

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, 9 July, 1986.

Time — 2:00 p.m.

**OPENING PRAYER by Madam Speaker.**

**MADAM SPEAKER, Hon. M. Phillips:** Presenting Petitions . . . Reading and Receiving Petitions . . .

## PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

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

**MR. C. SANTOS:** Madam Speaker, the Committee of Supply has adopted certain Resolutions, directs me to report the same and asks leave to sit again.

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

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

**MOTION presented and carried.**

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

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

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

It is my pleasure to table the Annual Report for the year ending December 31, 1985, of the Manitoba Civil Service Superannuation Board.

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

## ORAL QUESTIONS

### Credit rating, Prov. of Man.- Standard and Poor's

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

**MR. G. FILMON:** Thank you, Madam Speaker. My question is for the Deputy Premier.

In view of the shocking and potentially disastrous news of the fact that Standard and Poor's Credit Rating Agency has placed a AA-minus rating of all the outstanding debt of the Province of Manitoba and Manitoba Hydro on credit watch, what immediate action is the government prepared to take to prevent the credit rating from being further decreased, as has happened twice under the leadership of this NDP Administration, and to restore Manitoba's reputation as a good place

to invest and as a government that can manage its own financial affairs on behalf of the people of Manitoba?

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

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

The government obviously is concerned with the recent decision of Standard and Poor's with respect to the credit watch. It's certainly our intention to meet with them within the very near future to deal with the concerns that they have expressed and to provide them with the positive information with respect to the overall economic performance in the Province of Manitoba, further information with respect to the financial affairs of the Province of Manitoba to ensure that they have the necessary information with which to make their decisions.

I would suggest to the member, in the preamble to his question suggesting that Manitoba is not a good place to invest, that is not true. I think the fact that the investment figures show an increasing investment by the private sector in Manitoba indicates that the private sector has confidence in the investment opportunities here in the Province of Manitoba.

**MR. G. FILMON:** Madam Speaker, my question is to the Premier and it follows upon the response of the Minister of Finance.

Standard and Poor's in their assessment of the Manitoba situation said, "despite economic improvement in the last three years, the province continues to generate large operating shortfalls;" and, Madam Speaker, in view of the fact that the Minister of Finance has acknowledged that the potential of a drop in our credit rating would result in higher borrowing costs of up to one-eighth of one percent, how much will that cost? How much will the increased levels of interest rates cost the Province of Manitoba?

**HON. E. KOSTYRA:** The fact that we are on a credit watch and there has been no decision with respect to the actual level of rating is something that we'll be working on in terms of attempting to ensure that Standard and Poor's has the necessary information with which to make a positive decision with respect to the maintenance of that level. If they were to decide that there would need to be a decrease the amount that may cost the provinces cannot be calculated at this point. The impact on that would vary by markets where the province borrows.

There may be some impact in the U.S. borrowing market, but on the other hand, other markets are not as sensitive to the decisions of the New York based rating markets as is the U.S. market.

**MR. G. FILMON:** Madam Speaker, my question is directly to the Premier.

Standard and Poor's, the credit rating agency, have judged that Manitoba is not a good place to invest and

there is risk indeed, Madam Speaker, because of the fact that they are prepared to lower our credit rating. What is the Premier prepared to do to avoid the prospect of a further lowering of our credit rating, a lowering that has already taken place twice under his administration? What immediate action is he prepared to take to prevent that?

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

**HON. H. PAWLEY:** Madam Speaker, I think it's very unfair on the part of the Leader of the Opposition to suggest that Standard and Poor's have indicated that Manitoba is not a good place to invest. That certainly is not the advice of Standard and Poor's.

Madam Speaker, if the Leader of the Opposition could take a moment and check total capital investment in Manitoba, compared to the rest of Canada, he would note that our total capital investment is the third best in Canada. If you'd note building permit increases, value of building permit increases, construction increases, private and public sector Manitoba ranks well up amongst the first several provinces in Canada. Our record . . .

**MADAM SPEAKER:** Order please, order please. The honourable member is answering a question. I presume the question was important enough that the answer deserves to be listened to.

**HON. H. PAWLEY:** Madam Speaker, I'm glad that there isn't as much noise on this side when honourable members ask questions or we wouldn't be able to hear their questions, since we can't hear our own answers day-by-day.

Madam Speaker, insofar as action is concerned, the Minister of Finance will be sitting down with Standard and Poor's who will be advising them insofar as the capacity of the province, the economic performance of the province, plans that this government has . . .

**MADAM SPEAKER:** Order please.

**HON. H. PAWLEY:** . . . in order to ensure that financial management is done on a prudent basis.

Madam Speaker, we certainly will not be able to follow the advice of the Opposition, that during the Budget and Throne Speech Debate, demanded that this government spend an additional \$155 million, another \$155 million onto the deficit. Madam Speaker, if the Opposition, who suddenly want it all ways on Tuesday, increase spending; on Wednesday, reduction in the deficit, Madam Speaker, we would certainly not be following advice from honourable members across the way who change their line from day-to-day as to additional expenditures as against the following day, a reduction in deficit.

**MR. G. FILMON:** Madam Speaker, the very expenditures that the Premier refers to in Capital Investment, on borrowed money, have resulted in us being put on credit watch. My question . . .

**MADAM SPEAKER:** Order please. May I remind the honourable member that question period is not a time for debate.

The Honourable Leader of the Opposition.

**MR. G. FILMON:** Madam Speaker, if I may repeat my preamble, this is a new question.

The very investment that the Premier referred to, on borrowed Capital, has resulted in Standard and Poor's putting us on credit watch. What is he prepared to do, what action is he prepared to take with his administration to ensure that we are not decreased in our credit rating further?

