

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 4 September, 1986.

Time — 8:00 p.m.

### MATTER OF URGENT PUBLIC IMPORTANCE

**MADAM SPEAKER, Hon. M. Phillips:** The motion before the House is the motion of the Honourable Member for Arthur, standing in the name of the Honourable Member for Lakeside.

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

Madam Speaker, I, too, wish to be part of this, what I consider to be one of the better debates, one of the more important debates that we've had in this Chamber during the course of this Session. Although we all like to believe, and believe in our own immediate interests, I know honourable members opposite, who by and large do not represent rural interests, but nonetheless I'm prepared to acknowledge have some understanding of them or at least propose or suggest they have some understanding of them. Agriculture still is and remains and will continue to remain our primary industry.

So, Madam Speaker, the fact that we spent a few hours this afternoon and perhaps a few more minutes this evening on this important subject matter should not, by any stretch of the imagination, be considered as time holding up the business of this Chamber. In fact, I think we owe a debt of gratitude to my colleague, the Member for Arthur, for having introduced this motion. Yes, Madam Speaker, I acknowledge the tactical wisdom of the House Leader in agreeing to this speech because, as I believe, they were well prepared for this debate and were well apprised of its coming.

Madam Speaker, having spoken directly to the Clerk of the House, I'm satisfied that information did not come to the government benches from the Clerk's Office, and I'm certainly not casting any reflection on your office, Madam Speaker. But, of course, Madam Speaker, you have introduced a new institution into the Speaker's Office. You have introduced the hiring of a political appointee in an executive assistant. All I'm saying is that the government was aware of this emergency debate. Their First Minister, who was the second or third person up to speak, had documents in his hands, prepared, ready for this speech. That is a serious concern of members of the Opposition when we are concerned about the integrity of the Chair.

**MADAM SPEAKER:** The Honourable Minister of Labour on a point of order.

**HON. A. MACKLING:** On a point of order, Madam Speaker . . .

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

**MADAM SPEAKER:** The Honourable Minister of Labour on a point of order.

**HON. A. MACKLING:** Madam Speaker, I can conceive of no other interpretation of what the Honourable

Member for Lakeside has said, other than that he is questioning the integrity of the Speaker's Office because, when he references the fact that the Speaker has an assistant, he is implying obviously that some prior advice of the debate that started this afternoon came by way of the assistant. Madam Speaker, that imputes the integrity of the office of Speaker. That is absolutely unacceptable, and I demand that the Honourable Member for Lakeside withdraw that.

**MADAM SPEAKER:** The Honourable Member for Fort Garry on the point of order.

**MR. C. BIRT:** Yes, Madam Speaker, I would just like to remind the honourable members opposite that it was this government that introduced politics into the Speaker's Office. They sanctioned the move and it had nothing to do with anyone on this side of the House. They have introduced a political factor into a neutral office. They sanctioned the employment of a political person to look after political matters, so they are the ones who introduced politics into the Speaker's Office.

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

**MADAM SPEAKER:** Order please.

The Honourable Minister of Labour on the same point of order.

**HON. A. MACKLING:** Yes, Madam Speaker, on the point of order.

The impugned integrity of the Speaker's Office has been doubly made now by the Honourable Member for Fort Garry. The Speaker, like all MLA's in this House, is responsible to serve his or her constituents, and for that purpose assistance is warranted because of the heavy demands of office, there is no question that assistance is necessary. To suggest . . .

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

**MADAM SPEAKER:** Order please.

**HON. A. MACKLING:** To suggest that the integrity of the Office of Speaker is impugned by the fact that a Speaker will have assistance to serve his or her constituents is an impeachment of the integrity of the Speaker, and I demand that honourable member withdraw that.

**MADAM SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. W. PARASIUK:** Madam Speaker, the tactics of the Conservatives tonight are as transparent as were their tactics this afternoon. They spent a number of question periods dealing with MTS, they spent all this morning not able to do anything. It was a very boring Session because they couldn't even ask questions. They repeated questions over and over and over - they went to the well too often.

So this afternoon, embarrassed as they were by us by our pointing out that they weren't asking questions about agriculture, we had the ex-critic in the Conservative Party getting up with a lot of puffery, raising a lot of questions about agriculture from the exposing . . .

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

**MADAM SPEAKER:** Order please.

**HON. W. PARASIUK:** My point of order is that they have impugned the integrity of the Speaker's position as a ploy for their failure this morning in the committee, for their failure in question period, and for the fact that they were completely demolished in the debate this afternoon.

Now we have this rubble coming up, trying to impugn the integrity of the Speaker to make up for their bad showing this afternoon. I ask you to ask them to withdraw their cowardly comments, Madam Speaker, . . . to be expected by this group because comments like that usually come forward by them at night, not in the afternoon - they are brought about at night.

**MADAM SPEAKER:** The Honourable First Minister.

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

**MADAM SPEAKER:** Order please, order please.  
The Honourable First Minister.

**HON. H. PAWLEY:** Madam Speaker, barely just a few moments ago, prior to my arrival, an allegation was made by the Honourable Member for Lakeside that implied that I had knowledge of the emergency debate, implied that I had received such information from your office.

Madam Speaker, that is a complete and total falsehood; I had no knowledge whatsoever. Their office certainly provided me with no information. The Honourable Member for Lakeside has attempted to reflect on your own position as Speaker in this Chamber and there should be immediate withdrawal for a total falsehood.

**MADAM SPEAKER:** The Honourable Member for Lakeside on the point of order.  
Could we have some order, please.

**MR. H. ENNS:** I thought I made it perfectly clear in my suggestion that I had absolved the Clerk's Office from passing on information and indeed yourself, Madam Speaker.

I simply suggested the fact that the Premier, who was the second speaker up on the debate, had documents before him ready for the debate and spoke to it. Madam Speaker, I accept the Premier's word. If the Premier says he had no prior knowledge, I unconditionally withdraw any charges that I've made with respect to information being passed on.

Except, Madam Speaker, let me say that it is unusual, you in your wisdom correctly ruled on the question with respect to allowing the emergency debate. After all, we are in the midst of an interim debate which has the

widest possible opportunities to debate any and all questions. You so ruled that way.

The Government House Leader, because he didn't particularly like the debates on Interim Supply, by leave, asked for the debate; but, Madam Speaker, I withdraw. I do not wish to continue it and would like to have the opportunity of carrying on the debate.

**MADAM SPEAKER:** Order please, order please. I hope and trust that the words of the Honourable Member for Lakeside in his withdrawal clarifies that matter. May I remind all members of Beauchesne Citation 117, that the ". . . actions (of the Speaker) cannot be criticized incidentally in debate or upon any form of proceeding . . ."

The Honourable Member for Lakeside, on the motion.

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

**MADAM SPEAKER:** Order please.

**MR. H. ENNS:** Madam Speaker, what we've heard this afternoon, particularly from members opposite, and it is surprising because all of us recognize, I think that government recognizes, the Minister of Agriculture recognizes, the very serious situation facing farmers, particularly grain farmers, not the hog farmers, whose prices are at record highs; not the dairy farmers who have stabilized incomes; and indeed, if I can say so, I look forward with some anticipation, not the cattle farmers. I hope to market my calves at reasonable prices this year.

But, Madam Speaker, the crisis that is at hand involves by large the most significant segment of our agricultural economy, the grain farmer, and we all recognize that -(Interjection)- Yes, Madam Speaker, I will tell . . .

**MADAM SPEAKER:** Order please.

I'm sure that the Honourable Member for Lakeside would like to have order while he takes part in the debate and if all members on both sides could cooperate, it would be most appreciated.

**MR. H. ENNS:** Just a brief response to the Member for St. James. While we love to rail against our American friends, I will lay a bet with anybody who cares to take me up, there will not be a single bushel of American grain go to the Soviet Union; not a single bushel. But Ronald Reagan may well elect a few Republican senators where he needs them the most, in the Midwest States. So he's just a pretty good politician; that's all he is, not bad at that. We, in this forum of politicians, should we not have some respect for that? Of course we should.

Madam Speaker, having said that we should all recognize the crisis that our grain farmers face, what have we heard from honourable members opposite? Well, of course the classic refrain: bash the Federal Government. We're not talking about the Federal Government. That's not the resolution that the motion put forward that caused this debate, by my friend and honourable colleague, the Member for St. Arthur. We are simply asking what this House -(Interjection)- I should call him Saint Arthur; he's a saint, right? We

are simply talking about what can we do with respect to showing this House's concern about agriculture.

We have heard that it's a worldwide crisis, from the Minister of Natural Resources, the Member for Swan River, and agreed; we're well aware it's a worldwide crisis. I happen to have the privilege of sitting beside a grain producer who is probably more aware of it than many others, certainly in this Chamber and perhaps even in the agricultural community. There is a very serious worldwide concern about where we're at with the grain economy generally over the next period of years, as markets that we have over the last 10, 20 years become accustomed to being able to ship our exports to, have become self-sufficient: China, India, even Europe. It was not that many years ago that we could count on X number of tonnes of grain that we shipped to England and to other parts of Europe. They have now become totally self-sufficient and a major competitor of ours.

So that is not at issue here. What is at issue is that a small handful of people are holding up the movement of grain. Madam Speaker, in this particular instance, I find myself in concert with the Leader of the Liberal Party, who expressed that same sentiment just a few moments ago prior to adjournment. Perhaps sometimes with some clarity she sees through some of the partisan debates that go back and forth between our two sides, the major parties. But that is the issue. In this Chamber, what can the 57 members here do to send some message to the parties involved that this is seriously affecting Manitoba farmers to the tune of \$10 million a day -(Interjection)- I'm not listening about Charlie Mayer. We're dealing with the resolution right now that 57 members have been debating this afternoon.

Madam Speaker, we have heard members opposite chastise us as being the big friends of the banks, of being in the pockets of the banks because of our opposition to Bill 4. Madam Speaker, as often as members opposite like to remind themselves and us and this House that they have won four out of the last five elections, surely the one inescapable proof that hasn't even escaped their attention is the fact that in the same four or five administrations we have persistently and consistently elected farm members to this side of the House and that when we speak for farm interest we do it legitimately, and when we oppose Bill 4 we do it because we know it will hurt most farmers.

**HON. A. MACKLING:** Balderdash.

**MR. H. ENNS:** Madam Speaker, so says the road runner of St. James - balderdash.

Madam Speaker, do you really believe that any of us - the Member for Ste. Rose, the Member for Portage, the Member for Springfield, the Member for Turtle Mountain, the Member for Arthur, the Member for Morris, the Member for La Verendrye - would be deliberately opposing a measure designed to help our constituents? Have you really thought that out? Do you think that we'd deliberately do that . . .

**A MEMBER:** For political gain.

**MR. H. ENNS:** For political gain? Come on now, credit us with some measure of intelligence.

But I will tell you, Madam Speaker, and this is the tragedy and this is where the most serious conflict of interest - and we talked a lot of conflict of interest here - arises, because the New Democratic Party regularly, month-by-month, receives a major portion of their funding from organized labour. That is why they are taking the position they are taking on this issue. That is why in a callous disregard they can even convince a person like the Minister of Natural Resources to speak against the interests of his farmers because he knows who funds that party.

Madam Speaker, the second most serious conflict of interest - and this perhaps is even more serious. You know, if you want to call it a draw, them blaming us as being in the pay of the bankers for opposing Bill 4, and my charge right now, you walking on the picket lines with the strikers and supporting organized labour, because we have former presidents of organized labour, you get your funding from organized labour. We can understand that, but now I will give you the final ultimate insult to your integrity and your credibility. We are talking about cooperatives that you and your party say support, and you call them bad employers locking out . . .

**A MEMBER:** Peter Pocklington.

**MR. H. ENNS:** You call them Peter . . . We're talking about United Grain Growers, farmer-owned operations, Manitoba Pool, Saskatchewan Pool, Alberta Pool, the whole entire cooperative organization which your party will all sell down the river because you are in the pay of your masters. That is the ultimate hypocrisy that we're facing this year.

I would like to move a motion.

