from the Minister ranging right down to the question of royalties. Royalties are just being reviewed, which I would expect the government to do, but I would have judged from the position that those members took in Opposition, when they seemed so certain that the royalty structure that had been established by the previous government was nothing but a giveaway, that they would have immediately known what kind of royalty structure would have made more sense and that they would have been committed to bringing that in.

So what we have at the moment, with respect to this development, I say again is that there had been no evidence provided by the Minister at this point, that the previous government was attempting to rush into an agreement by giving away resources to the multinational corporations. We haven't heard about any significant new concerns with points that were being negotiated. The positions that are on the table are evidently basically those that were set forth in the Memorandum of Understanding that the previous government had with IMC. So I gather not a great deal has changed in the approach that was taken to that point. It comes back again to the fact that it seems to us to have fallen by the way in terms of the aggressiveness that negotiations have been pursued. I can only hope that the delay will not lead to the loss of this potential development. Perhaps it will lead even to another company being interested in developing other reserves in the province. I sincerely hope so because this kind of development is very much needed in Western Manitoba and, indeed, it would be a benefit to all of Manitoba to see this kind of thing take place.

My concern goes right back to the Throne Speech that began this Session, in that there was very little reference in that document to this kind of economic development where the private sector would be the principal force, the principal engine, that was making the major part of the investment. That same sort of thing was evident in the Budget document that there didn't seem to be the strategy laid out by the govern-

ment as to how we were going to see the economy of this province move ahead. All we can do in Opposition, Mr. Chairman, is to urge the government to pursue this sort of thing with substantial aggressiveness, in the interest of the province and in their own interest, because these projects are basically good for the province. So far, on the basis of what we've heard from the government, we haven't really heard anything about these projects that would indicate that they're not good for the province. So I urge the Minister and the government to get on with it and pursue them with aggressiveness, try and conclude a satisfactory agreement.

**MR. CHAIRMAN:** The Honourable Member for Virden.

**MR. H. GRAHAM:** Thank you, Mr. Chairman. I think one of the fundamental differences that is quite evident in this debate is the difference in approach that is taken by a responsible Opposition, as has been evidenced by the debate that has carried on for the last four or five hours on this particular thing. When you compare it to the paranoid dogmatic approach that was taken by the previous Opposition in the Legislature of, say, a year or two years ago, you begin to realize the fundamental difference in the priorities that exist for the benefit of the people of Manitoba.

Mr. Chairman, I would have to, at this time, urge the Minister to put that dogmatic approach behind him, to assess in the cold light of reality the possibilities, the probabilities of an industry that could benefit the people of Manitoba, could provide a broader base for taxation in this province and, if it means wandering a bit from that dogmatic approach that has been so evident in the last several years by various members on the other side of the House, to consider the common good of all for the long term, the short term. In doing so, to forget about politics and consider the common good of people in this province who need jobs, people in this province who are already taxed to the limit, and the interests of those who are charged with the responsibility of government who have one or two choices. Either they have to increase taxation or curtail expenditure or mortgage the future for the benefit of the present.

I ask the Minister to seriously consider weighing all of those probabilities and taking a cold, hard, logical approach. If it means biting the bullet politically for a while, so be it. The common good and the interests of Manitoba are the only things that count. If the Minister can do that, then he is going to get the support, not only of his own caucus, he's going to get the support of this side of the House too. I think it would be a wonderful thing if an agreement could be reached that had the support of all members of the Assembly because it was in the interests of the people of Manitoba whom we all hope to represent for the benefit of the people of Manitoba.

So I ask the Minister once more to consider the approach that has been taken in the last three or four hours in this debate and to consider that type of approach in his future negotiations which I hope will begin to bear fruit for the people of Manitoba. I know that he will have my support and the support of the people of the area that I represent as well as the support of all of Manitoba, hopefully, if it is done in

the right way.

**MR. SPEAKER:** There are no further comments on Resolution 43?

Be it resolved that there be granted to Her Majesty a sum not exceeding \$563,200 for Crown Investments, Administration for the fiscal year ending the 31 of March, 1983—pass.

That completes the Estimates of the Crown Investments Department.

The Honourable Minister.

**HON. W. PARASIUK:** We'll go into Energy and Mines now. Could we break for one minute, two minutes and I'll just go down and get my other documents?

I've got some copies of my opening statement and if the staff could just bring them to the porter outside the door, we could distribute them.

**MR. CHAIRMAN:** If the Honourable Minister is prepared.

**HON. W. PARASIUK:** Yes, I'll do my introductory statement.

**MR. CHAIRMAN:** I direct members' attention to Page 52, the Estimates of the Energy and Mines Department, Item 1. Administration, 1.(a)(1) Minister's Salary.

The Honourable Minister of Energy and Mines.

**HON. W. PARASIUK:** Mr. Chairman, it gives me great pleasure to rise on this side of the House and present the 1982-83 spending Estimates to the Department of Energy and Mines.

As indicated in my introductory remarks on the Estimates of the Department of Crown Investments, I pointed out the distinction between my dual responsibilities as Minister of the Department of Energy and Mines and the newly created Department of Crown Investments, particularly as it relates to the several major projects now under review by the government.

While staff of both departments are involved in technical and analytical work, the lead role with respect to potash and ManFor is being undertaken by Crown Investments under the direction of Mr. Mal Anderson, Deputy Minister responsible for Crown Investments.

**MR. CHAIRMAN:** Order please. I'd remind departmental officials that they could join us in the House when the Minister has finished his opening statement and the reply has been made.

**HON. W. PARASIUK:** Leadership with respect to reviews of the Western Power Grid and the aluminum smelter projects has been assumed by the Department of Energy and Mines under the direction of Mr. Marc Eliesen, Deputy Minister responsible for the Department of Energy and Mines.

With regard to the Western Provinces Electrical Inter-Tie and the aluminum smelter projects, it may be useful to provide an overview regarding the current state of affairs to Members of the Legislature.

First, on the Inter-Tie, a draft interim agreement had been prepared during October of 1981. Upon entering office, the new government undertook a review of this

agreement and its financial and economic implications. This review showed that if Manitoba proceeded with the agreement as had been contemplated, the province was exposed to considerable financial risk as well as cost which may not be recovered. These areas of risks or cost had been identified in the research studies carried out jointly by the three provinces during 1980. The Inter-Tie project was seen to be advantageous with allowances made for these areas. It was evident that an agreement could account for them and still be a fair deal for all three parties involved, over the life of the sale.

As a result Manitoba approached the Provinces of Saskatchewan and Alberta seeking compromise in areas where these net costs or financial risks were most evident.

The first discussions on this were held between officials of the three provinces during January 1982. Subsequently in March of 1982 I met with the Ministers of Alberta and Saskatchewan to seek a means of reducing the risk. It became evident that there were some areas where Manitoba would be able to receive satisfactory agreements but that further negotiations were necessary on others. A further meeting of Ministers was scheduled for about mid-May to further discuss the agreement. Because of the change in government in Saskatchewan we have not been able to hold this meeting to this date.

In the meantime, however, a further meeting of officials took place in early April. Details of the various positions were discussed at that meeting as background for the expected Ministerial meeting. As well, Manitoba has begun to review the requirements for a series of finalized agreements in anticipation of completing the interim agreement over the next two to three months and then continuing to finalize negotiations through 1983.

Finally, it may be useful to point out at this time, that as a result of requests made by the Government of Manitoba, the Federal Minister of Energy and Mines announced last night that the Government of Canada would be giving serious consideration to providing financial support for the Inter-Tie project.

I am pleased with this announcement and since financing for the project was one of the major issues outstanding, I am hopeful that the Government of Canada will provide the necessary financial assistance which would assist the project in going ahead.

Now, with regards to the aluminum smelter project, let me now provide the House with information on the current status of the project.

On taking office this administration undertook to quickly and comprehensively review all matters relevant to the proposed aluminum smelter. The body of information examined extended from early 1978 to November 1981 covering the evolution of negotiation between the province and Alcan, Manitoba Hydro's involvement in the negotiating process, contacts with other aluminum companies, the Alcan selection of a preferred smelter site, and socioeconomic and environmental impact assessment and intended approval process.

On January 29th I met with David Morton, the new President of the Aluminum Company of Canada, and the results of that meeting were the announcement of a joint Government/Alcan review of the planned



smelter and associated hydro project. This joint review is being undertaken without any precondition or arbitrary time limits. There is ongoing interaction between Alcan and a working group of government officials from the Department of Energy and Mines, Crown Investments and senior officials of Manitoba Hydro. In fact, in my latest discussion with Mr. Morton less than two weeks ago, he indicated that he was well satisfied with the current state of discussion and the ongoing review of the smelter project in Manitoba. Indeed, I'd just like to add one item, that I had a discussion earlier today with Mr. Morton and we will be having a follow-up meeting within the next two to three weeks at my level and his level.

The joint review group is now in the process of completing its consideration of smelter objectives and economics in concert with Alcan. It is expected that this group will shortly be entering the second stage of joint review dealing with power supply and site selection.

Members, no doubt are aware that the government working team I have referred to earlier has a mandate to explore smelter possibilities with other aluminum companies as well, and since January officials have had several discussions with a number of interested aluminum companies.