**MADAM SPEAKER:** That question is not a new question. That is a repetition of a question that has already been answered.

The Honourable Leader of the Opposition.

**MR. G. FILMON:** Madam Speaker, each time that we have been put on credit watch in the past, our credit rating has been reduced. What new information will the Premier be providing to Standard and Poor's to convince them not to decrease our credit rating?

**HON. H. PAWLEY:** Madam Speaker, the actions on the part of this government are based, first and foremost, in maintaining essential services in the Province of Manitoba, essential services to the seniors, essential service insofar as health care is concerned, insofar as education is concerned, Madam Speaker, and other essential services of the Province of Manitoba. — (Interjection) — If the honourable member has further questions, Madam Speaker, I would be delighted to receive further questions. I am answering the particular question that the Honourable Leader of the Opposition asked from his speech.

**MADAM SPEAKER:** Order please. Could the honourable members of the Opposition please contain themselves. If they have questions that each wants to ask, there will be ample opportunity.

The Honourable First Minister.

**HON. H. PAWLEY:** Madam Speaker, Manitoba is not unique insofar as provinces having their credit ratings placed on watch or being reduced. In the last several years, there have been a number of provinces, including British Columbia, Saskatchewan, Quebec, New Brunswick, Nova Scotia, that have had the same registration by the credit companies.

It's a serious concern. The Minister of Finance will be dealing with this in a prudent way, not in a way that's demonstrated by way of panic, but prudence, reasonableness, sensitivity, in order to ensure that there is appropriate balance. That will not include the kind of "Tuesday, increase your spending, Wednesday, reduce the deficit" kind of philosophy that we hear from honourable members across the way, all things to all people in Manitoba. That's the Progressive Conservative Party of Manitoba.

**MR. G. FILMON:** Madam Speaker, this next credit rating drop would put us lower than all provinces except the Maritimes. My question to the Premier is were concerns expressed to the government by this credit rating agency, or other credit rating agencies, prior to their bringing in their most recent Budget in May of this year?

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

**MR. E. KOSTYRA:** Thank you, Madam Speaker. The first indication that we had of any concern from either of the rating services was the day before yesterday when we heard of the potential decision of this agency to put us on credit watch. There has been no indication of any change with respect to the other credit agency.

Obviously, when one looks at the various factors that go into decisions related to a Budget, the concern of what impact it may have on the credit rating of the province is one of the considerations that's taken into account, as is the overall level of deficit, as is the level of spending, as is the level of revenues.

I would just remind members that, as my Premier has indicated, members opposite have called for a lower deficit, or some members opposite have called for a lower deficit. It obviously may have some impact on what may or may not happen to Manitoba's credit rating. Other members have called for increased spending in amounts in excess of \$150 million.

Other members, when we brought forward tax increases in this Budget, even the Leader of the Opposition criticized us for putting tax increases on corporations, on banks, on interprovincial pipelines. They criticized us for increasing those taxes, Madam Speaker. In order to deal with the financial situation of the province, one has to maintain all the balances between revenues, between expenditures for needed services, and the level of deficit.

It's our intention to continue to work to reduce the deficit.

**MR. G. FILMON:** Madam Speaker, Standard and Poor's haven't talked about the performance of the Opposition; they've commented on the poor management of this government . . .

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

**MR. G. FILMON:** Madam Speaker, did the Government of Manitoba consult with the bond rating agencies, the credit rating agencies, prior to establishing this year's budget with a deficit of \$489 million, to assess what effect that deficit would have.

**HON. E. KOSTYRA:** I would just say, in terms of people judging this government, it was the people of Manitoba that judged members on this side and re-elected them, not a few months ago. I think we have to bear in mind as we deal with this . . .

**MADAM SPEAKER:** Does the honourable member for Sturgeon Creek have a question?  
The Honourable Minister of Finance.

**HON. E. KOSTYRA:** Thank you, Madam Speaker, as I indicated, it was the people of Manitoba that judged the actions of this party and government over the past four years and decided that they wanted a continuation of our efforts to improve the lot of Manitobans and to increase economic and job opportunities here in the province of Manitoba.

As I indicated, the various areas that we review when we look at budgetary items includes whether or not we think that certain decisions may have an impact on our credit rating. It is not the most paramount concern when one deals with the needs of Manitobans, but it is certainly one of the considerations.

I don't know if there was any specific discussion by staff with any of the rating agencies prior to the Budget, but we were certainly aware of the general views that they take, and there has been ongoing discussion with them since then, and that will continue until we get a resolve to this particular credit-watch situation.

**MR. G. FILMON:** Madam Speaker, my question is to the Premier. The Minister of Finance has indicated he's prepared to meet with the credit rating agency to present them with a plan of Manitoba's position and goals for the future. Is the Premier prepared to table that plan when it is developed; would he table it here in the House?

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

**HON. H. PAWLEY:** Madam Speaker, the plan that the Minister of Finance presents to Standard and Poor's will be one that is presented to them; it's internal. Insofar as the plan that we intend to pursue, that will be one that we will make quite public, Madam Speaker, as to our approach which has been an approach of maintaining essential services in the province of Manitoba. At the same time, balancing that as against prudent management of the finances of Manitoba and not, Madam Speaker, diverting from day-to-day into different courses of action that some others would recommend that we do in this Chamber.