**MADAM SPEAKER:** We have a motion on the floor. The Honourable Minister of Energy and Mines.

**HON. W. PARASIUK:** Madam Speaker, I wasn't going to speak on this. I thought that the Minister of Agriculture was going to be summing up, but then the Member for Lakeside has moved me to enter this debate and his last tactic is so indicative of what they've been doing over the last while. Having lost his particular seat, he now wants to make a motion. It reminds me of the person who loses one flip and says, let's have two out of three; loses two flips, and wants three out of five; and he's now taking it all the way up to 19 out of 36, losing all the way.

It's interesting -(Interjection)- That's right, none of them could make it. It's interesting, Madam Speaker, that this afternoon on the news, late this afternoon - (Interjection)- Madam Speaker, if we're going to hear some more of this chatter, I advise that you turn up the temperature so that maybe we could have their I.Q.'s levelling off to the temperature of the room. We listen to them debate and when they have someone getting up, raising some points, what they want to do, like rabble, is drown that person out, but it doesn't work; bullying tactics of cowards don't work, Madam Speaker.

This afternoon Charlie Mayer, the Minister responsible for the Wheat Board, was asked about this and indicated quite clearly - now you ask him - the strike will have no impact on cash flow of the farmers. That's what he said. That's what their M.P. is saying.

Now the Member for Lakeside has said that we shouldn't bring Ottawa into this discussion. I believe that the resolution reflects a terrible frustration that people in Western Canada have with the Mulroney Government and, in particular, it reflects the terrible frustration that Conservatives in Western Canada and Manitoba have with the Mulroney Government.

Given their frustration, they're asking a Provincial Government to do something about a lockout and strike in Thunder Bay, which is in another province and is completely and totally within the aegis of the Federal Government - completely and totally within the aegis of a Federal Conservative Government - their buddies, and they sit there saying, we can't say anything about them.

Talk about conflict of interest. The Member for Lakeside has talked about conflict of interest. Their conflict of interest is that they can't get up and tell what they really feel about the Mulroney Government; that's their conflict of interest. Because the Mulroney Government told Western Canada that they would get a new deal if the Trudeau Liberals were kicked out, that if you put in a Conservative Government, you won't have the bias to Ontario, you won't have the bias to Quebec, you'll have a new deal, a fair deal for the west. And what's happening in Western Canada? What's happened in Western Canada over the last two years? Complete and total alienation. And what do you have? A terrible frustration. They realize that the government changed in Ottawa but the tune is the same, a lot of disregard for the west.

It's not me that's saying it. Look at the Globe and Mail: "PM favoring Central Canada, angry Albertans say." That's what Getty said. Is he feebashing? Devine says that the federal response to agriculture is completely inadequate. Is that feebashing? We get up and say that we don't think we have anyone in Ottawa, in the national government that has a national vision of this country, that believes in nation building, that puts forward a notion of this country that treats all regions fairly. We certainly know that Mulroney doesn't; that's the truth.

As a result, they're caught in a Catch-22 situation. They don't have a vision of the country, they don't know where the developing West fits into that. When the West runs into trouble with low grain prices and low oil prices, they don't know what to do, and what's their response? Their response is to take the most important portfolios in Cabinet and give them to Quebecers, not for the purpose of nation building, not for the purpose of dealing with all regions fairly but rather to shore up their sagging political fortunes in that particular province.

When one starts to establish this larger context of why the Conservatives are smarting and why they might want to try and say that this particular set of problems in the agricultural industry, which is partly international, partially national and partially of a regional nature and requires strong leadership, is not being dealt with at a national level.

You know, when I hear people from the other side say that we should legislate people back to work, they've completely forgotten the bit of wisdom that Mr. MacMaster, the former Member for Thompson who had some experience in labour, used to bring to this group. He would never be arguing that they should legislate

people back to work. He certainly wouldn't, unless he's changed his tune back working with Inco.

His position, when there was a strike here in the health industry, was that one should negotiate, one should bring people together, that was a difficult time. It was a difficult time, and he was under a lot of pressure as was the Minister of Health and the Conservative Government at that time. But they believed in the collective bargaining process, they stuck with it, and I commend what they did then.

We don't have any of that wisdom in that group right now. All we have is the frenzied flailing out at unions, looking at scapegoats, looking at a Provincial Government as a scapegoat, looking at unions as a scapegoat, because they're too afraid to look to the real focus of power in the country with respect to agricultural development over the long run. The government that has the power of the purse and has the instruments at its disposal to launch a national program, a fair program, that would treat sugar beet growers in Manitoba, grain farmers in Manitoba as fairly as they treat tobacco growers in Ontario.

But we don't have that vision in this country. We have been short-changed at the national level. We have a bunch of apologists who will not stand up for the true interests of Manitoba, who will not stand up for the true interests of the West and, as a result, have to flail out at scapegoats. Those tactics are transparent, they aren't working, and we're at a watershed, Madam Speaker. The ghost of Diefenbaker is being buried. Dalton Camp will help bury that ghost.

I want to see my Conservative friends opposite going out in the countryside over the next few months because the tide is turning. There is uneasiness and you feel the uneasiness there. They have no faith in the fairness of this government with respect to Western Canada because this government does not have a vision of the country. It does not know what fairness within the context of nation building means. They will have to live with that cross and, ultimately, Madam Speaker, they will be buried by it, too.

**MADAM SPEAKER:** If all the members who wish to speak in this debate have done so, the Honourable Government House Leader on Orders of the Day.

## HOUSE BUSINESS

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

**MR. G. MERCIER:** Madam Speaker, on a matter of House Business, I would ask the Government House Leader if he can confirm that the Public Utilities Committee will meet this coming Tuesday at 10:00 a.m. to consider the review of MTS-MTX.

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

**HON. J. COWAN:** Yes, Madam Speaker, I can confirm, after having had some discussions with members opposite and members on this side, that we will be calling the Standing Committee on Public Utilities and Natural Resources to meet on Tuesday at 10:00 a.m.

to continue the consideration of the review of the Manitoba Telephone System.

### ORDERS OF THE DAY

**HON. J. COWAN:** On Orders of the Day, Madam Speaker, will you please call the adjourned debate on Bill No. 56? I believe it's not standing in any member's name at the present time.

### ADJOURNED DEBATE ON SECOND READING

#### BILL NO. 56 - THE INTERIM APPROPRIATION ACT, 1986 (2)

**MADAM SPEAKER:** On the proposed motion of the Honourable Minister of Finance, the Leader of the Opposition.

**MR. G. FILMON:** Madam Speaker, I rise to speak on Bill 56, The Interim Supply motion. Madam Speaker, I do so not necessarily to add a great deal to the discussion that has already gone on because I must say that members on this side of the House have given a very fine collection of speeches and addresses with respect to Bill 56.

I think that the content has been excellent, the performance has been excellent and, indeed, they have given a clear and unequivocal view of a government in disarray, of a government administration that has had a disastrous Session, that has lurched from one fiasco to another throughout the past four-and-a-half months and continues to demonstrate, absolutely without question, that they are not in control of the affairs of the Province of Manitoba, not in control in any way of the affairs of the Crown corporations of this province, and are doing nothing whatsoever to serve the best interests and the needs of the people of Manitoba.

Madam Speaker, we listened today to a prime example, an example of a situation in which we are facing a clear crossroads with respect to the crisis in agriculture and the very real prospect of a major disruption in the grain handling in Thunder Bay.

I spoke a little earlier about the double jeopardy in which farmers find themselves, in many cases on the brink of financial disaster, having had this year a good crop. The only hope that they have of survival is to see that good crop delivered to market, and they are being faced with a very real possibility that that crop will not be able to be delivered to market because of the disruption of the grain handlers in Thunder Bay, the labour dispute that may well cause the grain to remain here in Manitoba and not be on its way to market and not be able to give the needed injection of cash to the farmers of Manitoba.

We've seen members opposite, one by one, get up and completely avoid the topic of that debate almost entirely. The Minister of Energy and Mines, the most recent example, stood up here and throughout the space of almost 10 minutes of discussion, didn't address the issue directly whatsoever. The closest he came was to make a reference to the position of the former

Minister of Labour in the Lyon administration and how he looked upon disputes such as this. At no time did he acknowledge what the problem was. At no time did he refer to the dispute or the issue with respect to the disruption of grain handling at Thunder Bay. He simply used it as a long political recitation about the Mulroney Government in Ottawa and about the opportunity that he and every one of his colleagues wanted to take today to bash Ottawa.

Madam Speaker, it is absolutely shameful that they could, in the course of this Session, given the major issues that they've had to deal with, the major blunders that they've been responsible for, totally avoid talking about the real issues in Manitoba and try and deflect things on to an opportunity to go with a fedbashing recitation today. Madam Speaker, that is exactly the course of the Session that we've had. They have not been able to address the issues. In fact, they've been falling all over themselves trying to avoid the issues and they have been tarred with some of the worst disasters that any administration in the history of this province has had in the space of five months.

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

Mr. Deputy Speaker, this Interim Supply is another example of the government's foresight in planning. I can imagine that when these people were sitting in Cabinet, the members opposite, trying to make a decision with respect to passing for themselves Interim Supply by way of Order-in-Council prior to the start of this Session, they took a look at their needs and came up with \$1.4 billion, the largest vote that has ever been done behind closed Cabinet doors in the way of Interim Supply. They thought that would look after things absolutely wonderfully for them, not recognizing that we had not had a Session in this Legislature for a considerable length of time, in fact, it turned out to be almost a full year by the time we got in Session; it was 11 months.

We had sat for only four months of the past 23 and, indeed, by avoiding the Session, avoiding the people of Manitoba and avoiding the scrutiny of the Legislature for so long in terms of the spending priorities, in terms of the operations of Crown corporations, that there had to be a fairly substantial Session in order to do justice to all the things that they had kept under wraps all but four of the past 23 months.

So, looking at that, they said to themselves 1.4 billion is going to be well and good to look after all of our needs, and here they are now, in the first week of September and we're still in Session. Now, of course, they need another vote of Interim Supply, another \$1.2 billion to look after needs in the immediate future for this government. Part of that, no doubt, Mr. Deputy Speaker, is because in the first quarter we went \$27 million over the projected requirements, 27 million more than the projected requirements in the first quarter alone. Again, another step in the long history that is being developed regardless of who is the Minister of Finance. Regardless of who peoples the Executive Council of this particular NDP Administration, it doesn't matter. They can't meet budgets. They can't make the balance sheet balance. They need continuously more money than was expected in the past and now, of course, we're faced with the opportunity and the

necessity to vote another \$1.2 billion in Interim Supply in order to keep this government operating until we can get through the Estimates and the remainder of the necessities of this Session.

Mr. Deputy Speaker, I will endeavour along the way to refer to the many sins of commission and omission that have been uncovered and revealed very thoroughly during the course of this Session. Only the past five months, members of the media have said to me, Mr. Deputy Speaker, that this is the worst Session that they can ever recall a government having endured in terms of the embarrassments, the fiascos, the absolute disasters in their recollection, in watching any government in the history of this province, in their recollection.

**A MEMBER:** Penner says it's the media's fault.

**MR. G. FILMON:** Mr. Deputy Speaker, the Attorney-General says that it's the media who caused all the problems. Now, Mr. Deputy Speaker, I think that's an astounding remark to make and I was going to be complimenting the Attorney-General for at least being one of the sensible ones over on the other side. I was going to be referring to some of the debate that he has engaged in over the past few days and his responsible attitude in some of the things that were said and now he's just about to change my mind.

In addition to the obvious evidence of incompetence that has come in this Session, the total inability to manage in a fiscal respect or in any other respect the affairs of this province, in addition to that incompetence there has been, no question, information on the record of out-and-out dishonesty on the part of members opposite and in their relationship with senior officials and in their relationship with the media and in their relationship with this House. There has been absolute unequivocal evidence of the sheer hypocrisy of their ways. We saw some of it again today in talking about their stand with respect to organized labour when it comes to marching with the Gainers' picketers, or when it comes to standing up for the farmers of Manitoba in a labour dispute. They believe in interfering in a labour dispute when it suits their political purposes, but they don't believe in interfering in a labour dispute when it has to do with helping the farmers of Manitoba. That's the kind of hypocrisy that we've had to deal with.