It should be pointed out, as many Members of the House are aware, there has been a significant change in the worldwide investment climate for aluminum smelter development. As many of you know the effects of the recession and high interest rates have had a serious impact on the investment intentions and timing of smelter developments worldwide.

Alcan and other companies have deferred or cancelled smelter projects involving hundreds of millions of dollars which were, up until mid-1981, being developed to ensure production by mid-decade. The aluminum industry view now is that additional smelter capacity to meet market demand will be required at a much later time than initially anticipated. This recent change in worldwide smelter development requirements has currently relaxed the urgency of all aluminum companies, including Alcan, to commit themselves immediately to specific smelter development.

However, notwithstanding the poor current investment for aluminum smelter expansion, the project is being accorded higher priority by the Government of Manitoba. If the economics make sense, then aluminum smelting will be a good long-term prospect. It should be clear that discussion and negotiation are proceeding in an orderly and considered manner by all concerned. This is to ensure that all interests and concerns of the province and its residents are duly considered and safeguarded. It is the government's goal to be working toward a smelter development which will not only be equitable, but also beneficial for the province over the long run. There's a typo there, basically, where if one smelter development makes sense, conceivably, others would as well.

I would now like to turn your attention to the detail spending Estimates for the Department of Energy and Mines for the 1982-83 fiscal year. As members opposite are well aware, departmental staff started preparation of the 1982-83 Estimates for the department during the summer of 1981. On taking office in November, I was faced with a departmental request to

double department spending in 1982-83 from 1981-82 levels. The initial request called for expenditures of \$18.7 million, \$9.2 million more than that allotted for the 1981-82 fiscal year. I don't know what involvement my predecessor Minister had in that and I wouldn't want to say that, really, he had any involvement.

We have pared that request substantially. My Estimates call for 1982-83 expenditures of \$10.7 million or an increase of 13.2 percent over the adjusted vote for 1981-82. These Estimates include a total of 185 staff person years allotted for the department.

Mr. Chairman, more effective utilization of departmental staff is a theme that will guide the department in the years to come. I have made it quite clear to my Deputy Minister and senior staff, within this organization, that it is my intention to utilize all existing departmental resources to provide a technical backup to the important energy policy decisions that lie before us.

In the past, skilled professionals in government service have been under-utilized and, at the same time, government has spent hundreds of thousands of dollars on retaining external services to support major technical reviews. I'm not going to subject the taxpayers of this province to this duplication of services in the future. We are in the process of recruiting some additional professional staff to strengthen our in-house capability. We will, of course, call upon external consulting services, as and when required, to support technical staff within our department.

In our attempts to stimulate the Manitoba economy, it is my intention to work with the private sector, not for the private sector. I believe we must be ever mindful of the joint responsibilities and contributions to be made by government and the private sector in stimulating industrial growth and economic development. It is my intention and that of my staff to foster a harmonious and trustworthy relationship with the private sector in the development of major industrial activities over the years to come.

Ensuring that the most effective use is made of our energy resources is a high priority of this government. Besides the negotiations on the Western Electric Power Grid or the Inter-Tie and with aluminum companies, the government has initiated other action to further this goal. Many of these involve federal-provincial co-operation.

We are exploring the feasibility of the electrification of railways. A good deal of technical work has been done already in this area. Our task is now to work with the Federal Government and others to bring this about. Discussions are now under way. This is an area of high front-end costs, but low long-term, predictable operating costs.

Preliminary discussions have also been held with federal officials on joint study in the use of electrical energy in industrial processing such as the use of plasma fields in metallurgical - I've got a mental hang-up with that word, I'm going to pass it, you can read it - and petrochemical processing. The scope of proposals here are being developed by our department for consideration by the Federal Government and will include high electrical temperature processing in the metallurgical - I think I've had that problem since I was about 8 - and petrochemical fields.

Members may also be aware of a joint transit study

jointly funded by the City of Winnipeg, the Province and the Federal Government through the Conservation and Renewable Energy Demonstration Program. The scope of the study covers Winnipeg's existing and future transportation requirements and their energy implications. The expanded use of electricity for public transit is receiving close attention. The study is nearing completion.

Finally, federal cooperation in the electrical area is also being sought through the HVDC Research Centre at the University of Manitoba. Members will know that both the province and Hydro support this facility. Discussions have begun with the Federal Government regarding their support. Initial indications are favourable.

One other item I'd just like to add verbally is that we, indeed, want to pursue and have raised this at a very preliminary level, the whole area of production of hydrogen through electrolysis of water. Ontario and Quebec are doing some work in this area and we believe that if we are involved in the development of generating stations that have 100, 200-year lifetime, if we're involved in prebuilding agreements which will enable us to have somewhat paid off plant available in 25 or 30 years. By that stage, the technology regarding the production of hydrogen may be advanced to the stage where we can take very good advantage of it. I know this is one area that the Opposition Member for Niakwa has raised a number of times. I would like to inform the House that this is an area that we have raised in an initial way and we certainly hope to pursue in a more aggressive way in the future.

I would now like to take an opportunity to provide this House with a brief overview of our departmental Estimates structure. As the members can see, the structure of the Estimates is unchanged from the previous year's which will make it easy to follow.

By way of an overview, Appropriations 23-1(a) Administration, covers the operation of my office and that of my Deputy Minister, Mr. Marc Eliesen. Included herein are a Special Assistant, Executive Assistant and three secretarial staff.

Appropriation 23-1(b) Administrative Services, provides for the central functions of personnel, payroll, accounting and administration co-ordination for the Department of Crown Investments. In recognition of the service requirements of the two departments and the need to upgrade our administrative capabilities, a new position of Executive Director of Administration has been added.

Appropriation 23-1(c) Manitoba Energy Council, provides funding for the position of Secretary to the Council and operations of the Council itself. We are now reviewing the terms of reference and objectives of the Energy Council in light of the creation of a line department which deals with energy issues.

Appropriation 23-1(d) Manitoba Energy Authority, has one position attached to it for a Special Consultant. The rather large difference in salary is due only to the fact that when originally budgeted for 1981/82, the position was vacant. The increase in operating expenditures of some - and I think that should be \$318,000 - is reflective of the grant of \$718,000 to be made to the HVDC Research Centre, offset by a \$400,000 reduction in Other Expenditures for the Authority. This offsetting reduction in Other Expendi-

tures reflects our department's intention to rely less heavily on external consultants.

In the Energy Division, the Energy Economics Branch has received an additional salary position which accounts for the bulk of the salary increase. This Branch provides economic analysis on the many energy-related issues facing Manitobans.

Administration and Energy Programs 23-2(b) contains the Assistant Deputy Minister, Energy Division, Mr. Alan Puttee, support staff and senior technical staff responsible for the implementation of programs.

The Canada/Manitoba Energy Agreement 23-2(c) is cost-shared 50/50 between the Federal Government and ourselves and, as members can readily see, this government is committed to improving and developing the state of energy conservation and substitution in Manitoba and Canada by providing substantially more funding for projects under the Agreement.

It may be useful to review in more detail some initiatives that are being taken in the conservation and renewable energy area by specific sectors.

First, in the Industrial/Commercial Sector which uses 39 percent of Manitoba's energy.

A study of 88 Manitoba industrial plants was recently completed that identified industries that have good potential for waste heat utilization. Of these, three or four of the industries with the greatest potential will be selected for demonstration projects to be funded under the Conservation and Renewable Demonstration Agreement (CREDA). These demonstration projects will be followed up by an information component to all industries, explaining the possible benefits of waste heat utilization. A similar program is under discussion with Fitness, Recreation and Sport Department on waste heat utilization in arenas.

The Energy Audit Bus continues to audit industrial/commercial and institutional facilities with 178 establishments having been audited to April 30, 1982.

The Elm Creek Curling Club Waste Heat Utilization project is complete and operated successfully last winter, and the Canada Packers project that utilizes boiler stack waste heat to preheat processed water, is under way.

The City of Winnipeg District Heating Study is under negotiation and expected to go ahead shortly.

Secondly, is the Transportation Sector which utilizes 32 percent of Manitoba's energy.

Manitoba has developed some expertise in the motor and fuel testing area using the facilities of K-Cycle Engines Limited and the Industrial Technology Centre. Based on this expertise, projects were initiated to test alternative fuels in Manitoba climates, hence the Manitoba Telephone System Gasohol and Propane fleet vehicle testing under the CREDA.

In addition, the testing of methanol is presently under consideration to determine its viability in Manitoba climates. This test program would also be carried out under CREDA.

Another area under consideration as mentioned earlier is the electrification of transit and rail. One study, the City of Winnipeg Transit Study, is under way and the Department is reviewing rail electrification studies. The Department has also been working with the Transportation Division group of the Manitoba Government, assisting in proposals in their over-

all Transportation Energy Management Program (TEMP). Two demonstration projects are under consideration from this group - Van Pooling and Route Optimization. Along with the fuel testing programs, projects that will utilize electricity for transportation and assist the further development of Manitoba's bus industry will be considered.

Third, Residential Sector, which uses 21 percent of Manitoba's energy.

Lower energy prices in the past have left Manitoba's 360,000 dwellings in need of upgrading. Projects in this area that improve the housing stock, in terms of retrofitting, can show a quick return on investment and impact on people more so than in other sectors. The retrofitting technology is just emerging though, and all the answers on various techniques have not been fully demonstrated.