**MR. G. FILMON:** Madam Speaker, a further question to the Premier. Is he saying that the government will only present its plan of the financial future of this province in secret to Standard and Poor's, and will not share it with the people of Manitoba? Is he going to tell Standard and Poor's one thing and the people of Manitoba another?

**HON. E. KOSTYRA:** The plan that we have presented to the credit agency, and one that we will be elaborating on, is one that we presented to the people of the Province of Manitoba, and that was . . .

**MADAM SPEAKER:** Could the honourable members of the Opposition please listen to the answer to the question that their leader has asked. I think that's reasonable to expect in question period.

**HON. E. KOSTYRA:** The information that we will be providing to the credit agency will be further details based on the financial and economic plan that was presented to the people of Manitoba in the Budget, and one that, Madam Speaker, I'm pleased to note there has been a great deal of positive response to by the people of the Province of Manitoba.

**MR. G. FILMON:** Madam Speaker, my question for the Premier is, in view of the fact that there will be more details in the plan presented to Standard and Poor's,

will he table those details in the House so the people of Manitoba are made aware of his plans

**HON. H. PAWLEY:** Madam Speaker, I answered that whatever is . . . Madam Speaker, the Minister of Finance has attempted to answer that, so have I, the Budget is a public document, other documents have been presented to Standard and Poor's and, Madam Speaker, we will be making our own presentation to Standard and Poor's, but the Opposition are certainly acting in a way that the Member for Niakawa indicated that they feel they have the right to act when he indicated on May 28, 1986 of this year that, Madam Speaker, I can have it both ways — I'm in Opposition and I can have it both ways, Madam Speaker. That's our Opposition. They proudly proclaim that they can have it both ways. Manitobans judged them on March 16th and said, you can't have it both ways. Manitobans judged them, Madam Speaker.

**MR. H. ENNS:** The 16th we still had you beat, it was the 18th that we lost.

**MADAM SPEAKER:** May I remind the Honourable First Minister that answers to questions should not provoke debate.

The Honourable Leader of the Opposition.

**MR. G. FILMON:** Madam Speaker, I just want to clarify the answer of the Premier because he has indicated that this will be an internal plan that will be presented to Standard and Poor's only. Is he saying that that information will be kept secret from the people of Manitoba and the members of this House?

**HON. H. PAWLEY:** Madam Speaker, this government has never kept any of its plans confidential, nor will we in this instance. If they want a verbatim recording of all the comments that the Minister of Finance makes to Standard and Poor's, that would certainly be not traditional, Madam Speaker, by the Roblin administration, by the Weir administration, by the Lyon administration to rating companies. But insofar as our presentation, Madam Speaker, on the basis of our presentation we'll be delighted, at all times, to debate it with the people of the Province of Manitoba. I wonder, Madam Speaker, if the Opposition had their way, and P.C. plans for people in the last election had been effected in the Province of Manitoba, where our credit rating would have gone with the enormous promises that they made, Madam Speaker, during the last campaign.

**MR. G. FILMON:** Madam Speaker, will the Premier then, if he doesn't want to keep it secret, agree to table the information that is being presented to Standard and Poor's here in the House? Will he agree to table it, a very simple question?

**HON. H. PAWLEY:** I don't know what I'm being asked to table.

**MADAM SPEAKER:** That again is a repetition of a question that has already been asked and to which an answer has been given.

**MR. G. FILMON:** Madam Speaker, we've had two different answers to that question and so I'd like to just clarify. He's given it both ways.

**MADAM SPEAKER:** May I remind the Honourable Leader of the Opposition that one cannot dictate the answers that they receive.

**MR. G. FILMON:** Madam Speaker, I don't want to dictate the answer that I receive. I just want to have clarification. Which is it? Will he table it in the House, or will he not table it in the House?

**HON. H. PAWLEY:** Madam Speaker, I don't know what I'm being asked to table. The Minister of Finance will present . . .

**MR. G. FILMON:** Madam Speaker, on a point of order, because the Premier doesn't seem to understand, all I want to have tabled is the information that the Minister of Finance said he's going to present to Standard and Poor's.

**MADAM SPEAKER:** The Honourable Leader of the Opposition knows that is not a point of order. It is a clarification of his question.

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

**MADAM SPEAKER:** The Honourable Leader of the Opposition with a new question.

**MR. G. FILMON:** Madam Speaker, I'm sure you'll appreciate my frustration at the Premier's inability to answer any questions.

Madam Speaker, my question to the Minister of Finance is: this new financial review that's going to be given to Standard and Poor's, what amount will it contain for contingent liability for outstanding debts under the Northern Flood Agreement?

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

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

As I indicated, the information that will be provided to the rating agency will be an elaboration and further details on the financial and economic find that has been tabled with the government. It will not contain new information or different information than what is contained in this budget document that provides the overall financial plans of the government for the next year.

**MR. G. FILMON:** Madam Speaker, referring to that answer, the elaboration and the additional details that the Minister of Finance has just talked about presenting to Standard and Poor's, will the Premier agree to have it tabled here in this House?

**HON. E. KOSTYRA:** Madam Speaker, that information is being provided literally on a daily basis to members opposite. It's provided through two committees of this House as we deal with the detailed estimates of all departments as they're reviewed in Committee of

Supply, it's two committees. It's been discussed to an extent in discussion regarding the Estimates in the Department of Finance, and through such vehicles as Interim Supply, as the Loan Act, and Loan Act (2) when it comes forward. That information is all provided to the House in the normal fashion.