Mr. Deputy Speaker, I'll speak more of so many other examples that will come to mind, that you will recall full well, in the course of this Session. Scandals and fiascos with respect to financial management and affairs of Crown corporations and other arms of governments and other areas of government that have bordered on corruption. That's the kind of information that I'll be sharing with you in the course of some of the remarks that I want to make this evening.

As we look as this, I thought one of the best examples of how badly things are going for this administration, and the Attorney-General says that it's only because of the media but I think there are ample bits of evidence, ample direct clues that indicate even those who are most closely associated with this administration know full well how bad this administration is, what a disaster they've been, not only over the past five months.

As an example, there is an article in last week's paper that is headlined: "Pawley's Secretary Quits for Position in Yukon." Now that article outlined the fact that the principal secretary to the Premier, Mr. John Walsh, was leaving the Premier to go on to work for the head of government in the Yukon. He was jumping ship and he joins at least four others even within the past year who have left this employ. In fact, those four have all left the Premier's Office since the election campaign, they, along with John Walsh. Of course, the Clerk of the Executive Council, Michael Decter, jumped ship a couple of months ago. One of the senior secretaries in the Executive Council Office, Vanessa Coombes, she as well left just a few months ago. Bruce Buckley, who had been listed in the telephone directory of the government as the Special Assistant to the Premier, is now the researcher for Caucus. He can't stand to work in the Premier's Office any more as well. And then, of course, we had the senior communications officer, Garth Cramer, the man principally responsible for keeping the Premier in good light in the media, for polishing his image over the past four years, he has jumped ship now as well.

Mr. Deputy Speaker, if this doesn't give some indication of just how badly even those people who are most closely associated with this government believe things have gone, then I don't know what does. That's a very strong and direct indication, in my view, of how badly things have gone and how the Premier is obviously responsible essentially for the rudderless ship that is drifting on shoals and on rocks day after day after day.

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

**MR. DEPUTY SPEAKER:** Order please. The Opposition House Leader has the floor.

**MR. G. FILMON:** Mr. Deputy Speaker, I want to, in reference to some of the recent debates and before the Attorney-General leaves, get to the point of compliment that I wanted to get to with respect to him. I want to refer to some of the grievances of last Thursday. Now, many of you will recall that orgy of emotion and frenzy that members opposite whip themselves into as they welcomed back a colleague who they felt had been unfairly dealt with, had now been cleared unequivocally of an allegation that had been raised against him by one of the newspapers in this province; an allegations that, having been reviewed by former Judge Freedman, was given a complete and total rejection that the allegation in no way had any substance, and indeed he was cleared of that allegation and was restored to Cabinet.

That led many members opposite - if not all - to whip themselves up in a frenzy and to all of a sudden claim that all of the problems they had dealt with in this Session, all of the allegations, all of the evidence of their maladministration and everything else was going to be wiped clean by that one decision of former Chief Justice Freedman that cleared their colleague and that he would once more be restored to the good graces of Cabinet.

Mr. Deputy Speaker, the problem with the grievances was the excesses to which they went; the excesses of rhetoric, the blatantly false and misleading statements

and allegations that were made and the slurs that came forth as they poured out their fury and their venom in this Chamber, Mr. Deputy Speaker, is something that I think cannot go unchallenged.

We had, for instance, the Minister of Industry, Trade and Technology who, in the words of the Attorney-General, gave in his view his best speech in the House. In terms of the emotion and in terms of the way in which he appealed almost with sincerity to people's feelings about the life in the public eye, talking about children going to bed crying, talking about the hurts on families and the damage to individuals, Mr. Deputy Speaker, in that respect I'll have to say to the Attorney-General that indeed he did give a fine speech in many aspects of what he was saying. But the difficulty that I had with it, Mr. Deputy Speaker, is that it had a very hollow ring to it. It had a tinny sound of hypocrisy as he turned it into an opportunity then to smear members on this side.

Having given a very strong position forward for public service, for people to be careful of what they say, of the allegations that they make, he then, riding on that high of cheers and encouragement from around him, dove into the gutter to then place on the record allegations against members on this side. I'm not offended, Mr. Deputy Speaker, merely because I was one of the ones who he chose to smear, who he chose to make allegations against without any substantiation, in a cute way suggesting that someone might say this - he didn't know whether it was true or not - but it could be taken as an allegation and he repeated a number of the things that had been said in a speech by the Member for Kildonan earlier this Session, and he repeated the kind of absolutely false and scurrilous allegations that had been contained in an information piece that was being handed out to every member of the media a number of months ago by one of the staff of the Premier's Office, an allegation of my business' involvement in business with the Government of Manitoba; and he chose to use this kind of platform and this great emotional high, where he was trying to take the high road, to suggest that all of us ought to be careful not to slur and make false allegations against any other member in this House and he turned that into an opportunity to do precisely that by his allegations and his false and scurrilous charges, unsubstantiated, probably not even in any way well considered by him, knowing that they were totally false, but he wanted to put them on the record just to show, in his view, that it could happen to us.

The best way that he could have shown his scorn and his total abhorrence for the ordeal that the Member for Transcona had to go through would have been to stay on the high road. I say to you, Mr. Deputy Speaker, that of all of the speeches in grievance last Thursday, the only one who did not make any false and scurrilous allegations was the Attorney-General, and I compliment him for it, and I'm likely to get into some difficulty perhaps with partisan members on my side. I hope they'll forgive me because I'm like the Member for Emerson who got into some difficulty by complimenting the other day the Minister of Finance, and I'll get to that later, but I compliment the Attorney-General.

He stayed above all that and he at least gave us the sense that he meant what he said about the ordeal that the Minister had gone through and that he made

a total and complete appeal for what he believed was the right route out of the MTX fiasco. I disagree with him that it was the right group, but he made a very well-presented case for it, and again I compliment him on it.

Mr. Deputy Speaker, he virtually stood alone. Actually, he was about to have company for a short time, until the Member for Ellice got the hook. The Member for Ellice was as offended as I was about the false allegations against the Member for River Heights and was trying to counteract the false allegations that had been made by the Minister of Industry, Trade and Technology and the Member for Kildonan and was trying to correct, for those misdeeds, and got a few sentences into his speech and was stopped, mid-flight, mid-sentence, pulled by the shoulders and sat down.

So, Mr. Deputy Speaker, there may have been a second who was going to stay on the high road and keep the topic and keep the interest on the topic, as it should have been kept, on the ordeal that the Member for Transcona had gone through and the fact that he had been totally exonerated on that allegation; and the fact that all members of the House ought to be happy about that because none of us, I think, would wish that it would happen to us.

Having said all that, Mr. Deputy Speaker, I want to get back to some of the others who joined the Minister of Industry, Trade and Technology in the gutter, who found new and creative ways of turning that vengeful kind of grievance speech that they were making into an attack, a political attack and a personal attack on members on this side. Of course, that included the Minister of Education when he made allegations against a number of members on this side in the guise of hypothetical questions.

He said, I haven't said they're true, but what if - and he said about the Member for Brandon West, and again about me, and again about another member on this side, the Member for Fort Garry - hypothetical allegations against us that he wasn't saying were true, but he just enjoyed having them on the record to try, in some way, smear members on this side. If that's the way they are showing their abhorrence for what the Member for Transcona had to go through, I tell you, Mr. Deputy Speaker, what they're saying is that they would enjoy it happening at any time as long as it's not to one of theirs. That kind of hypocrisy I don't accept and it doesn't sit well and it doesn't do justice to any one them, Mr. Deputy Speaker.

Of course, I think possibly the worst frenzy that was whipped up on that side was by the Member for Kildonan when he curiously took the decision on the Member for Transcona as being a total vindication of his comments earlier in this Session that we ought to control, regulate and censor the media. He took it as total justification for that view and went into a further frenzy, getting after and personally naming various people in the media.

I might say at this point in time that there were others who did that. I believe that the Minister for Industry, Trade and Technology and the Member for Kildonan, either or both, made specific references to particular people. The editor-in-chief of the Free Press, I think, was named - John Dafoe. I believe that Mike Ward was named. I'm not sure; I think perhaps Mary Ann Fitzgerald was named by the Minister of Industry, Trade and Technology.

These people who had been bleating about McCarthyism and McCarthy-like tactics, and their Premier who had just the previous week been talking about Star Chambers and McCarthyism, immediately went into it. Here, under the cover of privilege of this Chamber, where they could not be sued, where they could not be forced in a court of law to prove their allegations or demonstrate what evidence or information they had against any of those members of the media, they took their names and besmirched them here because they had the protection of this Chamber, and they went into the worst kind of McCarthyism of making allegations against people who could not defend themselves, who could not answer for them, and who could not even charge them as their Minister for Energy and Mines can certainly charge the media and go after them in a court of law, and is doing so and can do it against anybody who has maligned him. They did it here with total impunity and they were proud of themselves in that orgy of emotion that they had last Thursday.

Mr. Deputy Speaker, it was a horrible sight. We sat here through it all and listened to it because we knew how badly they were hurting, not just over the Minister of Energy and Mines, but over the disastrous Session that they've had, over the terrible way in which they have been exposed for their incompetence, for their dishonesty, for the corruption in their administration and for the total hypocrisy of their ways. So we sat here and listened to it all.

But, Mr. Deputy Speaker, we took note of the hollow ring in their voices, of the tinny sound of hypocrisy in all of those things that they were saying in support of their now-retired member to the Cabinet. Mr. Deputy Speaker, I hope that they don't think that there's anybody in this province who was fooled by that display last Thursday because certainly anybody knowing exactly what they stand for, what they've done and even, indeed, what they did in the course of those speeches has no credibility in their position and in their comments.

Mr. Deputy Speaker, somebody said during the course of that series of grievances that the Member for Transcona is the one who should be grieving. That was said, I know, by the Minister of Education. I think it was said by a couple of others in the course of their grievances. They said, "It's the Member for Transcona who should be grieving."

Mr. Deputy Speaker, the fact of the matter is that the Member for Transcona was not grieving because he knows the political system better than any of them. He demonstrated today that he can get into the gutter and fight as well as anybody, that he, along the way, has been one of the best gutter fighters that this Chamber has seen in a long time and that he gets even politically. He doesn't have to stand up and grieve and mope over all of those things. He's feeling smug now that he's been totally exonerated and has a right to do so, but he's not about to try and stand up and be holier than thou over this issue because he knows that along the course of all of the things that he's done in his political career that he has been as vicious and as low in the manner in which he's conducted himself as anybody.

All he wanted was the opportunity to get back in his Cabinet seat and to get back into the action, and he'll

get even just because he is that kind of fighter, and I guarantee it. He'll get even and he'll get even because he believes that's the way politics work and he's demonstrated it time and time again in the course of his career in this Chamber.

If anybody needs any example as to the fact that he's right back in there and he's going to use this to fullest advantage and get us in a political sense, what was the first thing he did? In his first news conference, following the release of the report, he issued a news release in which he named as of course the people who had caused this whole problem the Free Press and Gary Filmon. That's who he named.

Excuse me a minute. Mr. Deputy Speaker is giving me the sign. Am I not entitled to unlimited time on Second Reading? -(Interjection)- okay.

Mr. Deputy Speaker, he immediately placed the whole blame for the calling of the inquiry and the allegations on me, conveniently forgetting that yes, and I'll admit right here and now that I stood up a number of times both in this Chamber and outside the Chamber, and over the SRTC scam I called for his resignation. I called for his resignation because of the hypocrisy of his position in that matter, of investing large sums of money for two years along with his colleague, the Minister of the Environment, in those SRTC's, knowing that his government was making a major political issue over it, was standing up at federal-provincial conferences talking tax reform, denouncing the SRTC's and hammering away saying that these were immoral and saying, in the words of the former Minister of Finance, that it was legalized theft, that it was a scam and that the people who had invested in this were bilking the system.

During all that period of time, of course, he sat there in Cabinet. He sat there in his seat in this Chamber and he knew that he had invested in those SRTC's. So I have stood up a number of times in this Session and called for his resignation on that issue, without question.

But, Mr. Deputy Speaker, I did not call for his resignation or for the judicial inquiry on the allegation that was made against him with respect to the alleged conflict of interest or impropriety in the Brokerage Building or the contracts to WMC Associates because that occurred, if members will recall, over the May-long weekend. In fact, the newspaper that reported it said I was on holidays. I had gone away for the long weekend and I didn't have a chance to comment until I came back and he had already resigned, his resignation had been accepted by the Premier, and the questions that were being asked were with respect to the scope of the inquiry and the commissioner who would be appointed. Those were the questions that were raised and that was the role that we had in that issue, Mr. Deputy Speaker.