Energy savings in new home construction have been demonstrated in the 70 percent to 80 percent range for an incremental cost of \$5,000 to \$6,000 and hence in retrofitting older homes, it is a question of economics how far one wishes to go. Savings in the area of 13 percent to 20 percent have been identified on homes done under the Home Insulation Program (HILP) for expenditures under \$1,000.00.

Under the Demonstration Program, a number of projects have been undertaken involving the construction of new homes, and from these initiatives came much of the information to develop Manitoba's Energy Efficient Home Program. This Program is proceeding with 40 of the 100 Energy Efficient Homes now completed, and the remainder expected to be completed by the end of the summer. Monitoring of energy savings will continue for five years under this Program. Demonstrations are under way that will provide information on the effects of sealing homes and the Flora Place 100 Homes Retrofit Project should provide us with good information on the value of different methods of retrofitting.

Another area under consideration is the Residential Audit concept. A program to put in place residential auditors is under way.

The Home Insulation Loan Program (HILP) is being reviewed in order to make it more cost effective. More comprehensive information will be developed for the homeowner to provide him or her with a better basis for retrofit decisions.

Fourth, is the Agricultural Sector which uses 8 percent of Manitoba's energy.

The Agricultural Sector actually uses in excess of the 8 percent noted, but agricultural residences are included in with the Residential Sector and a large part of the agricultural fuel costs fall in with the Transportation Sector. There has been very few initiatives taken in the past in the Agricultural Sector but we are carrying on discussions with the Department of Agriculture on possible projects.

Finally, to conclude the energy side, my Department is presently in the process of reviewing the activities and redefining the objectives of the Energy Information Branch housed within the Energy Division. As members may be aware, this section was established to provide the general public with information on measures which can be undertaken to reduce consumption of non-renewable energy resources in Manitoba. Plans for a significant expansion

of these and other services to the public have been held pending the results of the review.

The Mineral Resources Division has remained virtually unchanged in function and size. There has been some redeployment of resources within the Division in order to meet demands resulting from activities in the private sector.

Administration 23-3(a) contains the office of the Assistant Deputy Minister, Dr. Ian Haugh, support staff, and an economic and policy analysis group.

The Petroleum Branch has received five redeployed positions from within the Division as well as one additional position and increased operating funds to permit it to keep pace with industry activity. The increase in operating funds is the first in several years. As members are aware, this branch is responsible for the administration of legislation governing the exploration, development and production of Manitoba's petroleum resources including the collection of Crown royalties, oil and gas leasing, technical evaluations and field inspection. Last year's increased rate of drilling has already been surpassed. To date, 31 wells have been drilled and 23 new wells placed on production for 1982 compared with six wells drilled and five on production in the same period last year.

The Mines Branch, 23-3(c), will continue their present function of engineering and inspection, mineral disposition, royalty collection, exploration data management and aggregate resource investigation and management.

The same situation holds true in our Geological Services Branch where the status quo is being maintained but with a redirection or programming to increased investigations in the Lynn Lake area, areas where we have suffered some recent declines.

In summary, I would like to take this opportunity to thank the staff within my department who have worked so diligently in preparing the Estimates that appear before you today. I welcome your constructive comments in the ensuing debate.

**MR. B. RANSOM:** Mr. Chairman, I think that the best, most effective way to proceed through this is to get to the general consideration. The Minister has provided us with a very complete introductory statement and I think that'll lead us into some more detailed questioning.

**MR. CHAIRMAN:** Would the Honourable Minister would like to invite his staff in? Continuing then 1.(a)(2) Salaries.

The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Chairman, I just would like to ask the Minister a general question in terms of the energy area especially. What new programs are included in the Estimates before us that were not already being undertaken by the previous government? What new thrusts are here?

**HON. W. PARASIUK:** The new area is an expansion in the CREDA area relating to the investigation of retrofitting. There were a number of things that, I think, possibly had been discussed before and I hate to make that definitive a comment when, in fact, a new program, especially a federal-provincial program is

being developed, there could indeed be a whole range of possibilities that might fall within it. So I hate to say that this was not part of a program in past years and certainly is now part of ours this year. There is an expansion of the CREDA Program. That's the new activity apart from the work that we are doing with the Federal Government. Some of it's under way right now. Some of it's just getting under way, with respect to examining a whole set of alternatives which, as I have said before in other places and I think in the House here, reflects our contention that electrical energy, which is renewable, should fit in more into the national energy policies of this country and that there should be greater consideration of that. We have a renewable resource that exists in a province that is in a sense the geographic centre of the country. There are a lot of opportunities for its use.

In fact, just in passing, I realize that there's another area that we've missed out. Again, I think Hydro's been doing a bit of work; again, we're tying into the Federal Government more on this. We're looking at ways in which electricity might be used to pump natural gas across the province. That's being done with respect to oil and I gather there's something in the order of 15 to 18 percent of the natural gas is actually burnt up in terms of pumping it across the province or across the country. So, we think that might provide an option using a renewable form of energy to conserve a nonrenewable form of energy.

These are areas that we are exploring and, indeed, as part of our other activities, I, as Minister responsible for Energy and Minister, responsible for Manitoba Hydro, have been pursuing not only negotiations regarding an Inter-Tie with the provinces to the west of us and looking at energy intensive industries; aluminum smelting is one. There are others that the Department of Economic Development has done some work on that we might explore relating to copper refining and things like that. Again, that depends in part on the structure of the industry and the conditions within the market generally.

We have been exploring possibilities for export of power into the United States and some work was being done in the past. I think we are pursuing that a bit more aggressively now. I say that because I think the lead time required in dealing with the United States is quite great and yet, at the same time, when one thinks of their marginal cost of power being 70 mills, ours possibly being in the order of 30 to 40 mills, one sees that there is a tremendous cost advantage on our side. At the same time, it's important to get moving on this now.

So at this stage, six months after taking office, we have undertaken some new initiatives; that's part of our planning approach. We have expanded CREDA and I guess that would be the limit of what I could recall off the top of my head as being new activity. I think it flows in part from past activity and I wouldn't want to take total credit for it being new activity.

**MR. B. RANSOM:** Again, in general terms, Mr. Chairman, could the Minister advise the Committee of what he hopes the Department of Energy is going to be able to accomplish. Does he have some objective in terms of the conversions from one type of energy use to another? Does he have some objectives in the area

of conservation of resources? He's only had six months in the department to this point. What concepts does the Minister have for the future direction of the department?

**HON. W. PARASIUK:** I can give you my concepts. We haven't quantified some of these things yet, in terms of hard objectives or quantifiable objectives, but when we look at energy we tend to focus a bit more on hydro-electric energy than the other forms of energy for a very valid reason. That's our greatest resource within the province, so we look at ways in which we can optimize its use and optimize its development over the long run. Often when I talk in terms of the long run, people sometimes smile because they think it's rather ironic because they assume that politicians won't look at the long run. I know that when I raised some of my comments with the Federal Minister of Energy he said, when some of these things come to pass, we'll probably both be dead and that's true. But my comeback was that if work had started on some of these things 30 and 40 years ago, especially with respect to the electrification of railways, I don't think we would be in the same position we are in Canada right now with respect to the particular energy crisis that we have.

When you're talking about developing plant that now has a projected life of 100 years and when you push the technical people, they say that it probably has a projected life that's far beyond 100 years. In fact, people hate using the term in perpetuity or eternal but there is an element to a power generating station whereby if the concrete doesn't give out and the fact that there haven't been many great major improvements in the turbines and generators over the last 50 years it is conceivable that you can have a very, very long-term power source. What we're trying to do when we talk about optimizing the consumption of hydro-electricity and optimizing the long-term development is to ensure that we can indeed meet our local needs first and in that respect conservation becomes quite important, because if you can't feel confident about meeting the demands and needs of the individual residential user in Manitoba 10, 15, 30 years from now, then it is a much more risky business to get involved in pre-building a plant in order to provide for the export of power to Saskatchewan or Alberta or to places like Wisconsin or through WAPA to North Dakota or on through to Nebraska, possibly even beyond that. We are receiving very strong interest from various parties in the United States, some governmental, some utilities, some of these are cooperatives, some of these are privately owned in our potential power supply for the future.

Also, if you are signing long-term agreements with respect to major users here in Manitoba, you want to be assured that you can indeed properly meet and cost-efficiently meet the needs of the residential into the future. As I said, conservation then becomes very important because it enables one to predict your capacity a lot better than has been the case in the past. I think this is a somewhat different circumstance from what existed a few years ago when the projections of load growth were quite high and as a result people were building to meet what they thought was domestic need entirely and, indeed, obviously had overbuilt.

One can debate the past and I think that's happened in this House for a number of years with respect to the technical accuracy of some past load-growth projections, but I think it is important to develop what I would call a good long-term energy demand in supply planning capability and continuing role in plans in this respect, so that you have a very good idea of what you're long-term and your short-term options are. That is what I hope to establish within the Department of Energy and we'll obviously have to work with the various parties that I've indicated in my introductory statements. This isn't something that Energy does in isolation; I think you have to do this in consultation with the private sector; I think you have to do it in consultation with university; I think you have to do it in consultation with agencies like Manitoba Hydro or the transportation people or housing people. This is what we hope to do and this is something that I hope will continue on into the future for some length of time, because this is a new department. Not that much work has been done in this area. So that's one thing that I'd like to see happening.