**MR. G. FILMON:** Madam Speaker, the telex from Standard and Poor's indicates that large off-budget lending activities also have increased provincial liabilities. My question to the Premier is: has the prospect of Manitoba Hydro borrowing billions of dollars, 940 million of that in this fiscal year, impacted negatively on our credit rating?

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

**HON. V. SCHROEDER:** Thank you, Madam Speaker. People from Standard and Poor's met with Manitoba Hydro officials this morning and made it very clear to them that they felt that Hydro's export arrangements and process for construction and plans for construction were good.

**MR. G. FILMON:** Madam Speaker, I have one more question to the Premier.

Given that the intention of the Minister of Finance, on behalf of the Premier, is only to provide elaboration and additional details to Standard and Poor's, which is really, in effect, like going and rattling your tin cup on bended knee to the people in New York, Madam Speaker, what action is the Premier prepared to take, concrete action, to ensure that Manitoba doesn't have a further decrease in its credit rating? Won't the Premier answer anything?

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

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

It may be the style of the member opposite if he was in government to go on his knees with a tin cup to a rating agency in New York, but it certainly isn't the intention of this government to be dealt with in the manner that is suggested by the member opposite with respect to a rating agency.

It would be our intention to provide the additional information, the elaboration on the plans that was contained in the Budget Address and the supporting documents to ensure that they fully understand the situation with respect to the economy in the Province of Manitoba.

It is certainly our intention and it has been stated that we are concerned about the level of deficit. We have brought some steps in this Budget to reduce it from the level of 529 last year to just under \$490 million. It is our intention to continue to work to bring down the deficit, and we'll be ensuring through measures that have been discussed through Treasury Board to ensure that we maintain and stay within our budget allocations this year, Madam Speaker.

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

**MR. C. MANNES:** Thank you, Madam Speaker.

The Minister in his last answer uses the word "additional information." Madam Speaker, the last five budgetary documents that have been presented to us, or the year-end report for 1985-86, the detailed estimates of the revenue, the Main Estimates, the Auditor's Report covering the Public Accounts over the past year, and the Manitoba Budget Address. I ask the Minister whether the information he talks about is all contained within the five documents that have been presented to this House, or whether there will be supplementary statistical information that he will be presenting to Standard and Poor's that he will not, or has not, presented to the members of this House?

**HON. E. KOSTYRA:** Well, I don't know all the information that will be provided to them because they will be meeting with us, as they are meeting with the officials of Manitoba Hydro and asking specific questions, and we will respond to those questions. The information has been provided through the various documents and they will be certainly asking for elaboration. We certainly intend to ensure that they understand the situation with the economy in the Province of Manitoba, with the positive levels of investment and other economic indicators that indicate that this province is moving with respect to overall economic growth and on a relative basis is doing much better than most of Canada.

**MR. C. MANNES:** Madam Speaker, I'm asking the Minister if he will undertake to provide members of this House with copies of the answers asked and the questions given in response to those questions by Standard and Poor's.

**HON. E. KOSTYRA:** I have responded to any questions that have been asked by the members in terms of the information that I have and I will continue to do that. The discussions that take place with the agency, we will provide information that is on the public record and elaborate it in the fashion that they see the need for additional information.

**MR. C. MANNES:** Madam Speaker, a new line of questioning.

The release that came out yesterday on the wire came from the Canadian Dow Jones Wire Service. This arrived yesterday at 3:23 p.m. The Minister indicated in an earlier answer that the government had some prior notice of this matter the day before yesterday. I would ask the Minister why he did not forthrightly answer my question when I asked specifically about credit rating on Monday afternoon and also Monday evening at which time obviously he knew, had advance warning that this may occur.

**HON. E. KOSTYRA:** I have provided the information that was current at that time. I've got nothing to . . .

**MR. D. ORCHARD:** What did he just answer 10 minutes ago?

**HON. E. KOSTYRA:** Madam Speaker, I don't know if the Member for Pembina is interested in hearing the

answer. I believe that the Member for Morris is and I would like to attempt to answer his question. I have answered all questions on the basis of the information that was made available to me. What I indicated, that there was some indication the day before yesterday that they may be looking at that. It wasn't until yesterday afternoon that we were provided with the information that was taking place. So how could I give an answer to a question when I didn't know what the answer was.

**MR. C. MANNESS:** Madam Speaker, the Minister previously, in answer to a question, said the day before yesterday the government had prior knowledge that this may occur. Is he now changing his answer? Did the government not know then until yesterday, the same time indeed that we knew?

**HON. E. KOSTYRA:** I will say it again. The official notification we got was through the same mechanism of the telex. What we did hear the day before was that there was this possibility, and staff did have some contact with them, but it was until the next day that we received the detailed information from them indicating that this was taking place.

**MR. C. MANNESS:** A new question, Madam Speaker. Unless the government does something mid-term to change its budgetary position in this present fiscal year probably, by all likelihood, we will drop to an A rating. I would ask the Minister of Finance, what does this mean in qualitative terms, an A rating versus a AA rating?

**HON. E. KOSTYRA:** Well this is the same question that his colleague the present Leader of the Opposition asked me earlier in terms of what it may cost the Province of Manitoba.

I do not know the answer to that question. It may well be that if that were to take place after they review the matters related to the credit watch, that we may be downgraded and there may well be some impact in terms of increased borrowing costs for the Province of Manitoba. That depends very much on the conditions in particular financial markets. In the case of the U.S., they seem to be much more sensitive to the decisions of rating agencies in New York than other markets, but I cannot give a qualitative answer to that question.

**MR. C. MANNESS:** Madam Speaker, does an A rating mean that we are one short step away from being shut out of money capital, many important capital markets, given that some people within the industry believe that once you achieve the A status, that you're just one short step away from being shut out of a lot of capital markets.