But he falsely said in his first news release that it was I and the Free Press who were at fault. He went further, and on a CBC interview referred to a conspiracy between me and the Free Press.

Mr. Deputy Speaker, I want to tell you that all they have to do, if they think there's been a conspiracy between me and the Free Press, is to read the endorsement before the last election in March of this year. Read editorial after editorial during the language issue. Read editorial after editorial over a variety of



different disagreements that I have had with the Free Press over the past two or three years. Read some of the exchanges on their editorial page between letters to the editor by me and responses in the editorial page by them, and tell me how anybody could suggest that there's a conspiracy between me and the Free Press.

I want to tell you that that says to me that they don't understand the media and they certainly don't understand the Free Press when they could suggest that the Free Press would in any way get involved with me or any other politician or any other political party in order to achieve any goals.

Mr. Deputy Speaker, the Free Press only state their opinions and from time to time their opinions coincide with mine and with members on this side of the House. Many other times they don't and they're more than happy to say so. In fact, they look upon it as their duty. If we can convince them, by virtue of the wisdom of our arguments, by the logic of our position, then perhaps they have along the way over the past number of months been on parallel tracks in terms of the positions that they believe are correct with respect to what's gone on in this Legislature and under this Provincial Government. But at no time have they ever consulted me for my opinion on the matter or at no time have I been in a position to influence their opinion on the matter other than by what I say here in this Chamber and by what I say out there to the media. I want to tell you that if this Premier or any of his members believe that the Free Press can in any way be influenced by us, they are crazy, Mr. Deputy Speaker. They have no idea of what the media is all about and their responsibility and what their job is.

Mr. Deputy Speaker, I think what really got to them was that it wasn't only the Free Press editorial page, it wasn't only the various other news stories that were done, but some of the people who most often write very supportive articles about them, even they had to agree how bad they've been over this session. Frances Russell, for instance, has written a number of articles that have been very damaging and very critical of this administration. She hasn't done that because I've influenced her; she hasn't done that, Mr. Deputy Speaker, because in any way we have brought pressure on her. She's done that because she can read the facts just as anybody in the public can. She knows when this government has been in total disarray; she knows that this government has been a total disaster and that they've been rudderless, no leadership at the top. She has been but one of the many who have just simply observed how rotten this administration has been and has commented so.

(Madam Speaker in the Chair.)

So, Madam Speaker, I say spare me all the feigned indignation that we have received over the past number of days. We don't need it; we don't buy it, because we know what these people have done in the past and we know just exactly what those self-serving messages were for. They were simply to buck up the spirits of a failing government. I tell you, Madam Speaker, there is no way that any of us are going to be fooled by that, nor are the people of Manitoba.

Madam Speaker, during the course of that set of grievances last week, a number of members opposite

said, why didn't we join with them that day in welcoming back the Member for Transcona after receipt of the Report of Inquiry. Well, I can tell you why, because we didn't have the report; we didn't know what it said and we didn't even know why members opposite were standing up and clapping. It was only subsequent to that, that the report was tabled here. We didn't even have a chance to read it until later that day. And they're saying that's, in some way, a way of our showing disdain for the Member for Transcona.

Well, I'll repeat, because he's present here - I'll repeat that every one of us obviously is glad that he's been exonerated and every one of us is happy that the ordeal that he had to go through has not been gone through by any of us, and we hope that nobody in this Chamber ever has to go through such an ordeal again.

Madam Speaker, I just told the Minister of the Environment what the lesson is. The lesson is that the Member for Transcona needs nobody to cry for him, needs nobody to sit up here and tell the sad tales, because every one of us in public life goes through, in a variety of different ways, the kinds of slings and arrows that nobody ought to be subjected to but because they go into politics, they receive them. We receive some of them because of false allegations being made by members on that side of the House, on his side of the House, you know, the cheap shots that were taken at the Member for River Heights by the Minister of Industry, Trade and Technology. A terrible one was taken by the Member for Kildonan, referring to her as a duck. Now you want to talk about parliamentary language and the kind of decorum and statesmanship that we ought to have in this House. That's what he did and I tell you he should be ashamed for it and he should be made to apologize publicly for it, but he wouldn't.

The Minister of Industry, Trade and Technology said that it was the Member for River Heights who was part of the problem with respect to the Member for Transcona. I can recall, on several occasions, when she made comments to the effect that she hoped that the Member for Transcona would be cleared of the allegations because she felt he was one of the few capable Ministers around and Cabinet was so thin that they had no talent whatsoever left in Cabinet and that they surely needed his talent. She said that publicly and they have the audacity to say that she was one of the reasons why he was falsely accused.

Well, Madam Speaker, I think I've put on the record enough instances of the way in which members opposite have no credibility whatsoever in their endeavours to try and pull out of this with some happy face. We all accept the fact that they're happy to have the Member for Transcona back, but that doesn't excuse all of the slurs and allegations that they had to put on the record in order to welcome him back.

Madam Speaker, I wanted to refer to the trust and credibility of members opposite. I spoke about the fact that the Member for Emerson broke ranks, perhaps, when he said that he still believes that the Minister of Finance is a straight shooter. Well, I have to say, Madam Speaker, that not many on this side can now concur with that because we have seen the concerted effort on the part of members opposite to try and cover up with respect to the MTX affair; to try and keep the lid on things; to try and ensure that we don't have too

many opportunities to criticize them for this major fiasco at MTX.

Madam Speaker, among other things, of course, for two weeks they didn't call the Committee on Public Utilities and Natural Resources to hear further discussion on the MTX issue. When it was called after two weeks, when it was called for today, in the first two-and-a-half hours, which would have been the normal sitting of the Committee, there were only 40 minutes of opportunity for a member of the Opposition to question the people in MTS-MTX and the Minister. The reason was that there was a lengthy report at the beginning in response to many questions and they blocked off - by having their members recognized first - they blocked off the speaking order so that members on our side could not have an opportunity to do that. They further, of course - and it's well documented and well known - they have absolutely stonewalled and refused to have a full and open public inquiry, absolutely.

Madam Speaker, they have taken to answering questions and to approving the answering of questions in the narrowest possible sense so that as little information as possible is transmitted to the members of the Opposition. Unfortunately, the Minister of Finance has fallen into that trap. When I asked him on Tuesday, August 26, the direct question about whether or not he as well had met with the sheik, as his colleague had, he was the one who, in response to my question, said - and I'll read the whole thing because I think it's important to just know - that I didn't ask the question right, but you've got to follow the sequence of events.

First I began: "My question firstly to the Minister responsible for the Telephone System is: did he meet with Sheik Al Bassam when he was in Winnipeg last fall, the fall of 1985, on a visit here? Did he meet with the sheik at that time?"

The Honourable Minister responsible for MTX response: "Madam Speaker, there was a courtesy call. I spent a few minutes in my office and I met the gentleman involved." So he referred to the courtesy call, he acknowledged that he had spent a few minutes in his office.

I immediately turned to the Minister of Finance and I said: "I wonder, Madam Speaker, my question to the Minister of Finance: did he as well meet with the sheik when he was here last fall on that so-called courtesy visit?" So I was referring as well to the same meeting as I had referred to, that the Minister responsible for the Telephone System had answered, and I referenced to the so-called courtesy visit because I used the words of the response of the Minister of the Telephone System, so that even if it wasn't the fall, he knew what visit it was, and he knew that it followed along that question. What did he say? "Thank you, Madam Speaker. No."

No, Madam Speaker, he can say as he did that it was only because I asked about the fall, and it happened to be in July, but I made specific reference following on the question. I even used the Minister's words about the courtesy visit. I asked about the same visit and he said, "No." Well, Madam Speaker, that's the kind of hairsplitting that's designed to mislead, that's the kind of hairsplitting that's designed to throw us off the track. But that's what they're doing because every single one of them wants to be as far away as possible from this issue.

They would just as soon that it wasn't known that they had met the sheik, the Minister of Finance and

the Minister responsible for the Telephone System. They would just as soon want us to believe the position that's being portrayed by the Member for St. James, and that is that he's a helpless pawn in this whole thing, that he is subject to all this misleading information being given to him by the senior staff at the Telephone System, that all of this is in fact the responsibility of those senior officials who have not done their job, and that he's clean of all this and he rides above it and he's a helpless pawn in this whole MTX fiasco.

Well, Madam Speaker, the fact of the matter is that he is integrally involved, he is central to this whole fiasco, because of a thing that's known as ministerial responsibility; ministerial responsibility that says that he, as the Minister responsible for MTX, is responsible for everything that goes on in that; and that even if his visit with the sheik was just a courtesy visit that he still had the responsibility to ask certain questions. We see it day after day after day.

In one meeting of the committee, we find that he didn't know about 1.5 million unsecured loan; we find in the House he didn't know that the locks were being changed in all of the executive offices. We find today he didn't know - and he didn't even ask - why there were no financial statements for that interim period of time between August of 1982 and June of 1983, a period of time in which millions of dollars were being spent; he didn't even care to ask why there were no financial statements and to pursue that matter with the Telephone System, and he's the Minister responsible.

Add to that, Madam Speaker, the fact that they are responsible for appointing the board of directors of Manitoba Telephone System and that they moved very quickly - I believe it was the 16th of December, 1981 - right after the election, two weeks after they took government, they moved quickly to appoint Mr. Saul Miller as the chairman of MTS and to replace Conservative members on the board with their own. They took immediate political control and charge of that corporation; just as they did, Madam Speaker, at Brandon University.

So all of the fiasco with respect to the wrongful dismissal is on their shoulders, because they appointed the board; just as they did at MPIC, where they again appointed the board of MPIC, all of their people. Where is the responsibility? That's why when things go wrong, Madam Speaker, it's because they have not done their job, or at the very least, the people who they have appointed have been a disaster. They've been inappropriately selected and chosen for their jobs.

Madam Speaker, that is all part and parcel of this government's total disastrous administration, that they try and come away from this by saying that they are helpless pawns, that it's the problem of the staff, that it's the problem of the boards. It's anybody's problem, but it's not theirs, they're not responsible. I think Madam Speaker, that more clearly than anything else paints the picture of an administration that is going down the tubes, that has gone down the tubes in the five-month period of this Session and they are looking around now for a scapegoat.

The only scapegoats they can find are staff who they want to pin responsibility on or the Federal Government. This afternoon we saw that when you have a problem, the only way you ought to deal with it is to blame it on the Federal Government. That's their view of finding

somebody who can be an open-and-easy target for them, somebody who can take the heat off them for their disastrous actions in this whole matter is to try and pin it on the Federal Government, try and pin it on staff, try and pin it on boards, try and pin it on anybody except themselves. They take no responsibility for any of the actions of government and that's why they've been such a disaster, even in the first five years of this mandate of theirs, Madam Speaker.

Well, Madam Speaker, members on my side have listed very succinctly, all of the faults, all of the problems, the fiascos, the disasters that have befallen this administration, even in the past five months of this Session, they have done an excellent job on it. I compliment them on it, but I say that they've done such a good job, Madam Speaker, I think that some of the things bear repeating.

Madam Speaker, following the election campaign, we began to see the dishonesty that had been put forward during the course of the election campaign. We saw, Madam Speaker, the promises, the false promises that had been put forward by this Premier and some of his Ministers.

You will recall, Madam Speaker, that they promised that they would roll back gas prices and that they would control gas prices. That's what they said they would do and this Premier, Madam Speaker, made that solemn promise during the election campaign, and very quickly thereafter it became blatantly apparent that he had no power to do so and no intention to do so, even though in an interim report from his commissioner, it was recommended that he control gasoline prices, he said no. That, Madam Speaker, was the example of the credibility and the dishonesty of this government.

But a second matter which occurred during the election campaign, this Premier went up to Thompson, and along with his Minister of Energy and Mines, Madam Speaker, he said that they had entered into three agreements for major hydro-electricity sales to the United States; three agreements, totalling over \$4 billion. Well, Madam Speaker, we later found out after questions in the House at the beginning of this Session, that they did not have any agreements, that indeed there was only one small one which was about to be signed and was signed within the first few weeks of this Session worth \$46 million. He said that they had \$4 billion worth of hydro-electric sales they had sold.