We certainly will be looking at specific projects that'll enhance the utilization of our own energy resource as I indicated before. The electrification of railways, if we got going with a pilot project in the next few years would, I think, be a breakthrough for this country. Electrification of urban transit is something that is being looked at. I, frankly, have a very strong disposition in favour of it. I find it rather ironic that we are selling trolley buses that are made in Winnipeg to cities in the United States that pay three to four times as much for the electric power as we do in Winnipeg. Yet we can't build trolley buses to meet our own needs in Manitoba and Winnipeg here utilizing a home-produced, hydro-electric power; that's another area where I think it's important. So our hope in this respect would be to establish a long-term understanding of what our demands of supply might be and work towards the development of specific projects within that with some confidence.

We also, of course, want to tie in, and we'll work as we have to with the Department of Economic Development, with respect to major developments that might develop. We've had some meetings with the Japanese Ambassador, with other people who have come through, with industrialists. Sometimes you get people talking about some possible projects of a major type; these often are in very preliminary exploratory stages. I think it's important for the government to meet with these people when they come to Manitoba to see whether, in fact, there is any reality to what they're talking about. Often a number of these things are hopes rather than reality but it's important to spend the time with them and to separate that to get a clear understanding ourselves and we've been doing that. That can be a time-consuming activity as I think people who've served on the front benches on the other side will recall. Often you want to get on with some of the pressing activities that you have but you do have the public that is out there and you just can't put them aside for six months or nine months and we've been doing that. So that's an activity that we have to do but, again, we'll feel more confident about doing it if we have a clear understanding of what the future demand-supply implications are going to be.

When it comes to the mineral side - there I think it's important for us to try and get companies looking at some new areas in Manitoba for mineral exploration. There has been a tendency to focus in on certain parts; there are some high risk areas left, these are on the east side of Lake Winnipeg, up the east side of Manitoba. It's important there to be developing some better understanding of the geological conditions in these other areas to see if companies will be coming in there. We certainly hope to do that over the course of the next two or three years.

This isn't an activity that's solely carried out within the department; obviously, it's something that requires possibly some MMR action, but certainly at the first stage it will be at the Minister and Deputy Minister level that we'll be talking and at the ADM's level. Again, I've spent a lot of time over the last six months meeting with the members of the mineral industry in Manitoba. I've had a number of meetings with Inco, with Sherritt Gordon and with Hudson Bay Mining and Smelting. The reason for that has been that the circumstances in the mineral industry have been undergoing some tremendous changes over the last nine months and there have been layoffs and there have been impacts there. We've tried to get an understanding of why these are taking place. Is it the cycle? Is it changes in the ore concentration or what, getting explanations, trying to ameliorate the effects of the layoffs and we've done some work there. I think it's important in the long run and I've pushed the Federal Government on this and I've pushed my Federal Mines Ministers in this respect that it's important for us to look at ways in which we might level off the impact of big changes in the business cycle with respect to mineral activity. Everyone's quite happy when the boom's on and they forget that you also have a bust time to mining activity. At that stage, people lose their equity in houses. We have a shutdown of a mine that may open again. What happens to the community infrastructure? What happens to the families? Is there any way in which we can look at that?

Often the province has been left, in a sense, holding the bag and I think that people can look back to the Bissett experience. I think it's important that if the Federal Government is going to spend a very large amount of money through tax expenditures to subsidize mining that maybe some of those tax expenditures should be structured in such a way that individuals and communities that are impacted negatively by these business cycles should, in fact, receive some of the benefit. That hasn't been the case to date. We are pursuing that and I think that would be a good long-term development.

With respect to the petroleum industry, of course, we're looking at ways in which we can further stimulate development in the petroleum industry. I will say that I think that the previous administration, by simplifying the royalties, making them more competitive, did help to attract more people into Manitoba. I think that the increase in prices had a tremendous impact in that respect as well. But it's certainly our policy to try and develop a long-term economic development in the oil industry. We'd like to get more people coming in. What we're looking for is stability over a period of time just as we are with respect to minerals. So, I don't expect us to be making any major changes in those

areas in the foreseeable future. I've already indicated our policy with respect to our not desiring compulsory joint ventures or compulsory backings. Now, that's a policy that we hope will be constructive and hope will work.

I have said that I expect that the industry is prepared to explore joint ventures with the government and indeed companies large and small and, again, it's important for us to be judicious and prudent in getting involved in these activities, but it's certainly our belief that the Crown does have a very important role to play in mineral development, in petroleum development. I think it's played an important role in the past and sometimes has been underrated. So it's our intention to develop that long-term stability on the mineral and petroleum side but to focus quite a bit of our attention in the next, I'd say, six months to a year on the energy side so that we can get a clear understanding of future demand and supply projections and then work and look at specific projects.

I haven't mentioned others that we could pursue like the electrification of homes in terms of home heating, switching over from heating oil to electric heat. We're watching very closely the developments in the natural gas area to determine the extent to which there might be a crossover there. Every time we think we're getting closer to natural gas, they make improvements in natural gas technology in terms of their furnaces and the way in which they provide heat that way. None of these things are fixed and static. They're always moving and part of a rolling process, but it's certainly our intention to ensure that with respect to energy that Hydro development really is optimized over the long run in Manitoba.

**MR. B. RANSOM:** Mr. Chairman, I believe that during the election, again, the Leader of the New Democratic Party had said that he hoped to encourage, I believe the term was massive conversions to electrical energy from other energy sources. Is that going to be the policy of the government that they are going to now encourage home heating for instance to convert from oil to electricity?

**HON. W. PARASIUK:** Home heating is an area where it's taking place and where I expect it will continue for a period of time and then I would expect that process will slow down because most of rural Manitoba, which doesn't have access to natural gas, will have converted. I believe that the date is probably about 1990 but we're constantly evaluating that area.

When it comes to home heating, that's an area where I think we have to be quite cautious because, as I said, there are these changes taking place with respect to the quality of natural gas furnaces and new developments there. I just had a discussion with some people from Inter-City Gas in this respect. In fact, the former Deputy of Economic Development, Don Rogers and they are making some major breakthroughs in that respect. As a result, natural gas it appears will be very competitive, more competitive than electricity, so we have to be constantly evaluating this.

When I talk about substituting hydro-electricity for natural gas in terms of pumping natural gas, that's an area we're looking at. When I talk about substituting electricity for diesel fuel in terms of powering our

urban transportation or at least part of our urban transportation, that's another area that we're looking at. Again, I don't think this is too futuristic but we want to take a close look at flywheel technology with respect to buses. Is it possible? Is it practical? Again, that would be another area.

I mentioned electrification of railways, which would be a major step. There is, I think, potential between Winnipeg and Thunder Bay. Traffic's very heavy. There are two rail lines. It is possible, I think, to think of using one rail line in this respect. So this is an area that we certainly hope isn't just fanciful but will lead to some constructive activity over the course of the next two or three years.

**MR. B. RANSOM:** Mr. Chairman, how far down the road does the Minister feel that railway electrification, for instance, might be? What are we talking about in terms of when it might come about or when there might be increased demands for electricity in the province as a consequence?

**HON. W. PARASIUK:** What we're talking about is heavy front-end costs and that is a problem and it's difficult, because there are people who aren't prepared to put the front-end costs in even though - and this is where we want to do more of the homework - if one costed this over a 30-50 year period, the cost to society, the cost to the economy, the cost to the users would probably be a lot less, because we can in fact predict with some certainty costs of electricity. I don't know anyone who could predict with too much certainty future costs of oil and gas over a 30-50 year period. Yet what we do with respect to some of these, I think, more fixed transportation modes, is follow the path of least restraint and go with lower incremental costs. We'll do some marginal improvements. We might get a better form of diesel, and we say we're saving money over the long-run, but our operating costs are going to be very high and they will continue to get higher and higher. It's like looking at comparing a thermal plant with a hydro-electric plant. The front-end costs of a thermal plant are lower; the long-term costs of a thermal plant, operating costs, are much higher. One has some difficulty trying to predict what these will be 30 or 50 years from now.

In talking to some of the people in the United States, and if you talk to people in Nova Scotia, who in the past relied, and still do on oil-fired generating stations, the unpredictable happened from 1973 to this time and it looks as if it's going to continue. Prices went from something in the order of \$3-\$4 to \$34 a barrel - astronomical changes, astronomical increases. We think that it's important for us, when we talk about developing power sources that have such a long-term life, to explore fully the long-term possibilities. I don't want to hold out false promise, but at the same time I do think that with many of these things it's important that we start now rather than say that because they're so long term, there's no sense even talking about it. I think that's wrong. I think it's important for us to start now and we may, in fact, move more quickly than we thought with respect to certain things like urban transportation. I personally feel that if the Federal Government had not cut back on commitments that I think it made in the '74 Budget with respect to urban

transportation assistance, we as a country would be far better off and would have a far better urban transportation infrastructure in this country.