**MADAM SPEAKER:** That question is hypothetical. Would the Honourable Member for Morris like to rephrase this question?

**MR. C. MANNESS:** Does an A rating mean that we are one short step away from being shut out of capital markets?

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

**MADAM SPEAKER:** Would the Honourable Member for Pembina please contain himself. There is an old saying that it's very difficult to hear when your mouth is open.

The Honourable Minister of Finance.

**MR. G. MERCIER:** On a point of order, Madam Speaker.

**MADAM SPEAKER:** On a point of order, the Honourable Member for St. Norbert.

**MR. G. MERCIER:** Madam Speaker, on a point of order, you have made certain intemperate remarks from the Chair, ignoring the fact that the Minister of Health, behind the back of the Minister of Finance — and that was the reason you couldn't see him — was making his own remarks. So if you wish to make remarks like that, make them to both sides of the House.

**MADAM SPEAKER:** May I remind the Honourable Government House Leader, that I had called the Honourable Member for Pembina to order several times and I will not tolerate any reflection on the Chair. The Honourable Minister of Finance was asked a question and is in the process of answering it.

**MR. G. FILMON:** The Chair will be a reflection upon.

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

**HON. J. COWAN:** Madam Speaker.

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

**HON. J. COWAN:** I distinctly heard the Leader of the Opposition, in response to your comments, say from his seat, and I quote: "The Chair will be reflected upon." I do not believe that he intended to reflect upon your comments or to reflect upon the Chair, and I hope he would take this opportunity to make that known because, as you are aware and all members of this House are aware, we cannot in fact have either, from the seat of their pants or standing in their place whence they should be, if they want to make comments to this House, reflections made upon the Chair.

**MADAM SPEAKER:** It is difficult for the Chair to hear all remarks made by members from their seats or otherwise when there is a lot of racket going on in the House. I did personally not hear that remark. I certainly will check Hansard, and as members are well aware, that it is the responsibility of all members to uphold the authority of the Chair and to conduct the business of the House in a seemly manner.

We are in question period, a question has been asked to the Honourable Minister of Finance and, as the Honourable Leader of the Opposition mentioned that he was very frustrated, I must share with the House that I am very frustrated when everyone tends to yell and holler and scream at the same time. Let us continue in an orderly fashion.

The Honourable Minister of Finance.

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

The information that I have from the chief financial advisors for the Government of Manitoba, both internally and externally, is that the allegation that the member makes with respect to what impact it may have is not true.

### Potash mine, Manitoba - Canamax input into

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

**HON. V. SCHROEDER:** Thank you Madam Speaker.

The Member for Lakeside asked on Friday why a Manitoba drilling contractor had been informed by Canamax that he would not be able to do the exploration drilling for them this summer which they had promised him previously. I'm informed that the work being undertaken on that, on our Manitoba potash project this summer, is the drilling of a shaft pilot hole, not additional exploration drilling. There are eight contracts to be awarded for this work and a number of companies have been invited to bid on each. The closing date was July 8. The main contract is for drilling work associated with the shaft pilot hole. Seven companies have been invited to bid, including two Manitoba companies.

The Honourable Member for Lakeside referred to a Clare Costen from Virden as a driller who was supposedly denied work, despite his experience. It is true that Mr. Costen had been associated with Crown Drilling Ltd. which drilled a number of exploration holes. However, it is not true that he has been denied drilling work in favour of the Saskatchewan contractor.

First, obviously, the contract hasn't been awarded yet. Second, Crown Drilling, the company with which he was associated, is one of the companies which is bidding and all bids will be evaluated on a technical and cost basis before a contractor is selected, keeping in mind the Manitoba preference clause which I had indicated to the House the other day. Mr. Costen has apparently severed his relationship with that company, with Crown Drilling, and does not, to the best of our knowledge, have the manpower or equipment to bid on the shaft pilot hole drilling contract.

Third, the nature of the work for the shaft pilot hole is significantly different from the exploration drilling which Mr. Costen undertook with Crown and it's critical to the sound technical design of the main production shaft must be completed to the highest standards.

In terms of employment opportunities, the Member for Roblin-Russell asked what kind of employment opportunities there would be this summer. The major activity is the drilling of the pilot shaft hole and it will take approximately 65 days, just over two months is what we expect and, until the bids for the key activities are evaluated, it is not possible to project precisely the level of local employment generated, but it is unlikely to be major. In general, skilled professional personnel will come from outside of the region and general labour will be recruited within the region. Most jobs will be skilled or professional in nature.

### Manitoba Hydro - meeting with Standard and Poor's

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

**MR. C. BIRT:** Thank you, Madam Speaker. My question is to the Minister responsible for Manitoba Hydro.

A few moments ago he had indicated to this House that representatives of Manitoba Hydro had met with representatives of Standard and Poor's. Could he please advise the House who requested this meeting and when was that meeting called?

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

**HON. V. SCHROEDER:** I would have to take that question as notice.

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

The Honourable Member for Morris.

**MR. C. MANNESS:** Madam Speaker, I beg to move, seconded by the Member for Lakeside, that under Rule 27 the ordinary Business of the House be set aside to discuss a matter of urgent public importance, namely, the implications of a warning to the credit rating of the province, which has already been reduced twice under the NDP government.

**MADAM SPEAKER:** Before determining whether the motion meets the requirements of our Rule 27, the Honourable Member for Morris has five minutes to state his case for urgency of debate.