In terms of dishonesty, Madam Speaker, we had the spectacle of the SRTC where on the day of Tommy Douglas's funeral, during the election campaign the Minister of Industry, Trade and Technology, at that time the Minister of Finance, called a news conference to try and get some public attention while his Premier was away in Ottawa.

He called that news conference to make an incredible tirade against the SRTC. He called it legalized theft, he called it a scam, he said that it was bilking the people of Manitoba, and we found out later that two of his colleagues, the Minister of the Environment and the Minister of Energy, had indeed invested in those themselves.

Contrary to the principles of their party, contrary to the stated position of their party, contrary to the position that the Premier had put forward at federal-provincial conferences, they had invested in SRTC's themselves. Madam Speaker, that's the kind of dishonesty that we

have experienced in the short term of five months of this administration.

We had the third-quarter financial statement being withheld from public scrutiny and view by this administration until after the election. It took 90 days for them to get out the third-quarter financial statement after the end of the quarter, Madam Speaker, a record time, a time that any audit firm would be absolutely fired for, and they did not allow that information to become public during the course of the election campaign. Why?

Because it would have been terribly damaging to them because it carried the news of a \$55 million greater deficit than they had projected just nine months earlier. That's the kind of mismanagement and maladministration that they, in their dishonest way, wanted to keep from public view prior to and during the election campaign.

We had the Flyer sale, which became a fire sale when it became a reality, and we had that withheld until after the election campaign despite the fact that the Minister of Finance, the Minister responsible for Flyer Industries

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

**MR. G. FILMON:** Madam Speaker, if I may continue, they withheld that from the public because of the fact that the public would have been abhorred to know just exactly how their mismanagement had plunged Flyer Industries from a position where, as an operating company, in 1979, it could have been sold for over \$10 million, they took it and for four years did a \$100 million turnaround - 50 million in direct losses in that four years and another 50 million in accumulated liabilities, warranty claims and outstanding contract liabilities. They turned it around over \$100 million in the wrong direction and then they had to pay somebody to take it off their hands and we still don't know how much because they'd sweetened the pot by another three-quarters of a million dollars. They paid them an initial \$3 million, and it's going on and on until they sort and settle this whole fiasco and mess out, Madam Speaker.

We had the Manfor situation in which the Member for Flin Flon arranged to have the year-end for Manfor changed so that it would occur and they wouldn't have to report before the election. Instead of having the report required before the election, they changed the year-end so that the report didn't have to come until after the election. But that's the kind of dishonesty that the public became aware of when they found out . . .

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

May I remind the Honourable Leader of the Opposition that "dishonest" is one of the words in Beauchesne that is unparliamentary.

**MR. G. FILMON:** Madam Speaker, I'll accept your admonition.

That's the kind of misinformation that has discredited this Premier and this government because when the financial year-end statement came out for Manfor it carried the very sad tale of a \$30 million loss over a period of 15 months. That was what the public had to

be shielded from by this administration. That was what this administration did not want to become public before the election campaign. That's the kind of disaster that they did not want to have surface before or during the election campaign.

Madam Speaker, matters that border on corruption - certainly total disarray within the affairs of many areas of government - the firing of the president of MPIC after an auditor's report and a number of substantiated allegations against him; Madam Speaker, the investigation by the Ombudsman into the management of the Natural Resources Department, an investigation that did indeed come up with many, many criticisms of senior management there; even indeed the investigation into the Workers Compensation Board suggesting that - I'm not talking about the clearing of the CEO - suggesting that their hiring practices need very great strengthening, that there are big problems in the administration that have to be addressed. That was in the report, Madam Speaker, another example of Crown corporations out of control under this administration.

Madam Speaker, the conviction of the McKenzie Seeds officials, that again, because members on this side of the House raised the matter, it was pooh-poohed by the Member for Rossmere who at the time the Member for . . .

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

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

The Honourable Member for Minnedosa has a very good question, whether we are going to have order or whether we are going to have chaos. I would hope that he meant he would prefer to have order and I would hope all members would prefer that.

**MR. G. FILMON:** Madam Speaker, the members on that side find it humorous about the McKenzie Seeds fiasco and the conviction of a number of employees on conflict of interest. They find that amusing and they choose not to treat it seriously, Madam Speaker. Well, it was only because members on this side chose to treat it seriously that indeed it was exposed and it was eventually delved into and eventually resolved in the way it was.- (Interjection)- Madam Speaker, well, the Premier says who did. Madam Speaker, the whole area of MTX I need not go into detail because it unfolds day after day after day.

In that area, Madam Speaker, we have all of the sins of this government brought together in one lump issue, and that is the hypocrisy. How the Premier on the one hand could stand up piously and rail away against South Africa, give advice to other governments worldwide about not investing in South Africa, about not having any truck or trade with South Africa because of their discrimination against colour and race, and on the other hand can sit by and close his eyes to the discrimination that exists by virtue of the investment that his government has made through MTX and Saudi Arabia, discrimination against the employment of Jews and women, and he sits there and he can tolerate that in a hypocritical way because he doesn't see anything wrong with it.

It brings it all together, Madam Speaker . . .

**MADAM SPEAKER:** May I remind the honourable member that the word "hypocritical" is also an unparliamentary word in Beausheune.

**MR. G. FILMON:** Madam Speaker, I understand from Beausheune that hypocrisy is not an unparliamentary word and so I will continue simply to refer to the hypocrisy of the Premier and his colleagues.

Madam Speaker, the MTX issue, as I said, brings it altogether. The total gross and utter mismanagement that has occurred right from Day One when they didn't want to know or didn't care to know anything about the business plan and prospects over there, they accepted. We saw the business plan that was eventually tabled yesterday by the Minister responsible for the Telephone System; a business plan that is hastily sketched out with a little bit of a hand-drawn flow chart and notes that say that the goals and objectives will be developed as time goes on, where we know they didn't look adequately into the financial stability or capability of their partner over there, where we know that at every step of the way no Minister really asked any probing questions to find out what business we were in over there, what are prospects were over there, and what are chances of success were over there.

And we found it out today that to this day no Minister on that side has asked to see the financial statement for the first initial period of operation from August of 1982 to June of 1983. That's the kind of management, that's the kind of administration that they run, where they don't want to know or care to know, or maybe they don't understand anything about the financial aspects of any of the Crown corporations and they choose just simply to let them run themselves.

Well, Madam Speaker, it all rolls together in the MTS issue. The misinformation that was provided by this Minister on at least four occasions, either to the House, either to the media, or indeed in discussions about the issue in committee; the fact that four different times he is on the record as having to correct himself; the fact that now the number of times - I'm losing track of - that senior staff at the corporation are on the record as having misinformed or had to correct, and today was the latest. Today was the latest where we found on the record that Mr. Aysan had said that he didn't know about the \$1.5 million loan and the evidence presented to committee today said, of course, that he had been one of the co-signers of the letter of authorization to the bank for the loan. Well, that joins a long list of false information that was provided by senior officials and indeed eventually by this Minister on that issue.

So it all comes together in terms of trust, in terms of honesty, in terms of credibility. It all is demonstrated better in MTX than in almost any other issue that we have covered in the course of this whole Session. The shoddy business practices, the accounting procedures that allowed people to change debt into share capital, that allowed people to convert a loan into a write-off of liabilities, that allowed people to do all these things on paper and never collect money from our Saudi Arabian partner to satisfy transactions, to see, as we have, the build-up of the outstanding liability in that

corporation to the point that now it's over 12.5 million. Indeed, that was at the last time we looked at it; it may well be much greater.

We're told, Madam Speaker, that should that company have to be wound up and the Minister responsible has been brought full circle, whereas on July 16 he said that this corporation stood to pay big dividends - those were his words - big dividends to the people of Manitoba on July 16, and then three weeks later he said that they have serious doubts about the financial viability of the Saudi Arabian operation. That's the kind of loss of credibility; that's the kind of incompetence that this Minister and every other member of this government stands for and we see it all so clearly laid before us in the MTX issue.

The interesting thing, Madam Speaker, is how the average person is now relating to this MTX issue, because members on this side are getting letters and calls about the issue from constituents. Indeed, I want to hand one to the Member for Minnedosa because I got that call over the dinner hour from one of his constituents. But in every single case, the members of the public relate this fiasco, this wrong-headed priority, to all of the things that this government says it can't provide for the people.

When I was on one of the open-line shows, a lady called up - it was a nurse - and said they can blow \$17 million or \$20 million in Saudi Arabia, but they close down the obstetrics ward at Seven Oaks Hospital.

Another lady identified herself as a senior citizen and said they can squander \$17 million in Saudi Arabia, but they can't provide personal care beds. I've been on a waiting list for a considerable length of time and I need to get into a personal care home and they can't provide it for us, Madam Speaker.

We had people phone in about every possible issue, people who couldn't get private lines in rural Manitoba, people who were in toll-free areas and wanted to have the toll-free area expanded and have the money of the Telephone System invested in improving the system itself. They couldn't have it because this government chose to squander \$17 million in Saudi Arabia, chose to give that money to the Saudi Arabians rather than leave it in Manitoba for the benefit of the people of Manitoba.

Day after day after day we get those calls from people and they understand full well about this government's priorities; they understand full well how this government has absolutely devastated the financial affairs of this province. They talk about the fact that we have these huge deficits, that we're spending so much money on interest costs out of every budget that we bring forward. We're doing all of this because we choose instead to spend our money in Saudi Arabia; because we choose instead to lose \$30 million, \$2 million a month in the Manfor operation; \$100 million in four years in Flyer Industries, and on and on and on. And they ask themselves what kind of government could be so wrong-headed, could be so crazy as to choose those priorities and leave the people of Manitoba at risk and without the services that they want and deserve. And they say it could only be this administration; it could only be this Premier; it could only be this group of malcontents and people who absolutely are incapable of managing their affairs. They phone into us and they call us and they say how on earth can we allow them to get away

with this, Madam Speaker, how on earth can we allow them to go into what the Minister responsible for the Telephone System has called a high-risk foreign investment and do that as opposed to spending the money on the people of Manitoba.

So that, Madam Speaker, is why people throughout this province say their election slogan was "Stand Up For Manitoba." Here we're standing up for the wealthy sheik in Saudi Arabia; we're standing up for the union picketers in Edmonton, but we can't stand up for the farmers of Manitoba. We can't stand up for the rural residents who want greater toll-free access, who want to have private lines on their telephones; we can't stand up for the seniors of Manitoba who want personal care beds; we can't stand up for the women of Manitoba who want greater access to obstetric facilities in Northwest Winnipeg. We can't stand up for anybody in Manitoba; we can only stand up for the people who are friends of this government who they put on their payroll, who they give rich contracts to, defeated members of this government and others. These are the people they stand up for. It's all of those people and they never stand up for the ordinary Manitobans.

Well, Madam Speaker, where are their principles? Where are the fine-sounding objectives that they put forward in the election campaign? They're nowhere to be found in this administration, Madam Speaker, and they have suffered. The reason they have suffered is not the reason that the Attorney-General said. They have suffered in the court of public opinion not because they have been maligned and misrepresented by the media of this province, Madam Speaker, oh, no; they have suffered in the court of public opinion because of their own actions!

Madam Speaker, I just say in conclusion that no government has behaved as shabbily as this government has in living memory, not from the observers who have observed the Legislature in the media, people throughout this city and this province who have seen the actions of this government, who have seen the disasters of the past five months in every single area of their administration.

Nobody, Madam Speaker, nobody should feel sympathy for this administration, because this administration caused it all. This administration is totally responsible for it all and this administration cannot find enough scapegoats, not in the media, not in senior administration, and not in Ottawa, because the buck stops here, the problem is here. It's this Premier and this administration, they've been a disaster and they're paying for it in the court of public opinion.