Again, I think it is important to talk to the Federal Government in this respect because some of those front-end costs are very very high. I see the Member for Fort Garry sitting there and I know that people have been talking about the southwest corridor. I think the idea is a very good idea; it's capital intensive in the front end so people are waiting for some way in which they can finance that. That whole study started off with the Federal Government saying that they would be putting money in to improve urban transportation of that nature. That's a possibility for some type of urban transit that might even be electrified along that bus route. Those are avenues that I think should be explored and pursued all the time. That's what we certainly hope to do and I think that is the approach that the department will take. It is an omnibus department with respect to energy; I think it's a good thing having a Department of Energy. I think it was an important step in the evolution of government to create it. I'm pleased to be heading it up and I hope that over the course of the next year when we get into what I would call the planning time of government, because often when the House is sitting and we're into question period and into activities in the House on a day-to-day basis, it's somewhat more difficult to sit down and do the proper planning with department staff that I think is required. I hope when I come back with my Estimates next year, to have a more fully fleshed out policy and set of programs.

**MR. B. RANSOM:** Mr. Chairman, perhaps the Minister is reading too much antagonism into the questions that I'm asking. My last question simply was, how far down the road does the Minister see the timing of electrification of railways? I don't think I asked the questions that were answered.

**MR. DEPUTY CHAIRMAN, S. Ashton:** The Honourable Minister of Energy and Mines.

**HON. W. PARASIUK:** I'm sorry, I don't see the questions as being antagonistic. I did hear a few antagonist comments from persons now left. No, I think with respect to electrification of the railway system or even on a pilot project - I like to talk in terms of pilot project.

I really can't give a definite date on that because I think it is predicated, in part, on federal activity and action in this respect. We're talking about a railway line that crosses provincial boundaries; one of the railway lines is a Crown corporation of the Federal Government and I think that it's important that work be undertaken in that area so we are pushing it. We received some response; we hope to push harder. That's how any of these things get moving, so I can't give a date. I'd certainly like to see something happening sooner rather than later but I think it would be completely arbitrary on my part to pick out a date and say that I expected something happening within this time.

**MR. B. RANSOM:** Mr. Chairman, I'm sorry that the Minister isn't able to give some indication of the time frame because I believe that his First Minister has, by

implication, given some indication on the time frame because, as the Minister is probably aware, during the course of the time of our government, we were constantly criticized for stopping Hydro development. There was a barrage of information from the New Democratic Party, both prior to and during the election that said, Hydro can start now; get Hydro development under way; the immediate, orderly development of Hydro. When the First Minister had been asked, how are you going to start Hydro development, especially having heard the discussion in Hydro Committee which indicates that there's no requirement on the domestic scene for Limestone power until 1992 at the earliest, in 1996 if the MANDAN Agreement is concluded, and when the First Minister was asked, how can you possibly contemplate immediate, orderly development of Hydro, he has responded by saying, well, there are other things that we're looking at, such as electrification of railways and urban transit. That, coupled with the concept of immediate, orderly development of Hydro, certainly led me to believe that we're talking about something that's in a predictable time range and now the Minister seems reluctant to say what the time range is. I think now that, perhaps, from what the Minister said that he is correct, that it's not possible to say how quickly it might come about and because it's not possible to say, then I expect it has to be longer rather than sooner, that we're talking about maybe a decade at the earliest, before you can expect to see any kind of major conversion if there were some major decisions taken flowing almost immediately from work that the Minister is undertaking. So in terms of the immediate economic impact on the province that could be brought about by Hydro development, then I don't see that flowing from the Minister's initiative in the area of electrification of railways. If my interpretation is incorrect, then I'd like the Minister to say so.

**HON. W. PARASIUK:** Well, we're working very quickly on these alternatives. If, indeed, we could get decisions on them next week, we'd be delighted. It might take six to eight years to get them in place and it takes six to eight years to get a Hydro plant in place. Things move more slowly than that and I'm hoping that we'll be able to move sooner rather than later with these, but it could be 10 years and, in fact, that could be a good time if we could get things in place by that time. I'd be very pleased, because the long-term lead time required for Hydro development is in the order of six to eight years.

**MR. B. RANSOM:** Is it fair to conclude then, Mr. Chairman, that electrification of railways or urban transportation is not likely to contribute to what has been termed immediate orderly development of Hydro resources in Manitoba?

**HON. W. PARASIUK:** If indeed we get these things moving, it may be possible for us to proceed with the development of other Hydro plants up north so that we won't just have a one-shot affair but rather we'll have a whole range of developments taking place over a 20-30 year period. If that took place, I think that would be certainly the orderly development of Hydro in the north. As you know, the hydro-electricity is

lumpy; the additions to capacity are lumpy. You just can't bring on a tenth of a dam or a tenth of a generating station. You can in terms of generators or turbines, but it does require the building of an entire dam and that provides an increase in capacity, say, in the order of 1,000 to 1,200 megawatts when indeed you have to build that in order to meet an increased demand in the order of 100 or 200 megawatts. If one can develop these alternatives, I think one can proceed with the orderly development of Hydro into the future.

**MR. B. RANSOM:** Mr. Chairman, this is a most interesting metamorphosis that we've seen with the position of the New Democratic Party concerning Hydro development. For years, it was immediate development of Hydro - get on with it - immediate development. Then I think somebody began to realize what was going on and it became immediate orderly development of Hydro. Now you may have noticed, Mr. Chairman, that the Minister has now said, orderly development of Hydro. So we have gone through those three stages, from immediate to immediate orderly; now we've lopped off immediate and we're just to orderly development of Hydro.

Maybe it's a little common sense showing through here where we didn't expect to see common sense showing through. I hope that's the case because we understand the realities of having to have sales for power; that one doesn't go ahead and build power dams for the sake of having construction activity and simply creating jobs. We could debate, I suppose, what immediate means, because I don't think that the public is going to simply let the New Democratic Government away from their commitment to create economic activity of Hydro development simply by letting them lop the immediate off immediate orderly development.

So we could debate what's immediate. My contention would be, Mr. Chairman, from what the Minister has said about electrification of railways and urban transit is that it isn't going to have an immediate effect on development plans. Now, by "immediate," I would even go so far as to say that any decision the government might take with respect to electrification of railways or urban transit will not come about in such a way as to allow construction of a further power dam to begin before the next election rolls around. Is the Minister thinking of something that is more immediate than that? That we indeed might see his work on electrification of railways lead to the making of decisions in that period of time that will say, yes, definitely six years hence from 1985, we're going to need power for the electrification of railways and therefore we're going to be able to begin construction on a power dam? Is that likely to be the case?

**HON. W. PARASIUK:** Well, we certainly hope that we could reach an interim agreement this summer with respect to the Inter-Tie which would trigger Limestone. We hope that, in our efforts at the U.S. sales and other internal sales and further uses of electricity of Manitoba as we work over the course of the next two or three years - and we started planning as soon as we could and I think that some people might construe that to be immediate - to achieve the orderly development of Hydro over a longer period of time, that if

things go well and sure - these are big "ifs" - you can't tell, but you try and work out the various alternative possibilities. But it may turn out that we may be in a position to proceed with a further Hydro development in three, four or five years. I can't say that with certainty and I can't make any commitments, but it certainly would be our hope that we would be able to see the development of one plant following the other in the most efficient manner from a building perspective, as well as from a local economic perspective, as well as one that takes up the greatest benefits in terms of either greater value added in Manitoba, or a very good export sale to another part of Canada or to another part of North America.

**MR. B. RANSOM:** Mr. Chairman, those things we acknowledge because those negotiations were under way by the previous administration. In fact, the Western Inter-Tie or Grid was very close to conclusion at the time that the government took over so, indeed, it's possible if we are pursuing those areas that there could be some immediate decision. My question, though, had to do with the other alternatives that had been mentioned by the First Minister as possible initiatives of the government that could lead to immediate orderly development of Hydro, specifically railway electrification and urban transportation, and my question was specifically related to those. I believe that my question has been answered even though not directly. I don't think that the Minister believes in his own mind that there could possibly be a decision come about relating to railway electrification or urban transportation that could lead in the course of the next four years to decisions concerning the development of Hydro dams in the province.

Mr. Chairman, one other area here that I would like to deal with is that earlier on in the Session some questions were asked of the First Minister and the Minister of Energy and Mines about the continuation of the hydro rate freeze and the Minister of Energy and Mines, when he first answered - I believe I'm correct in saying it - he used the word "technical" about 12 times in his answer that this was a technical matter that required technical consideration that should be taken out of the hands of politicians and placed into the hands of technical people in terms of what the hydro rates should be. I gather from that there was certainly some implication on his part that, indeed, the previous government had made it somehow a political issue rather than a technical issue and he intended to turn that around.

Now, even though the technical information indicates that there might well need to be a rate increase in the near future, the Minister has said, no, that there will not be a rate increase. I gather that's a directive from the Minister rather than a decision made by Hydro. I wonder if the Minister could clarify the seeming contradictory action that's been taken by the Minister, contradictory to the earlier statement that had been made in the House.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. W. PARASIUK:** Now it seems that the member is sounding a bit defensive. I did not say and imply in my statements to the House that reports undertaken



by Hydro in the past or those being undertaken today are anything but technical. The government's decision is a political decision. Your government made a political decision weighing the facts, looking at the facts from Hydro's perspective, taking a look at broader implications and you made a political judgment. That's right, the report as to the projections that Hydro did was a technical report; the decision that the government took, having reviewed their technical report, taking a look at the larger implications was a political decision. I was not trying to say that the government would not be making a political decision, but I did want the public to be aware of the Hydro projections which I don't think they're doing for political purposes. They are doing it for technical perspective, taking a look at their long-term financial position. Those will be done again next year; they will be made public again next year; they will be done again the following year; they will be made public again; they will be reported to the Public Utilities Committee of the Legislature; questions can be asked. That was done this year. I think we had a fairly exhaustive discussion in the Public Utilities Committee.