**MR. C. MANNESS:** Madam Speaker, our government and indeed the citizens of this province have been given notice by a credit rating agency that we are now placed on a credit-watch list. Unquestionably this represents a warning from the bond setting agency that our credit rating could very well be downgraded. Madam Speaker, I say that there can be no more urgent issue to debate today, given that maybe, just maybe, we can convince the government to take some type of action, some type of action to deal with this deficit, such that this action by the bond rating agency will not occur.

Madam Speaker, twice already in the past three years credit rating agencies have downgraded our credit rating. As I recall, on both cases after we'd been placed on a credit-watch list. May 1983, Standard and Poor's dropped our rating to AA-minus. December 1984, the Canadian Bond Rating Services dropped our rating to AA-low. May 1985, Moody's reduced our rating to A1. In debate, Madam Speaker, the former Minister of Finance indicated that a drop in one notch in our credit rating could represent as much as one-eighth of a percent increase in the interest rate. Madam Speaker, compounding on top of a \$6.5 billion direct debt that type of interest rate makes me say that it's an urgent matter . . .

**MADAM SPEAKER:** Order please, may I remind the honourable member that the rule states very clearly that the member is to address the urgency of debate, not the content of the motion.

**MR. C. MANNESS:** Madam Speaker, there can be no more urgent debate than the one hopefully that you

will consider. Madam Speaker, one-eighth change alone against the debt that we have in this province within this fiscal year could represent an additional \$10 million or \$12 million cost, and hundreds of millions of dollars over the term of 15 or 20 years. There are six points to the urgency, Madam Speaker.

Firstly, we've already discussed, within the Treasury Section of the Department of Finance Estimates, the section dealing with managing the borrowing and the debt of the Province of Manitoba. We've discussed the issue of rating already. Madam Speaker, we've also considered the Budget in detail and passed it through this House; we have no other alternative to discuss some of these matters.

Secondly, the credit-watch listing was given to us as a warning. We are only one-third of the way through this fiscal term, Madam Speaker, and the government can act if it wishes to change the fiscal year-end standing, the deficit of this province, if it wants to part way through the term. And therefore . . .

**A MEMBER:** And avert the downgrading.

**MR. C. MANNESS:** . . . avert the downgrading of our rating.

Thirdly, as to why we should urgently debate this, Madam Speaker. Failure by the government to do anything will most certainly drop us down to an A rating, similar to New Brunswick, Nova Scotia and Newfoundland.

Fourthly, Madam Speaker, the debt is increasing expeditiously — it's increasing at an increasing rate. One-third of all new revenue, taxation revenue, has been directed towards servicing new debt, Madam Speaker. Spending is hopelessly out of control. We were going to try and convince the Opposition that \$100 million, for instance, should not be directed at this point and time to river bank clean up. There are more pressing priorities.

Fifthly, Madam Speaker, we will try and convince the Minister of Finance that he should come forward with an economic statement, or even a new budget to deal with this problem in attempting to reduce the forecasted deficit now standing at \$489 million.

And sixthly and lastly, Madam Speaker, the decisions made today will either do something, or do nothing, with respect to this cursed and needless and continuous half-a-billion dollar deficit that we've had over the past number of year. We will determine whether ultimately we can handle our fiscal affairs as a province in the decade of the '90's. Madam Speaker, the implications of a most probable downgrading are serious, there can be no better time to debate this matter. I hope you find my motion in order.

**HON. J. COWAN:** Madam Speaker, as you are aware, in order for this motion to be acceptable, there must not be another opportunity for the matter to be debated in the normal course of the business of this House. Because what is being asked is that we set aside the normal course of business of the House in order to debate something that is of such extreme urgency that it must be accomplished in that way.

You will recall as well that a similar motion that was provided by the Opposition in 1983, in circumstances

much similar to this regarding credit rating, was ruled out of order on those grounds, the explanation being given, by the Speaker of the Day, was that we were in the Estimates of the House, they were under consideration and that this matter could be debated during the course of those discussions. I believe that, given the fact that we are in the Department of Finance Estimates, there is ample opportunity for the debate on this particular matter to take place during the normal course of business of the House.

The Member for Morris indicated that we had already discussed that section of the Estimates where this matter would normally be discussed. It is my understanding that this matter can also be normally discussed under Item 9 in the Minister of Finance's Estimates, that being Public Debt, and there are a couple of sub-provisions there where this type of debate would be ruled entirely in order.

Secondly, there is also ample opportunity to discuss this matter under the Minister's Salary by any member of this House. So I would suggest to you that in that one instance alone is very much ample opportunity for the debate to proceed during the normal course of business of the House. So the motion would be out of order for that reason alone.

In respect to the other arguments which the Member for Morris brought into the discussion, let it be said that all members of this House are concerned about the way in which credit-rating agencies approach the budgetary policies of the government, and we believe that it is necessary to discuss with them their concerns and to present the case which we believe has been developed in the best interests of all Manitobans so that they in fact understand the many reasons that we have undertaken the fiscal policy we have.

**MADAM SPEAKER:** The honourable member still has some time left. I did want to remind him that comments directed toward the content are not in order as I reminded the Honourable Member for Morris.

**MR. J. COWAN:** Thank you, Madam Speaker, I accept your admonition and your suggestion that we relate more carefully to the comments regarding the actual rule itself. However, I do think it is important to state that when we are suggesting that this is not a matter that should be debated in the manner in which the Member for Morris has suggested, it should not be misinterpreted that it is not a concern of all members of this House. We believe, however, that we have a responsibility to the people of Manitoba who elected us to provide services, to provide good government, to provide a type of government that makes certain that their needs are taken care of, and that the economic environment in this particular province flourishes. And all those things are happening under this particular government and that is the message we must take, not only to the credit rating agencies, but to the people who elected us to serve them.