**SOME HONOURABLE MEMBERS:** Hear, hear!

**MADAM SPEAKER:** The question before the House is Second Reading of Bill 56.

**QUESTION put, MOTION carried.**

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

**HON. E. KOSTYRA:** Thank you, Madam Speaker.  
I move, seconded by the Attorney-General, that Madam Speaker do now leave the Chair and the House

resolve itself into a Committee of the Whole to consider and report on Bill No. 56, An Act for granting to Her Majesty Certain Sums of Money for the Fiscal Year Ending March 31, 1987 and to authorize Commitments to expend Additional Money in Subsequent Years (2), (The Interim Appropriation Act (2), 1986), for Third Reading.

**MOTION presented and carried** and the House resolved itself into a Committee of the Whole to consider and report on Bill No. 56, The Interim Appropriation Act (2) 1986, with the Honourable Member for Burrows in the Chair.

### COMMITTEE OF THE WHOLE

**MR. CHAIRMAN, C. Santos:** The committee will come to order, in order to consider Bill No. 56, The Interim Appropriation Act (2).

The Honourable Minister of Finance.

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

I have provided detailed notes on Bill 56 to the Member for Morris, the Opposition critic for Finance. I will not read those into the record unless there's any question with regard to a specific amendment. However, I will be moving an amendment that has been explained by the Clerk to the Opposition House Leader and the critic, and I'd like to do that at the present time, if that's agreed and have the amendment distributed. Agreed?

**MR. CHAIRMAN:** Is that agreed? (Agreed)

**HON. E. KOSTYRA:** I therefore move, seconded by the Minister of Community Services,

THAT section 3 of Bill 56, An Act for Granting to Her Majesty Certain Sums of Money for the Fiscal Year Ending March 31, 1987 and to authorize Commitments to Expend Additional Money in Subsequent Years (2) be repealed, and the following subsection therefor:

Money granted for the fiscal year ending March 31, 1987, section 3, subject to section 6 of The Interim Appropriation Act, 1986, being chapter 3 of the Statutes of Manitoba, 1986, from and out of the Consolidated Fund of the province there may be paid and applied a sum of \$2,603,796,685 towards defraying the several charges and expenses of the public service of the province not otherwise provided for, and being 74.23 percent of the total amount to be voted as set forth in the Main Estimates.

**QUESTION put on the amendment, MOTION carried.**

### REPORT STAGE

**MR. CHAIRMAN:** Is it the will of the committee to consider the bill clause-by-clause or page-by-page?

**SOME HONOURABLE MEMBERS:** Bill-by-bill.

**MR. CHAIRMAN:** Bill-by-bill. Is it the will of the committee to adopt Bill No. 56? So ordered. Shall I report the bill to the House?

Committee rise. Call in the Speaker.

### IN SESSION

The Committee of the Whole has considered Bill No. 56, The Interim Supply Bill (2) and reports same with a certain amendment.

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

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

**MOTION presented and carried.**

### THIRD READING

**Bill No. 56** was read a third time and passed.

**MADAM SPEAKER:** I am advised that Her Honour the Lieutenant-Governor is about to arrive to grant Royal Assent to Bill 56.

### ROYAL ASSENT

**DEPUTY SERGEANT-AT-ARMS (R. MacGillivray):** Her Honour, the Lieutenant-Governor.

Her Honour, Pearl McGonigal, Lieutenant-Governor of the Province of Manitoba, having entered the House and being seated on the Throne:

Madam Speaker addressed Her Honour in the following words:

**MADAM SPEAKER:** May it please Your Honour:

We, Her Majesty's most dutiful and faithful subjects, the Legislative Assembly of Manitoba in Session assembled, approach Your Honour with sentiments of unfeigned devotion and loyalty to Her Majesty's person and Government, and beg for Your Honour the acceptance of this bill:

Bill No. 56) - An Act for Granting to Her Majesty Certain Sums of Money for the Fiscal Year Ending March 31, 1987 and to Authorize Commitments to Expend Additional Money in Subsequent Years (2), (The Interim Appropriation Act (2), 1986); Loi allouant à Sa Majesté certaines sommes d'argent pour l'année financière se terminant le 31 mars 1987, et autorisant le gouvernement à engager des dépenses pour les années subséquentes (2) (Loi de 1986 portant affectation anticipée de crédits (2)).

To this bill the Royal Assent was announced by the Clerk in the following words:

**MR. CLERK, W. Remnant:** "Her Honour the Lieutenant-Governor doth thank Her Majesty's dutiful and loyal subjects, accepts their benevolence and assents to this bill in Her Majesty's name."

Her Honour was then pleased to retire.

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

**HON. J. COWAN:** Madam Speaker, by leave, there is agreement to continue on with a number of Second Readings this evening. Would you please call the adjourned debate on Bill No. 20?

## ADJOURNED DEBATE ON SECOND READING

### BILL NO. 20 - THE STATUTE LAW AMENDMENT ACT (1986)

**MADAM SPEAKER:** On the proposed motion of the Honourable Attorney-General, standing in the name of the Honourable Minister of Lakeside.

**MR. G. MERCIER:** Madam Speaker, the Member for Lakeside is prepared to waive his right to speak with respect to this bill.

**MADAM SPEAKER:** Are the honourable members ready for the question in that case? The motion before the House then is the proposed motion of the Honourable Attorney-General, Bill No. 20.

**QUESTION put, MOTION carried.**

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

**HON. J. STORIE:** Yes, Madam Speaker, I believe the House is prepared to consider Bill No. 19. Would you call Bill No. 19?

### BILL NO. 19 - THE STATUTE LAW AMENDMENT (TAXATION) ACT (1986)

**MADAM SPEAKER:** On the proposed motion of the Honourable Minister of Finance, Bill No. 19, standing in the name of the Honourable Member for St. Norbert.

**MR. G. MERCIER:** Madam Speaker, I adjourned this matter for the Member for Morris.

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

**MR. C. MANNESS:** Madam Speaker, Bill 19, The Statute Law Amendment (Taxation) Act (1986), basically implements the government's Budget policies with respect to taxation. Madam Speaker, it gives the government power to impose additional taxations amounting to an additional \$70 million on the taxpayers of Manitoba.

Madam Speaker, my comments won't be terribly long with respect to most of the taxation items covered within this year's Budget. They've been amply debated. It was in the Budget presentation and also, on occasion, in various areas since that time. Madam Speaker, however I think it's important that before we give support to these measures, we put on the record some of our concerns with the way certain areas of taxation are increasing in this province vis-a-vis other provinces in Canada.

Firstly, I would like to go on the record as indicating that, obviously when a government is looking at massive deficits like they are accumulating to \$2.4 billion, Madam Speaker, in a short period of five years, some effort has to be made within the area of taxation to try and reduce some of those levels of deficit. Madam Speaker, there is no way that the Government of Manitoba has within its taxing authority the ability to begin to tackle a half-a-billion dollar deficit year after year after year by virtue of the taxing authority that it has within its sphere of responsibility. Nevertheless, Madam Speaker, I think it's important that some comments be made within the four or five areas of taxation as laid before us by the Minister during his Budget Address.

Madam Speaker, the Minister of Finance indicated that our corporation capital tax will be increased from .2 of 1 percent to .3, the same rate as Ontario. He says that rate that we now will be supporting with the passage of this act is lower than that which exists in Quebec and Saskatchewan. The tax applies, Madam Speaker, to corporations with capital in excess of \$1 million.

Madam Speaker, as we've said on many occasions, what this tax does, although there's an attempt to go after corporations that have levels of capital inventory, we caution the Minister of Finance and this government that they have to be very careful to what extent they continue to bump up the taxation rate within this area. We say that because, Madam Speaker, there are businesses within our community that are very much capital-oriented.

Madam Speaker, I think of car dealerships; I think of machinery dealerships; and I think of those businesses that do not provide services other than the selling of a capital item, a capital item which of course they must almost inevitably carry an inventory, and yet the Minister of Finance chooses to attach an increased level of taxation to those types of businesses. And I only caution him to realize that he can push that level, the level of taxation within that area, only so high.

Madam Speaker, there are many businesses that have high levels of capital but low levels of equity. Madam Speaker, what I am saying is much of that capital is in place not in the form of ownership or in equity, but it's there and exists because of borrowing from institutions, and yet the government feels it's right and it's proper to go and tax that level of inventory capital.

Madam Speaker, again I ask the members and the Minister of Finance to be careful to what degree he levels taxation within that area; and although within his speaking notes he tells me and members of the House that only some 4,000 of approximately 40,000 registered corporations in this province will pay the capital tax, I can't help but remind him, by looking at the provincial tax comparisons, that this province is indeed far out of line with some of our western cousins.

Specifically, Madam Speaker, I think it should be read into the record that the capital tax existing in areas in other provinces, and I'll have it here in one second once I find Page 40, are at these levels.

Madam Speaker, one can't help but notice that there is no capital tax at all in provinces like Nova Scotia and Newfoundland, that that's the general rate of tax. One can't help but notice that the special rate of tax for banks and loan corporations, which is also addressed in this act, has Manitoba levying a level of

.9 of 1 percent for loan and trust companies, 3 percent for banks, and yet Ontario levies a tax of .6 percent for loan and trust corporations and .8 percent for banks.

Madam Speaker, the point that I'm trying to make is this community has been very proud of the financial institutions that have located head offices within the boundaries of the City of Winnipeg. Indeed, they provide a tremendous level of stability to the general economy of this province - very much coveted, Madam Speaker, by our sister western provinces - and yet, as we hear of yet another investment company, through amalgamation, leaving the province, it causes us some concern when we realize that our tax rates and our corporation tax rates levied against these financial institutions are far out of line with the levels that exist in Ontario.

Madam Speaker, the Minister of Finance can tell us that our level is certainly within the ballpark of the levels that exist within Saskatchewan, but they don't have the same infrastructure in place within the financial economy as we do. So I think it's pretty important that our rate not differ to too great a degree from that which exists in Ontario.

Madam Speaker, the tax changes also talk about the special corporation capital tax rate on banks. I've just referred to that. That's increased from 1.9 percent to 3. The income tax rate on large businesses, Madam Speaker, has been increased from 16 to 17 percent, and I found this interesting. It's been increased to that, according to the Minister of Finance, to become equal to the rate levied in Saskatchewan. Madam Speaker, that's the justification used by the Minister of Finance. Yet we look at rates in other parts of Canada, and we're talking now about the corporation rate, large corporations, indeed all sizes, but I will provide for the record a breakout of specifically what the Province of Manitoba is doing to corporations vis-a-vis other provinces.

Now, Madam Speaker, I know this government needs money. Indeed, if we were in government, we would need money, too. There is no doubt about that. But one has to be extremely careful to what level you can go after corporations. Madam Speaker, corporation tax, British Columbia, 8 percent for small business. What's it in Manitoba? It's 10. Madam Speaker, we have two rates in place in this province: small businesses pay 10 percent; large businesses now, after we've passed this act, will pay 17.

What are the rates in other provinces? British Columbia: 8 and 16 - not an awful lot different than ours, but lower. Alberta: no tax, Madam Speaker, on some small corporations, 5 percent on some other small corporations and 11 percent on large.

Madam Speaker, one can see how corporations there have benefited in the past from the general buoyant oil economy such that the government there has not had to tax corporations to the same level. So maybe they're not quite a normal case to use in comparison.

Saskatchewan, as the Minister of Finance has chosen to use as an example for comparison's sake, is at the same 10 and 17 percent level that we will be now moving to.

Ontario, Madam Speaker - this is interesting - for small businesses, has the same 10 percent tax rate as we do in Manitoba. However, for the large corporations, they don't have 17; no, they indeed have a level of between 14.5 and 15.5 percent.

(Mr. Deputy Speaker in the Chair.)

Quebec, Mr. Deputy Speaker, their rates: small corporations, 3.2 to 5.9 - remember, we're at 10 percent - and yet in large corporations in Quebec 13.94, almost 14 percent, and we're 17 here in Manitoba.

Well, New Brunswick is at 9 and 15; Nova Scotia is 10 and 15. Nova Scotia, Mr. Deputy Speaker, and the Maritime Provinces, certainly is desperate for taxation revenue as we are, but still the levels of taxation that they have applied and levied against corporations are lower than will now exist here.

The Yukon is 5 and 10, and so on and so forth.