When I was discussing my other Estimates, the Member for Virden talked about accountability to the Legislative Committees. I think we tried to be accountable in that respect; it's certainly my intention that we are that in the future, so I think that there wasn't a contradiction. I recognize what is technical work and I recognize what is a political decision. What we took was a political decision but we did allow technical work to be done to deal with the particular perspective. We made the decision that although Hydro, from its perspective, felt that a rate increase would be necessary to forestall increases in rates in the future, we believe that the reserves of this year are sufficient to meet any deficit that might arise. We'll have to look at what takes place and review what takes place with respect to operating costs, with respect to interest rates, with respect to market prices, with respect to water levels and monitor these over the course of the year. Obviously, another technical report will be done and, obviously, another political decision will have to be made.

**MR. B. RANSOM:** It is interesting to see now that the government has made a political decision to continue with what had been termed a phony and false, needless hydro rate freeze and that Hydro's reserves were being fattened at the expense of Manitoba taxpayers, Mr. Chairman. These are charges that were being made by the New Democrats when they were in Opposition and once again we find them changing the position when they're in government. They seem to have come around to a little bit of reality when they get into government and I suppose from the perspective of the public, at least, that it's encouraging that they tend to be that way. But it is going to raise certainly some concern in the public mind that there have been so many positions taken by this party previous to being in government and so many promises made that we now find have been changed, the positions have changed and the promises have not been carried out. In this case it was what was termed a phony and needless hydro rate freeze that now is being maintained by the Minister through a political decision, not

only being maintained, but some question of whether or not indeed they might have to face a possibility of increasing hydro rates even with The Rate Stabilization Act in place, which makes the charge of it being needless and phony, doubly irresponsible, Mr. Chairman.

There is one thing though, that could have led and could still lead, I suppose, to immediate orderly development of the Limestone power station and that was the conclusion of an agreement on the Western Grid or the Inter-Tie. At the time that the government changed last year there was an interim agreement which the three Ministers negotiating had agreed to, which they had agreed to recommend to their governments for consideration prior to the election, and then Premier Blakeney of Saskatchewan had said that he thought that an agreement could have been concluded within the next few short weeks. I believe that was about the 26th of October that Premier Blakeney made that statement. Now, had that interim agreement been concluded, I believe that there would have been additional activity ongoing today with respect to the development of Limestone.

Now, the Minister has said that the province was exposed to considerable financial risks as well as costs which may not have been recovered on the basis of that interim agreement. Could the Minister be a little more specific in terms of what he means by the province being exposed to considerable financial risks and costs which might not have been recovered if the interim agreement had been concluded as put forward?

**HON. W. PARASIUK:** I had said that I have agreed with the other Ministers - certainly, one of them still is around and that's Mr. Shaben from Alberta - while we're conducting his negotiations that we would not discuss the points of difference in public, I certainly would be prepared afterwards to make public these points. That's the position I take and I think it's the best position to take given the fact that we are in a sensitive stage in the negotiations. I'm hoping that the Saskatchewan Minister will find time soon to resume the negotiations which were scheduled to have continued on the 12th.

I think we've made some progress. I did believe that there were these risks; this wasn't a judgement just made by the government. We had reviewed the interim agreement and there were some problems with it as I have indicated and these are ones that we're trying to correct.

**MR. B. RANSOM:** Mr. Chairman, I find this a somewhat difficult situation to deal with because I know some of the fundamentals of the agreement that were being recommended to the three respective governments just as the Minister does. When the Minister makes statements about the possibility of the province losing as a consequence of this interim agreement, it's rather difficult not to be able to challenge that and to respond. I wouldn't want to jeopardize or be accused of jeopardizing the negotiations in any way and so I'm not going to persist in questioning the Minister on this area. But I would put on the record now that I don't believe that the province was exposed to any greater risks under the interim agreement than

they would have been exposed to had they been entering into some sort of sale to a user, say, if they enter into some sort of agreement with a large user of power within the province where the province would have had to commit itself in advance to some rate that would have to be known to the buyer of the power in advance. But there is very little point in pursuing that sort of argument on a theoretical basis. So perhaps we will have to move on from this area and get into the other area where there will be some fairly detailed debate, I think, and that has to do with the Alcan situation.

The Minister has made a number of statements over the past months up to the statement that was made tonight in which he said that his latest discussions with Mr. Morton were held less than two weeks ago. He said at that time that Mr. Morton was well satisfied with the current state of discussions and the ongoing review of the smelter project in Manitoba. Then in his statement, the Minister said that the review group which was set up is now in the process of completing its consideration of smelter objectives. Perhaps for starters, the Minister might tell us what that term means. What objectives would there be for an aluminum smelter other than smelting aluminum?

**HON. W. PARASIUK:** What we are looking at was the basic project description, looking at aspects like fabrication, processing, any of those types of spin-offs to seek the extent to which that had been considered in the initial development of the project by Alcan. We were looking with them at the entire economics of it from their point of view. They are saying that they require certain arrangements with respect to power because of the economics of the projects since it's located in the middle of a continent. We said okay, fine, let's talk about the economics of the project since it is located in the middle of the continent; let's find out more about it. Let's get a better understanding of your reasons, of your logic, because we are serious in proceeding with our negotiations with them and we want to get a very clear and good understanding with them as to what they are talking about when they say they need particular arrangements for power. We are at that stage of getting a good understanding of what they are talking about and now we will be moving on to the discussion of power.

**MR. B. RANSOM:** Mr. Chairman, does this in any way refer to things other than the economic considerations? Are we talking about social considerations that the government might have with respect to the location of aluminum smelter?

**HON. W. PARASIUK:** No.

**MR. B. RANSOM:** Well, could I go back then to the one of the original statements that the Minister made with respect to the negotiations where he said there were no preconditions concerning the negotiations with Alcan? Precisely what does that term mean - "no preconditions?"

**HON. W. PARASIUK:** Alcan had said that they could only deal with the government if there was a condition that they owned a piece of a Hydro plant. We had said

that we did not want to give up ownership in a Hydro plant. That could have been an impasse and we have decided that rather than adopt initial inflexible positions we would know what the other's position is, but look at options with an open mind to determine whether, in fact, a workable arrangement can be arrived at and that's what we are doing. That's why, when we say we are looking at this without the preconditions, we know what our position is; they know what their position is and we hope to be able to look at what the requirements are and convince each other, I guess, of alternatives in terms of reaching accommodation with respect to what they say is their requirement: namely, a secure long-term power supply. We hope that we'll be able to do that.

**MR. B. RANSOM:** I'm still not quite clear then, Mr. Chairman. Alcan was expected to back off their precondition that they would have an undivided minority interest in the power station. Did the province then back off its position that that was impossible for Alcan to have a undivided minority interest?

**HON. W. PARASIUK:** . . . to try and determine what the actual requirements of power were and then look at the ways in which that could be met and that means that while this is under way - we say that we're going to have an open mind in looking at it and they have said that they would have an open mind in looking at it - so while this review is being undertaken, although generally we believe that the public utility system operates best if it is an integrated system that is completely publicly owned, we are going to look at what type of power requirements are required and look at different alternative ways of achieving that requirement in a substantive manner. It may turn out that there are two or three different ways of achieving that requirement. It may entail some compromise on our part, it may entail some compromise on Alcan's part, but certainly if the intent is there to try and meet that requirement properly and the substantive requirement of a secure supply of power over a period of time, then we think that there are different ways of achieving it and they have said that they think there are other ways of achieving it. We want to sit down and examine those and that's what we're at the process of doing.

They said they needed a particular arrangement because of the economics and we have looked at the economics and now we're going to be looking at the power aspects.

**MR. B. RANSOM:** I'm not quite clear on the Minister's statement. I believe he said what the power requirements were for an Alcan smelter to determine whether you're looking at what the requirements were and how the power might be provided. What does that mean then? Was it not clear before how much power, what kind of power, that was going to be required by Alcan?

**HON. W. PARASIUK:** When they talked to us, they said because we're locating in the middle of a continent we need to own a power dam. We said we didn't know if that necessarily followed as being logical. There are many instances where there are smelters located in different parts of North America where they don't necessarily have the ownership of a Hydro plant

or a portion of a Hydro plant. We have said that there might be some negative implications from Manitoba's perspective on that. We said that there were alternatives; we said that we had provided alternative arrangements in the past with respect to major users and we expected to provide alternative arrangements in the future with respect to major users. Inco is one; Hudson Bay Mining & Smelting is another; Sherritt is another; the pipelines are another; the City of Winnipeg is another.

So that Manitoba Hydro is quite experienced in meeting long-term electricity needs of major clients through various arrangements that have been tried and true in the past. So what we want is a good exploration of those alternatives and we're prepared to look at their particular alternative in terms of what the actual implications might be on an operating perspective for Manitoba Hydro. That's what we are in the process of doing and we hope that we'll be able to proceed expeditiously in this respect.