So, it is with that message in mind, we suggest there are many other opportunities to debate this particular item. We welcome those opportunities because we believe the message that we have to carry forward through those debates is one that is designed to best serve the interests of all the people of this province;



not only to take into consideration the concerns of the rating agencies, but to give them due consideration in the context of our overall role and responsibility as good government.

**MADAM SPEAKER:** There are two conditions to be satisfied for this matter to proceed.

The first condition has been met, in that I have received the proper notice from the honourable member of this motion.

The second condition is that debate on the matter is urgent and that there is no other reasonable opportunity to raise the matter. Given that the Estimates of the Minister of Finance are currently before the Committee of Supply, there is no case to set aside the regular business of the House to consider this matter. The motion is not in order.

The Honourable Opposition House Leader.

**MR. G. MERCIER:** Madam Speaker, with all due respect, I would challenge your ruling.

**MADAM SPEAKER:** Shall the ruling of the Chair be sustained? All those in favour say aye. All those opposed say nay. In my opinion the ayes have it.

The Honourable Opposition House Leader.

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

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

Order please, order please. The question before the House is, shall the ruling of the Chair be sustained?

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

### YEAS

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

### NAYS

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

**MR. CLERK, W. Remnant:** Yeas, 29; Nays, 25.

**MADAM SPEAKER:** The motion is carried.  
Orders of the Day.

**MR. D. ORCHARD:** Madam Speaker . . .

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

**MR. D. ORCHARD:** Madam Speaker, I rise on a point of order.

Madam Speaker . . .

**MADAM SPEAKER:** On a point of order?

**MR. D. ORCHARD:** A point of order and a matter of personal privilege.

Madam Speaker, would you take it upon your high office to examine Hansard and the remarks that you made of a personal nature to myself during the question period, to determine whether those remarks fall within the Rules of the House and, more importantly, within the conduct of the neutral office that you hold in this House?

**MADAM SPEAKER:** On a point of order, is the honourable member reflecting on the Chair?

**MR. D. ORCHARD:** Madam Speaker, I am not reflecting on the Chair. I am asking, as has often been done in this House, for you, Madam, to peruse Hansard to determine whether remarks made are in compliance with the Rules and in compliance with the neutral status of the office you hold in this House as a neutral arbitrator of this Assembly and this Chamber, and I would ask that you peruse the remarks of a personal nature that you directed towards myself during the question period to see if those remarks comply with the Rules of the House and your Chair.

**MADAM SPEAKER:** May I say to the Honourable Member for Pembina that, without perusing Hansard, the Chair has made no remarks that are outside the bounds of the office of the Chair, and I would hope that the honourable member is not reflecting on the Chair in any way.

The Honourable Opposition House Leader.

### MATTER OF PRIVILEGE

**MR. G. MERCIER:** Thank you, Madam Speaker, I rise on a Matter of Privilege, and I have a motion which I will make at the conclusion of my brief remarks.

Madam Speaker, this afternoon during question period on a very important matter, both to members of this side of the House and of the government side, during the course of questions you made certain remarks to the Member for Pembina related to — and I wish we had had Hansard so that we could look at the exact remarks — but you made reference to the Member for Pembina not being able to hear with his mouth open.

Madam Speaker, I submit that those were remarks that were insulting and offensive to the Member for Pembina and that, as I indicated at the time, what you did not notice or were not aware of, that the Member for Pembina certainly had made a comment to members on the other side of the House in response to the Minister of Health's comment from his seat to the effect of — well we'll go to a "B" rating — and it was that comment from the Minister of Health's seat, Madam Speaker, that inspired the Member for Pembina to make a comment.

I accept, Madam Speaker, the fact that the Minister of Finance was on his feet, and therefore you were unable to see the Minister of Health make his comment and perhaps not hear his comment.

But I indicated at the time, the Member for Pembina's remark was made as a result of the Minister of Health's comment that we, the government, could go to a "B" credit rating, Madam Speaker.

I consider, and members on this side of the House, consider your remarks to the Member for Pembina to be insulting, offensive, unparliamentary, Madam Speaker, and unacceptable to members of this side of the House.

I therefore move, Madam Speaker, seconded by the Leader of the Opposition, that the House request the Speaker of the House to apologize to the Member for Pembina for her remarks to him today.

**MOTION presented.**

**MADAM SPEAKER:** It's been duly moved and seconded, and I will take the matter under advisement as to whether the member has a matter of privilege or not.

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

**MRS. S. CARSTAIRS:** On a point of order, Madam Speaker.

On two occasions since this House began its sittings, I have not been able to attend division because I've been led to believe that the time frame was longer than it turned out to be. For example, today I was informed that there was ten minutes from three o'clock. The vote was taken at eight minutes after three, and I was not able to vote.

**MADAM SPEAKER:** For the members' information, the division bells ring for 15 minutes or until both Government House Leaders have indicated to the Sergeant-at-Arms that they're ready for the vote, and it's up to individual members to make their presence available in the Chamber in time for the vote when it is held.

**COMMITTEE CHANGES**

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

**MR. H. SMITH:** Madam Speaker, I'd like to announce changes to the Public Utilities and Natural Resources Committee: the Member for Churchill replacing the Member for Kildonan; the Member for St. James replacing the Member for Logan.