Mr. Deputy Speaker, I think it's important to put it on the record so that when the Minister of Finance says that we now have a regime in taxation that is levied against large corporations, indeed all corporations, that we bear in mind that we may be similar to Saskatchewan, but Saskatchewan and ourselves now are far above, in many cases, the rest of the provinces in Canada.

**A MEMBER:** Plus we have a payroll tax.

**MR. C. MANNES:** That's right, Mr. Deputy Speaker - I'm reminded by my colleague - we have a payroll tax, 1.5 percent. It doesn't exist, to the best of my knowledge, in the Province of Saskatchewan.

I'm well aware of the fact that this government desperately needs taxation revenue, Mr. Deputy Speaker, but the point is there isn't an awful lot more levying capacity left within the area of the corporate tax field.

Members opposite will remind us over and over again how it is that the Federal Government has chosen to tax individuals and allow corporations to sort of escape from the general taxation net. Well, Mr. Deputy Speaker, I remind the Minister that within his own sphere of taxation in the corporate field, he doesn't have an awful lot of leeway left compared to other provinces. I know that he knows that.

Mr. Deputy Speaker, as I look at this bill and other taxation items, I can't help but notice also that when the Minister talks about the Manitoba reduction, and he's talking about the Federal Government, I believe, in support of low-income reduction that was available to Manitobans who do have low incomes, which was abolished because of the fact that our tax was tied on to the federal portion that previously had existed, and once the Federal Government removed it, the Provincial Government had to institute, by way of this act, a replacement, and they've done so. Mr. Deputy Speaker, I'm not terribly critical of that. As a matter of fact, I'm sure I support it.

But it strikes me as odd that the Member for Kildonan who, in the past, has been so critical of the tax forms and the degree to which they were so difficult to understand, so difficult to complete and so difficult to fill and file, Mr. Deputy Speaker, would be so supportive of that type of move. Yet, it's these types of add-ons, although they're put in place with sincerity and with well-meaning, Mr. Deputy Speaker, they in themselves further complicate the tax form.

Nowhere have I seen an attempt by the Minister of Finance to address tax reform in the way of simplifying the tax form as it now exists. Although I know that's



not within the purview of The Taxation Act, I think it's important that we continue to encourage it, to support the Federal Government in tax reform to not only maybe come back to a flat tax system, but also to simplify the filing of tax for each and every one of us.

Mr. Deputy Speaker, I move on to the other areas of taxation. The Minister indicates that there is a new or an increased taxation on tobacco. The members opposite have no difficulty with that. The Minister indicates there are two minor tax increases involving motive fuel which may impact on individuals.

Mr. Deputy Speaker, there's an area in here in which my colleague, the Member for Charleswood, will address in due course; but there's an area within this motive fuel tax that isn't quite right. Mr. Deputy Speaker, we are now well aware that had this tax not been put in place, the Trans-Canada Pipelines would have provided for the users of Manitoba a saving to the wholesalers which would have been passed on to the users. It would have provided a saving for those users of natural gas. That is now being denied to consumers in Manitoba specifically because of this tax.

I think it's incumbent for the Minister of Finance to tell us how much more the consumer of gas within this province is going to have to pay through increased consumption rates to pay for this tax, Mr. Deputy Speaker, because we have some facts and figures which my colleague will put on the record, which I think haven't been exposed before this point in time.

I think it's important that the Minister of Finance, when he's considering other areas of taxation in the future, realizes that indeed they may represent nothing more than indirect tax on the ultimate consumer of the good. So he's maybe better off, rather than trying to hide it in an indirect sense, to put it in more of a direct tax which is fair and more equitable to all Manitobans.

Mr. Deputy Speaker, the Minister, in providing an introduction on Second Reading to this bill, indicated that it also included a number of minor administrative amendments to The Income Tax Act which are being made at the request of the Federal Government. I will cover those in greater detail once we go to Committee of the Whole.

(Madam Speaker in the Chair.)

I suppose I'd like to say that many of those changes, yes, are requested by the Federal Government as a direct result of the Beatty Task Force on Taxation, our federal counterpart who, while in Opposition, with the support of other of his colleagues, went across the widths and the breadths of this nation seeking input from taxpayers, both individually and as corporations, as to how the tax system might be simplified.

Madam Speaker, many of the recommendations that Mr. Beatty put forward in his report have now found their way to within the federal taxation amendments and are being ratified within our provincial act. I think that for the most part, as I've reviewed them, they're certainly all acceptable.

So, Madam Speaker, I'd like to basically close by indicating to the Minister at this time that I thank him for the documentation and the full description of the changes. We'll enter into some further discussion once we move into Committee of the Whole.

Yet, I can't move the Second Reading of this until I caution him that in spite of the best efforts to bring

from the taxpayers of Manitoba an additional \$70 million by way of these taxation changes, which we are to consider under this bill, that the First Quarter Report indicates quite clearly in one of these areas that revenue is falling.

Madam Speaker, one can't help but notice that the motive fuel tax, that area in which there were major forecasts of increased revenue - I believe some were in the area of \$10 million within the first quarter - that 2.8 million less than forecast has been realized. I think it's incumbent upon the Minister of Finance to give us a fuller explanation as to why that shortfall has occurred.

One can't help but also notice that the tobacco tax which was supposed to bring in additional sums of money, actually in the First Quarter alone, Madam Speaker, has fallen by \$3 million. Of course, all of us, I am sure, aren't too upset about that if indeed what that means is that fewer people are smoking but, nevertheless, it still represents an actual shortfall compared to the forecast with respect to revenues, Madam Speaker. Of course, all that does is impact on the final net deficit figure.

Madam Speaker, with those few comments, I believe that basically we have no difficulty in supporting most of the tax initiatives, although again, within the motive fuel area, I know that there are some concerns and they will be developed further by my colleague, the Member for Charleswood.

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

**MR. J. ERNST:** Thank you, Madam Speaker.

My colleague, the Member for Morris, has gone over the bill in some detail and has expressed concerns from our side of the House.

I want to deal with the area of the motive fuel tax on Page 32 of the bill. Madam Speaker, that levies on every purchaser of natural gas that is used for operating an internal combustion engine shall pay to Her Majesty in right of Manitoba a tax at the rate of 7 cents per kilogram received by the purchaser, now that in itself may appear rather innocuous, and I don't suppose anybody really would pay a great deal of attention to that particular kind of tax, but it has an impact, I think, beyond the question of the tax itself.

While the tax, Madam Speaker, is another levy upon the motive fuel costs of people using natural gas, not many people in this day and age use natural gas for motive fuel purposes. But there is one major user, and that major user, Madam Speaker, is the Trans-Canada Pipeline. They use natural gas to run their compressors, the compressors that move natural gas from the Saskatchewan border through Manitoba into Ontario and Quebec.

Madam Speaker, under deregulation of the natural gas industry, what has happened is there has been an offer by Trans-Canada Pipeline, an offer to Manitoba, an offer to Saskatchewan - I believe, an offer to Ontario - and an offer to Quebec to reduce the cost of natural gas flowing through the pipeline to those people. Those costs can be passed on, Madam Speaker, to the homeowner. The expectation was in the area, I believe, of 25 cents per thousand cubic feet of gas. An offer is made by Trans-Canada Pipeline, I think, in the area

of 14 cents and the counter-offer by Inter-City Gas, I believe, was in the area of 25 cents. The expectation by Inter-City Gas was that 25 cents would have been able to be passed on to the people of Manitoba; to those 185,000 families, Madam Speaker, in Manitoba who use natural gas for heating purposes.

The amount of money that would have meant to consumers of natural gas for heating purposes in Manitoba would have amounted to approximately \$6 million. That discount now will not be passed on to those people of Manitoba because of the fact the Minister has introduced this innocuous tax; a tax directly virtually on the Trans-Canada Pipeline. They have said, Madam Speaker, no, if Manitoba expects to levy a tax like that upon our pipeline, then we are not going to offer that gas discount to the people of Manitoba and \$6 million of heating cost savings to the people of Manitoba will not be realized. Over and above that, because the tax has been levied, it will simply be passed on by the gas companies to the consumers as well. So not only do they not get \$6 million savings, they also have another tax to pay over and above that, Madam Speaker.

Now the Minister earlier, in a response to a question by the Member for Brandon West in June, indicated that the Trans-Canada Pipeline can simply levy the tax, not only on Manitoba; it could pass on those same costs to the people of Ontario and the people of Quebec because the gas passes through Manitoba. Well, Madam Speaker, it's not the Province of Ontario levying that tax and it's not the Province of Quebec levying that tax; it's the Province of Manitoba. Trans-Canada Pipeline rightly has said if Manitoba is going to levy the tax, then the people of Manitoba are going to suffer for it, Madam Speaker, and \$6 million of savings at 10 percent reduction in the heating cost; a cost that is becoming increasingly more substantial; a cost that the people on fixed incomes in this province are having a greater and greater and greater difficulty in paying.

But not just the people on fixed incomes, the people of other sorts of income. Wage rates have increased in the past several years in the area of 2 and 3 percent. Yet heating costs have increased, Madam Speaker, in excess of that. Now when an opportunity exists for heating costs to be reduced to the 185,000 families in Manitoba that have natural gas as a heating fuel, the Minister has introduced a tax which will not only wipe out that \$6 million saving, wipe out the 10 percent saving to the people of Manitoba, they will impose a tax over and above that.

So, Madam Speaker, I find that this portion of the bill, this section of tax that's proposed, I think is a detriment to the people of Manitoba in general. Despite the frantic needs of the government to have more and more money to spend, Madam Speaker, despite the ever-growing deficits that are being incurred, I think the government could well trim the expected revenues from this particular tax and delete it so that the people of Manitoba, the 185,000 families that presently use natural gas for heating purposes will have an opportunity to reap some small benefit from natural gas deregulation in this country.

Thank you.

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

**HON. E. KOSTYRA:** I'll be closing debate.

Thank you, Madam Speaker, I hadn't intended to speak at this stage of the bill but I believe some comments by members opposite have to be responded to. I particularly listened to the comments from the Member for Morris and I found them quite enlightening as he did his comparisons of taxes across Canada, particularly corporation taxes.

Let me say at the outset I wish we were in a position that this bill was not here. I wish we were in a position where we did not have to raise taxes in the Province of Manitoba, even by this somewhat modest amount that is going to be the result of the changes contained in this bill. There is no doubt, because of the difference between revenue and expenditures, that there's going to have to be additional tax changes made in future years in order to do what we suggested with respect to the difference between the level of revenue for the province and level of expenditure, even though there is some growth in revenue. I just want to make that point clear that it would be better that we were not in a situation as we are this evening in dealing with a bill that raises taxes.

But I frankly found the comments from the Member for Morris troubling because we see in this country a significant need for tax reform. If one looks at what happened with respect to taxes in this country, and one looks at those charts that are prepared on the federal basis or on provincial basis, you're seeing a growing gap between the taxes that are being paid by corporations and companies in this country and taxes paid by individuals.

There's been a dramatic shift over the last number of years between the taxes that are paid by individual taxpayers in terms of the total load, the total cost of governments across this country and that paid by the corporation; and the member knows that. There's been a significant change in the shift which means that corporations are paying less as proportion of individual taxpayers, whether they are from labouring income, whether they are from farming income, whether they are from investment income, what have you. Individual taxpayers are paying a lot more and a greater share of the total tax burden in this country.

The Member for Morris is saying that we have to be careful in Manitoba, that we're not out of whack with the other provinces. In fact, I think he even went a bit further than that to suggest that in many areas we are out of whack.

I'll admit, Madam Speaker, one of the difficulties for a government of our philosophical approach to government is to ensure that we do implement policies that are within keeping of our philosophies, recognizing at the same time that we are in a competitive environment in this country. And we are competing, if you will, against provinces that in the main, other than a few exceptions to date and hopefully there will be more, Madam Speaker, a few exceptions have been Conservative-minded governments, whether they have been Conservative, Liberal, PQ or other stripes, which has made a very difficult political competitive environment with respect to taxation.