**MR. B. RANSOM:** Mr. Chairman, in the election campaign the New Democrats have charged that the government was giving away Manitoba resources. We found earlier tonight that in the face of what the Minister told us, there really didn't seem to be much indication of that with respect to the proposed potash mine. The charge was also made that we were planning to give away part of Manitoba Hydro. In the Minister's examination of the proposal with respect to Alcan, has he found any indication there of the government giving away any part of Manitoba Hydro?

**HON. W. PARASIUK:** I've raised this, I did say with respect to the potash that there were deviations and I haven't gone into them, again, I won't go into those specifics. I guess there will be a time in the future where I would talk about where I felt there were weaknesses and where I felt the previous negotiating committee felt that there were weaknesses. But when it comes to the whole question of the Hydro plant, again, I'm a bit hesitant to get into too much detail with too many specifics, but I just observe what Hudson Bay Mining & Smelting is going through with the Saskatchewan Government right now with respect to the Island Falls' facility.

Island Falls, I think, was on the books of Hudson Bay Mining & Smelting for a sum of something in the order of, say, \$10 million - in that order of magnitude - and by agreement, Island Falls reverted to the Saskatchewan Power Corporation since April 1, 1981. There is a dispute as to what Saskatchewan should pay Alcan. No one is talking about \$10 million. No one is talking about the depreciated value of \$10 million which might indeed be something in the order of \$500,000 today, if that. Rather Hudson Bay Mining & Smelting is talking in the order of \$100 million. So that's an increase in the order of magnitude of 10 times, so when Manitoba might want to reclaim that portion of the Hydro dam that was owned by Alcan, the big question was and is, what would Manitoba have to pay? Would it pay \$600 million, depreciated value of \$600 million over a 35-year period of time, 50-year period of time, or would it pay fair market value at that time? If we talk about a tenfold increase over a period of time when costs weren't changing

that much, we're getting tremendous escalations every 10 years. Let's say if we took 10 times, are we talking about \$6 billion in the future, which is an obligation which Manitoba would in a sense have? Are we talking about \$10 billion? I think that's a very important question that has to be looked at. I'm not raising this in an argumentative way, I'm just saying that it is an important question that I think deserves very careful consideration. That's what we're doing.

**MR. B. RANSOM:** Of course, it deserves careful consideration and it was getting careful consideration in the proposed agreement. In the Hydro Committee though, the Minister talked substantially about this problem as well, about what would happen if you wanted to take the station, the power dam, back at the end of the 35-year period or the 50-year period. My question would be to the Minister then, how does the power requirement for an aluminum smelter differ if it is provided through the ownership of the undivided minority interest, from a requirement if it's given by way of a firm power sale? In the one case, the company would own the facility that provided the power to run the plant which employed the people and led to an export of a product from Manitoba.

In the other case, Manitoba Hydro would own the plant that provided the power to employ the people who generate the activity and so forth. Now, if at the end of 35 years, there was some necessity for that power to be used for another purpose, it's something I can't visualize at the moment. I can't visualize the government saying under a firm power sale to Alcan, we're cutting you off. There's no more power available to you and your plant employing several hundred people in Manitoba is going to be without power. I just can't visualize that being the case.

So I can't quite appreciate the concern that the Minister has for what might happen 35 or 50 years down the road. Now it's not to say that there shouldn't be some provision made and that was being made. You can talk about inflated dollars, whether you're talking about the plant for Flin Flon or whether you're talking about the plant that Alcan might require. You simply can't compare inflated dollars of today with the costs of building that dam on Reindeer Lake back 20 or 30 years ago, whenever it was built. So could the Minister just explain then how the requirement for power would differ relative to the means of ownership, whether Hydro owned or whether the company owned it?

**HON. W. PARASIUK:** Their requirement, their substantive requirement for power won't change and, therefore, we look at what that is and determine what are the different ways - mechanical ways or mechanisms - whereby that substantive requirement for power can be met. When the member says that there's no difference between Alcan owning a plant and a firm power deal or a portion of the plant, I say to the member that there's a massive difference. Who gets the appreciation over a period of time? Who retains ownership of the asset? That asset has a long life.

Now when we talk about a 35-year agreement with two 15-year options, we're talking about a long time. When people were looking at the power, the firm power sale with respect to the Inter-tie, one of the

areas of negotiation was look-in clauses. One of the areas of negotiation was buy-out provisions. Those were items raised by the Manitoba Government and in 35 years, at the end of the Inter-tie Agreement, you would have a plant that would be in part paid off, owned by Manitoba Hydro, owned by the people of Manitoba. We had that with the Kelsey Plant. What you are saying is that what worked well with Kelsey, what seemed to make sense on the one hand with respect to the Western Inter-tie, doesn't make sense with respect to one entity. If that is true, does that make sense with respect to Inco? Should Inco then have ownership, if they desire, in any plant that's developed? If we negotiate it, then fine, should Sherritt Gordon? If we negotiate it, should Hud Bay? If we negotiate it, should the oil pipelines, the gas pipelines, if that comes about? What we start running into is a problem with respect to what might be called the average price of power into the future, because some of those future developments have a very high marginal cost and the reason why Manitoba's power rates are very low is that we average out the cost of the old plants with that of the new plants, and as a result, we have been able to keep the price of power in Manitoba very low, relative to other jurisdictions.

We believe that's an important long-term consideration and if, in fact, certain portions of your existing hydro capacity are owned for 35 or 50 or 65 years with the price of that held constant because that part is owned and, therefore you bring on stream future electric developments of a higher cost nature and there is no way of averaging it out for all the consumers. Then some consumers will be penalized and if when we look at a 35 or 40 or 50-year period into the future - and I say that I'm concerned about how we'll meet our overall energy needs in that time with respect to the possibility that we'll be running out of oil at that stage, if we haven't run out by then or, indeed, we might be looking at very, very high cost oil - the projections of natural gas oscillate. But then we have to ask ourselves there could be a situation where it might be important for Manitoba Hydro to have complete ownership of all of its Hydro resources. I think this is an important question; it's one that I think is important for the long-run development of Manitoba Hydro and for the long-term development of Manitoba.

It's a concern that we have, we think it's a legitimate concern and we are exploring different ways and means of meeting the substantive load requirement of Alcan. We're looking, and we say we want to look objectively, at the various options and we're doing that, knowing what our concerns are, knowing what they say their concerns are. That's what the negotiating process is about and that's what we're undertaking right now.

The Opposition may have a different perspective on it. They may say that they are prepared to have Alcan have ownership of a part of a plant. They may say that they are prepared to have Inco have ownership of part or all of the plant, or of Sherritt Gordon, or of Hudson Bay Mining and Smelting or any of the others and that's a position that they can take. We say, that as a general principle, we think it's better to have an integrated Hydro utility which is completely owned by Manitoba Hydro.

**MR. CHAIRMAN:** The Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Chairman, he simply didn't answer the question. The question didn't relate to the economics of ownership by the company versus Hydro. The question was, how did the power requirement differ over 35 years? The power requirement that is going to have to be provided from Manitoba waters, as far as I can see, is going to be the same under either system, and as long as you want to have that development here in Manitoba, have the jobs here, to have the product exported, the money coming back into Manitoba and into Canada, then that requirement is going to be there irrespective of where the ownership lies.

For the Minister to try and equate this situation, the Alcan situation, with the Grid is really rather misleading, because the purpose of Grid negotiation was to provide a situation at the end of a period of time when Manitoba would have a power station in place and, at least, partially paid for, and that Manitoba growth would then have grown to the point where that would be required and the system could then provide to Manitobans relatively cheap power, because through the Grid over the 35 years it had been at least partially paid for. That is the intention, one of the main purposes of that negotiation. That's not the case with the Alcan situation.

The Alcan situation, the purpose, is to attract investment into Manitoba, to create jobs in Manitoba, to get a fair return for the people of Manitoba through water rentals, for example, and through service charges, fees related to the price of aluminum. As the price of aluminum went up, Manitobans would receive payment that was tied to that. So the two things are quite different, Mr. Chairman, and I rather think that the Minister and his government has taken hard, fast positions while they were in Opposition, that they simply would not allow an undivided minority interest to be held by Alcan, irrespective of what an analysis of the figures might show in that case.

I was hopeful when the Minister spoke about no preconditions that, perhaps, the government had agreed to examine all of the options and that, indeed, the government might say: "Yes, maybe we could agree to Alcan having an undivided minority interest in the station, and if the figures show that's a good deal for Manitoba, then we might agree to that." I hope that's the case because Manitoba needs this sort of development. We need this kind of development. I'm afraid that the strategy put forward by the Minister of Finance in his Budget, of standing by and waiting for the Canadian economy to pick us up as it rushes by, is not a very valid strategy and that this is one opportunity that Manitoba has to gain some economic development. I hope that the Minister will indicate to us that, perhaps, they will agree - truly it is no precondition - and that they might consider the possibility that maybe the agreement that was being negotiated by the previous government was a good agreement in principle. I would hope that they would not simply reject it out-of-hand because it was being negotiated by the previous government and because it had that principle of undivided minority ownership there by Alcan.

Mr. Chairman, my colleague for Lakeside has a

number of questions that he wishes to ask at the moment concerning the siting project so we'll move to that for the moment.

**HON. W. PARASIUK:** Just to answer that, Alcan says that they require X amount of power under certain conditions and we are looking at ways and means in which that power can be provided. That's what we are doing through the review process.

**MR. CHAIRMAN:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, as the Member for Lakeside, I, of course, have a more than passing interest in the indication by Alcan with respect to their preferred site in Manitoba. Mr. Chairman, I'd like to ask the Minister - when indications are left by him and by his government, again on that question, not having any preconceived positions as to the actual site - discuss with the Minister if indeed it is not the fact that one of the attractive features of the Alcan proposal is that, to my understanding, Alcan initially - the Minister can correct me - but still has made no demands of the Provincial Government with respect to any direct subsidization in terms of whatever types of industrial grants may be available. My understanding is that Alcan has made no demands of any local or municipal government of a similar nature, of the kind that have been made in the past; a practice that I deplore, a practice that has often led to the location of industries that are less than desirable from many features but prove to be too attractive for an industry not to exist. Mr. Chairman, I'm always rather amazed, you know, under those rather pure conditions, if I can use that term, Alcan obviously made that site selection. I'm aware of how thorough a process it was. It was not simply making it by coming down to Balmoral. The Minister is well aware of how thorough that process was.

I'm also well aware that they chose that, obviously, for Alcan's very specific economic reasons. For instance, site selection, south of the river, south of the city, further east in transmission costs of power alone, that much more distance from the heavy-duty transmission lines that bring the power down added a considerable cost to the entire operation or any other number of factors like that. What disturbs me is that if the government is seriously considering other sites than those that the company for its obvious self-interest reason has chosen such as, for instance, as the Member for Thompson from time to time talks about or, indeed, any other area in the Province of Manitoba. Would the Minister not agree that may well have to involve him? I'm not suggesting that a government could not be influential in moving or influencing the site selection, but it may involve some inducement on the part of government to do so.

The point I'm trying to make, we have been criticized, my government has been criticized for kind of taking a hands-off approach to the question of site selection. Mr. Chairman, I remind you, this is a feature of Alcan. Alcan has for its own good corporate reasons refused to get into the competitive business of trying to lure grants from various provincial governments as to where to locate. My understanding is they,

for instance, will not even apply for the available DREE grants as to where they should locate.

Mr. Chairman, if the industrial enterprise in question was on the one hand asking governments and through governments, the taxpayers of Manitoba, to put out X number of dollars to help them build their plant, then it's an understandable position for any government to say, okay, we'll do that but we will have for our own reasons, for social reasons, for economic reasons, we want a say as to where that plant is located. All of these considerations, it's my understanding, don't apply in this situation. Alcan, who after all have the responsibility of trying to keep that plant running in a viable way, meet its payroll, meet its worldwide competition, have made their decision as to where they think it can best be done in Manitoba. I'm always a little astounded by the confidence exhibited by members opposite, by the Minister at that time says, well, disregarding all those factors, we may not think the plant should be located elsewhere. I'm not naive to think that the Minister says if they wish to do that, there may not in fact be some cost involved.

My question to the Minister, if the government is serious about suggesting to us, as they have in some of their statements, that the government wishes to play a role in the site selection for Alcan, would the Minister not agree that inherent with that role, if that were acceptable to the company, there may well be some form of subsidization involved and is the Minister and this government prepared to do that?

**HON. W. PARASIUK:** I have said we wanted to determine from Alcan how they went their whole site selection process. Did they look at Churchill? If so, good points, bad points. Well, we'll get that from them. Thompson, we do have some excess infrastructure there right now; it's close to the power sources. I think it would have less environmental concern if it was there, the psychological nature at the minimum. So - valid to look there. Within the Winnipeg area there has been concern expressed about prevailing northwesterlies; I think it's a concern that has to be looked at. Is it an area that is upwind from Winnipeg? Are there other areas in Winnipeg that were looked at?

We've looked at what the requirements of an aluminum smelter are. We've tried to determine what the various sites are and their strengths and weaknesses. That isn't saying anything negative about the Balmoral site. —(Interjection)— Well, I don't think I said anything negative about the Balmoral site, I don't think I have. If you look through the Hansard I don't think I have and I'll look through it. That doesn't mean that you couldn't look at other sites. If someone came and said we'd be interested in a copper refinery or in another aluminum smelting plant, do you think government should say, okay, we'll take a look and determine what various location possibilities are? We've been doing some of that internally, but that again is not to say anything negative per se about Balmoral. Again, that is part of that review process; it certainly wouldn't be our hope to provide subsidies as such.

Now we're in the long-term future with respect to an economic development that everyone tells us can stand on its own, so we don't think of the local taxation subsidies or a provincial taxation subsidy of one sort

or another. Federal taxation subsidies, although I'm not sure whether in fact the equity ownership doesn't have some implication there and I haven't looked at that deeply enough and that's an aspect or a law in any type of long-term Hydro subsidy whereby industrial users would find that they are paying much different rates over the long run because you do have 20 or 25 or 30-year contracts. We did have one with Inco where they pay a rate that was different to other rates for a period of time, but that wasn't seen as being in a sense forever or for a very long period of time because there are other industrial users. Those are things that we'd like to look at and we will look at.

I don't want to say anything negative about the Balmoral site, but that doesn't preclude the province from having an idea of what the strengths and weaknesses of different sites are.

**MR. H. ENNS:** Mr. Chairman, I'm still having trouble in understanding the Minister's position in this matter. For instance, to parallel the situation - this Minister has made other statements. They have made statements to the effect that, well, we want to satisfy ourselves about the international aluminum marketing conditions before we rush into any agreement. That all doesn't sit; nobody's asking you or the taxpayers of Manitoba to invest money or to rush into any agreement. The situation, for instance, is quite different than the proposal that's also before this Minister and the government with respect to potash developments where, in fact, we are talking about 25 percent equity in a major development. We are talking about upwards to \$200 million, \$250 million, \$300 million, by the time a mine gets developed, of Manitoba taxpayers' money to be involved. I would find it quite legitimate if we're talking potash under those terms for this Minister, for this government, to be extremely concerned, to avail himself of all the expert advice as to what the international outlook for potash marketing is over the next decade, etc, etc. Because we are a participant and we, as custodians of Manitoba taxpayers' money, are talking about sinking a couple of hundred million dollars into that kind of venture. But in the case of Alcan that is not the case. —(Interjection)— Have it your way and there is nothing. You know, Alcan is going to have to buy the power in its normal way from Hydro. They have indicated other reasons, other proposals. They wish to have a secured undivided interest of 400 megawatts of power. We're not talking about that, I'm talking about this Minister's kind of pontificating statements about suggesting that he has to personally, and his government has to personally, become experts in the international aluminum market before they can reach an agreement.

With all due deference, with all due respect to my friend, the Honourable Minister of Energy and Mines, is that really necessary in the case of Alcan where we are not talking about any provincial subsidy in terms of grants, we're not talking about any equity in terms of the company? We are talking about a decision that the Board of Directors of one of the most astute international, substantially Canadian-owned, business enterprises that we have in this country is obviously making those decisions around their board table and those decisions I know are not made lightly. I find it rather presumptuous, if I want to say, that this Minister

is going to second-guess the Alcan Board as to where it is viable, where it is appropriate for them to site a plan.

Now, Mr. Chairman, I give this Minister every right. If this Minister says, "Hey, we want it further on up north. We want it because we have an ARDA Agreement or because as a policy we want to have development in Northern Manitoba. We want it in Thompson or we want it in Churchill, because we've got different reasons, that's fine, but obviously there's a price tag attached to that kind of intervention on the part of government. I assume for all the reasons that the Minister acknowledges that there is no subsidization involved at the local, at the provincial level that the site selection was made. I will give the Minister a little bit more time and I can assure him after a very exhaustive search, after meeting with 30 to 35 municipalities, and having indeed touched base in areas such as Thompson and in Churchill, but again it is the company's internal decision that has to be paramount in this instance unless the government wishes, and that was my first question. Unless the government is prepared to say, well, I know that your figures tell you that this is where you have to locate, but for our reasons, for our political reasons, for our social reasons, for our environmental reasons, we want you to locate elsewhere. You're still welcome, we'd like to have you, but we want you to locate elsewhere. Then obviously there is going to have to be a saw-off of some negotiations made if the company still wishes to come and locate in Manitoba under those terms as to who's going to pick up the difference.

The Honourable Member for Thompson thinks it's nonsense. Mr. Chairman, International Nickel is in Thompson because the God damn nickel is there. —(Interjection)— Where is the aluminum powder coming from my friend? —(Interjection)— Where is the aluminum powder, the other proponent of it? You're saying you're going to ship it all up there. Well, Mr. Chairman, I don't want to get into an argumentative debate on it. I'm simply asking the Minister to conclude his time in terms of that site selection process, satisfy himself that the company has done a thorough job in doing that, but the fundamental question still is, and I gather this Minister is not prepared to use Manitoba taxpayers' dollars to lure the company elsewhere, to where they have indicated was their natural site selection as being most economical for them.

**HON. W. PARASIUUK:** It's not my desire to use taxpayers' dollars in that sense, just as it wouldn't be my desire to use taxpayers' dollars either through direct grants or tax losses that Manitoba might incur to lure Alcan here.

Mr. Chairman, it's 10:48 p.m., I move that Committee rise. We will be meeting on this tomorrow.

**MR. CHAIRMAN:** Committee rise.