I'll use one example to illustrate what I'm talking about. The member talked about Alberta; how they have a lower rate of corporate taxation in the Province of Alberta. But what do they have in a relatively rich,

even though they are in a somewhat difficult and fragile situation right now, but what does the Province of Alberta do? They still have a premium on Medicare costs; a significant cost to individuals for the cost of health care. The same is true in the Province of Alberta. So sure, they have lower rates of corporate taxation - sure they have - but they also put it on the backs of ordinary working people; ordinary farmers who have to pay for services related to health care. So sure we're at, in some areas, at the very rim or at the margin in terms of the competitive environment with respect to corporation taxation and that is a concern because of the way capital can move and the way decisions are made with respect to industries.

But let's analyze the reasons for that. The reasons for that are very clear that there's been a deliberate move by Conservative governments or Conservative-minded governments, because there are other governments that are under the Liberal stripe or the Social Credit stripe that have a Conservative-type philosophy, that have been consistently moving the load of taxation in this country from companies and corporations onto the backs of individuals. All the statistics show that, Madam Speaker. So I don't apologize for the measures that are contained in this bill. I said I would rather that we not increase taxes. The reality is that we have to get additional increases in rates of taxation in order to get and close the gap between revenues and expenditures; but I don't apologize for the fact that there was a deliberate decision by this government not to increase taxes on individuals, not to increase taxes on small businesses, not to increase taxes on farmers, but rather look at a number of selective tax increases on corporations.

I know, Madam Speaker, and I acknowledge as fact what the Member for Morris said, that in some areas we are becoming at the outer rim of our competitive position vis-a-vis other Conservative-minded or Conservative-governed provinces in this country. It's very difficult because we believe that there should be a shift in taxation, and we intend to do whatever we can within the realistic, practical and competitive bounds that we're faced with in the Province of Manitoba.

I only hope that the recent statements by the Federal Government and the Federal Finance Minister are sincere and real in terms of launching on tax reform in the country of Canada. You want to talk about sincerity and you know what happened there. You know darn well what happened with respect to the Federal Minister of Finance when he was moving for his Canadian version of the VAT tax and hit the roadblock that he hit with that tax and now had to backtrack and repackage it . . .

**A MEMBER:** Don't question his sincerity.

**HON. E. KOSTYRA:** I'm not questioning it. I say I hope he is sincere in his words. I never questioned his sincerity at all, Madam Speaker, but the member knows what happened when the Minister of Finance hit a roadblock with a good number of his Cabinet colleagues on the Canadian style, that tax that he was planning to implement. So I really believe and want to believe that the Federal Government is sincere and working on tax reform.

I don't want to prolong the debate and I just want to say a few words in response to the Member for Charleswood. There are some changes taking place with respect to deregulation of gas in Canada and there is the possibility of some reductions; but if you look at the proposals that were incorporated in the deregulation agreement that was reached, not with Manitoba's consent but with the western producing provinces of Alberta and Saskatchewan and the eastern province of Quebec and others, was to allow for a competitive environment where there is, in essence, head-to-head competition with respect to natural gas and other fuel forms. Unfortunately, we don't have that same situation in Manitoba.

Let me just deal with the concept that's behind the motive fuel tax with respect to the interprovincial pipeline system in Trans-Canada Pipelines. The company is arguing, and the Member for Charleswood is also arguing, that the Province of Manitoba should not institute a tax on the pipelines, and if they do institute a tax, that it should only be paid by the consumers in the Province of Manitoba.

If we were to take that argument to its extreme, then we would say in any other form of transportation in this country, whether it was interprovincial trucking where trucks travel from one province or through a province, and different provinces level different levels of taxes, that that would all be put on only the end-use consumers of the products that are transported by the trucking companies in that province.

The same would be true with respect to railways, and the Member for Morris says they're all the same. Well, he's wrong, because with respect to locomotive fuel taxes there are different levels in different provinces, very high in Saskatchewan, zero in Alberta; yet the railways don't say to a shipper who ships or an end-user who receives in a province that you're going to have to pay a different rate in this province because the Province of Saskatchewan has a higher rate on the cost of its tax on the fuel consumed by the diesel engines in that province - no - but somehow the members are arguing with respect to the transportation of natural gases that that should be the case.

That's the position that the company is taking and, yes, they are suggesting there's going to be retaliatory measures taken against the Province of Manitoba. They're suggesting a form of retaliation that if the province proceeds with this that we're going to do certain things, and we're going to do everything in our power directly and through the hearings that will have to take place with respect to some aspects of gas deregulation at the National Energy Board to protect the interests of Manitobans in that process.

But if you look at the philosophy behind that tax, if you look at the philosophy behind other taxes on goods that are transported, and that's all it is, the interprovincial pipeline system is just a transportation network. It's no different than a highway; it's no different than a railway. It's a means of transporting a commodity from one area to another area. So there is consistency in approach with respect to that tax and other taxes, and in no other case that I'm aware of are those specifically forced back on a specific province or users within that province. It's a cost of doing business; it's a cost of transportation that is shared amongst all the users of the product.

So I look forward to the detailed questions and discussion that we may have when this bill is before Committee of the Whole, but I believe that the limited discussion that's taken place on this bill to date and the indirect discussion that has taken place through the budget and through other forms like question period, I think clearly indicates the difference of approach between members on this side of the House and members on that side of the House when it comes to taxation policy.

They clearly suggest that we ought not to look at new revenue sources that would impact on large corporations, on banks, though that wasn't mentioned tonight by the Member for Morris but has been by his leader, on interprovincial pipelines and companies of that sort, but we should not do that, but look at additional taxes because there is no other avenue but additional taxes on individual Manitobans. That is an approach that we do believe is not correct and is not in keeping with the needs of Manitobans.

**MADAM SPEAKER:** The motion before the House is the Second Reading of Bill No. 19.

**QUESTION put, MOTION carried.**

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

**HON. J. COWAN:** Yes, Madam Speaker, would you please call the adjourned debate on Bill No. 14.

### **BILL NO. 14 - THE MANITOBA ENERGY FOUNDATION ACT**

**MADAM SPEAKER:** On the proposed motion of the Honourable Minister of Energy and Mines, standing in the name of the Honourable Member for Portage la Prairie.

**MR. E. CONNERY:** We are ready to vote on it, Madam Speaker.

**MADAM SPEAKER:** The Honourable Minister of Energy and Mines to close debate?

**HON. W. PARASIUK:** Yes, I will just take a couple of moments, Madam Speaker, to close debate.

I would like to take this opportunity to thank my predecessor, the former Minister of Energy and Mines, the Member for Rossmere, for his fine job as Minister of Energy and Mines and for his job in introducing this bill. In fact, he was doing such a good job and I was having such a good time watching him from back here that for some time there I had thought that I would want to keep him there and have some fun asking questions.

We were very clear with what we wanted to do with this bill, Madam Speaker. We take the profits made on sales to people outside of Manitoba, so these are profits derived from people outside of Manitoba. We split the profits, after costs are paid, between Hydro, in order to keep our rates lowest, and the rest goes into a foundation for economics and social development of

Manitoba, especially geared to long-term economic and social development.

We were clear and concise in presenting this to the people of Manitoba. It was part of our platform - it was a very popular part of our platform - and we received a mandate from the electorate to do this, and that's what we are doing.

Now I sat in for a great deal of the debate and I think there were three major points raised and I would just like to touch on those three points. One was that profits shouldn't be split between Hydro and this foundation. I think that's a legitimate point for debate.

We are taking the position that since these profits are made on sales to people outside of the province, that Hydro in fact derives a lot of benefit from the fact that the province guarantees the bonds. Hydro has indeed derived benefit from the exchange rate stabilization, that part of the profits should indeed go for long-term economic and social development, while at the same time, leaving money for the purposes of keeping our rates the lowest in North America. But I will say that I think that is a debatable point and the members on the other side have expressed their position on that, saying they would rather have everything stay in Hydro and they have used certain arguments that I think imperically don't hold that much water.

The Hydro rate freeze didn't create any new jobs. When we checked with the Department of Industry and Commerce to find whether in fact any companies had come to Manitoba because of the Hydro rate freeze, they told us there were none who did so, because of that specifically. A Hydro rate freeze might extend for three or five years, and we sat and talked to the companies as to what they were interested in. These are companies making 15, 20, 25 year investments looking to amortize their investments over that period of time, and they are looking for what the long-term future of Hydro rates are. They are far more interested in that and they are very pleased with the long-term predictions for Hydro rates in Manitoba. But that is one point that one can have, I think, a legitimate difference on and that legitimate difference has been expressed in the House.

The other point that was made is that there would be no profits and that has been made very much by the people on the other side, and I think one can assert that, but I think that asserts that without foundation. All the numbers show that there will be profits; all the analysis by independent people show that there will be profits. Conservatives on the other side have tried to say that there won't be profits; the National Energy Board's own analysis show that there will be profits. I'd prefer to go with the National Energy Board than with the Conservative Party. Their numbers have been consistently wrong in this respect and I don't think they have much credibility with the public with respect to their prediction of numbers of profits.

But I do say that the proof of the pudding will be in the eating and we are very confident in predicting that there will be profits and this is after costs, so we'll see. I'm quite certain that we will continue to be right as we've been all the time with our Hydro numbers, and they will continue to be wrong, so the future will judge that.

The third point that they raise is why bring in this act now if the sale isn't coming into being until 1993?

I think that's one valid point if you don't look ahead, and I'm surprised that the Conservatives aren't able to look seven years ahead. We had to clearly establish policy in order for people in Hydro and the Manitoba Energy Authority and other people that we are negotiating with, and we are negotiating with other people, to know exactly what the policy is in statute. There is no uncertainty. There will be no uncertainty after this act is passed.

Hydro development requires long-term planning. Calculations with respect to profits requires long-term planning. They know for certain why the sale was made starting 1993. The people we sold the power to had to make a judgment as to whether they would be building a thermal plant or whether they would not build a thermal plant and buy power from Manitoba, so they had to make a judgment as to what would be better for them seven or eight years in advance, and indeed they did that and they decided that they would buy power from Manitoba.

The National Energy Board confirmed that this was the best possible price we could achieve; that we would be making very substantial profits and this was to the benefit of Canada and to the benefit of Manitoba. They agreed with the Manitoba position having done their own independent analysis in as detailed a manner as ever has been done with respect to the National Energy Board submission.

So we have the Conservatives wanting to create or continue a sense of uncertainty. That isn't being done. We are being very clear. We are establishing policy; it is a policy we know the people of Manitoba want. We know they want long-term economic and social development. They have faith in our husbandry of the Hydro resource. They know it's a renewable resource. They know that long after the oil that has fed the Alberta Heritage Fund is gone, we will have water flowing through our Hydro dams in the North producing power, producing wealth for this province and we'll be ensuring that power is used for the betterment of our people. We will ensure that the wealth that is produced from those sales of hydro-electricity will be used to further economic and social development, so I would commend that all people on both sides of the House face reality and unanimously pass this legislation.

**QUESTION put, MOTION carried.**

**MR. G. MERCIER:** Yeas and Nays, Madam Speaker.

**MADAM SPEAKER:** Call in the members.

The motion before the House is the proposed motion of the Honourable Minister of Energy and Mines, Bill No. 14 for Second Reading.

**A STANDING VOTE** was taken, the result being as follows:

### YEAS

Ashton, Baker, Bucklaschuk, Cowan, Doer, Dolin, Evans, Harapiak (The Pas), Harapiak (Swan River), Harper, Hemphill, Kostyra, Lecuyer, Mackling, Maloway, Parasiuk, Pawley, Penner, Plohman, Santos, Schroeder, Scott, Smith (Ellice), Smith (Osborne), Storie, Uruski, Wasylycia-Leis.

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

May I remind members that votes are to be taken in silence. All those opposed please rise.

### NAYS

Birt, Blake, Brown, Carstairs, Connery, Cummings, Downey, Driedger, Ducharme, Enns, Ernst, Filmon, Hammond, Johnston, Kovnats, Manness, McCrae, Mercier, Mitchelson, Nordman, Orchard, Pankratz, Rocan, Roch.

**MR. CLERK:** Yeas, 27; Nays, 24.

**MADAM SPEAKER:** The motion is accordingly carried.  
The Honourable Government House Leader.

**HON. J. COWAN:** Madam Speaker, I move, seconded by the Member for St. Norbert, that the House adjourn.

**MOTION presented and carried** and the House adjourned and stands adjourned until 10:00 a.m. tomorrow (Friday).