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

**MR. A. DRIEDGER:** Thank you, Madam Speaker. I also have changes to the Committee of Public Utilities and Natural Resources: Mr. Orchard for Mr. Filmon.

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

**HON. J. COWAN:** Thank you . . .

**HANSARD CLARIFICATION**

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

**MR. J. McCRAE:** Madam Speaker, is this the time for a Hansard correction?

**MADAM SPEAKER:** Anytime is fine for a Hansard correction.

**MR. J. McCRAE:** Any time did you say?  
On Monday, Madam Speaker, Page 1496, Dr. Mallea, M-a-l-l-e-a-f

**MADAM SPEAKER:** I thank you.

**ORDERS OF THE DAY**

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

**HON. J. COWAN:** Thank you, Madam Speaker. It's our intention to call Second Readings and Adjourned Debates on Second Readings today. I would ask you to call Second Readings as they are outlined on Page 4, starting with Bill No. 5 and continuing through to Bill No. 33 in the order in which they appear.

I would also add that there is a typographical error in respect to Bill No. 16, which is shown as being presented by Mr. Storie. That should read Mr. Plohman, the Minister of Highways and Transportation.

Then I would ask that you call Second Readings, Adjourned Debates, in the following order: Bills No. 3, 8, 9, 10, 22, 4, 11, 17, 18, 25, 28.

**MADAM SPEAKER:** Could I ask the Honourable Government House Leader to send that list up to me in that order?

**SECOND READING**

**BILL NO. 5 — THE TRADE PRACTICES INQUIRY ACT**

**HON. A. MACKLING** presented, by leave, Bill No. 5, An Act to amend The Trade Practices Inquiry Act; Loi modifiant la Loi sur les enquetes relatives aux pratiques de commerce, for Second Reading.

**MOTION presented.**

**MADAM SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**HON. A. MACKLING:** Thank you, Madam Speaker. I just have a few brief remarks. Copies of my remarks the Page will be giving to each of the respective critics on the opposite side.

Madam Speaker, the bill to amend The Trade Practices Inquiry Act is designed to expand access to the act and to broaden the potential use of the act.

At the present time, an inquiry into the act may be initiated only where four or more persons make a complaint to the Minister. The bill provides that the

Minister may initiate an inquiry whether or not a complaint has been received.

This dual access to the act is similar in concept to that which exists under the Federal Combines Investigation Act. As members will appreciate, the government can set up an inquiry without the necessity of specific legislation; however, this will formalize such inquiries, at least those regarding matters contemplated under the act.

The Trade Practices Inquiry Act also has certain powers regarding the price of products which foot-loose inquiries would not have.

With respect to the regulation of price, the current act provides that under certain conditions a maximum price may be set by regulation for any article or product sold to the public. One of the conditions is that the price of the article or product has increased by more than 10 percent in the previous year. These provisions were put into the act during the period of the Federal Anti-Inflation Board. While they may have been adequate during that period, they are not so when judged from a more general economic perspective.

As a result, this bill is designed to provide that price regulation may occur at a variety of stages of production, distribution or marketing rather than merely at the retail level.

As well, the bill would remove the necessity for price to have risen by a certain percentage before regulation could take place. There is clearly as great an economic problem where price does not fall when conditions would indicate that it should have as when price rises by some arbitrary figure such as 10 percent. The current act provides that the Lieutenant-Governor-in-Council may regulate price only where a Board of Inquiry has recommended such control.

This requirement will remain in place; however, the bill provides that the inquiry could be conducted by the Public Utilities Board and that the board may make orders in this regard.

The Public Utilities Board has developed expertise in a variety of areas over the past several years and, therefore, I believe it is expedient to use that expertise where rational to do so.

Madam Speaker, these are the substantive principles of the amending bill. I recommend the bill to the House.

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

**MR. J. McCRAE:** Madam Speaker, I move the adjournment of the debate, seconded by the Honourable Member for Riel.

**MOTION presented and carried.**

## **BILL NO. 16 — THE SNOWMOBILE ACT**

**HON. J. PLOHMAN** presented, by leave, Bill No. 16, An Act to amend The Snowmobile Act; Loi modifiant la Loi sur les motoneiges, for Second Reading.

**MOTION presented.**

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

**HON. J. PLOHMAN:** Thank you, Madam Speaker. I have copies of my speaking notes for members of the Opposition.

I am pleased to introduce the amendments to The Snowmobile Act for second reading, Madam Speaker. The focus of these amendments is the inclusion of four-wheel all-terrain vehicles in the act. Currently, snowmobiles and three-wheeled all-terrain vehicles are the only off-road vehicles covered by legislation. There are no provisions for other off-road vehicles such as the four-wheel all-terrain type. It is estimated that nearly one-third of all-terrain vehicles are the four-wheeled type, numbering some 4,500 in the province today, and these are not currently registerable or insurable.

In recent years, there has been a steady increase in the popularity of off-road vehicles both for recreation and utility purposes for such things as hunting, fishing, trapping and farming. The increased popularity has, in some cases, resulted in accidents, convictions and public complaints of noise or property damage. Some jurisdictions have enacted bylaws, but it is clear that provincial legislation would more adequately address off-road vehicle use.

The Department of Highways and Transportation has consulted with off-road vehicle manufacturers, enforcement agencies, dealers and municipalities, and representatives from all of these areas indicate that an off-road vehicle legislation act is required.

Therefore, my department is responding to those needs and is currently developing a new off-road vehicle act, comprehensive legislation. However, that will take some time and the preparatory work is required. Therefore, we will be proceeding with that legislation possibly in the next Legislative Session.

As an interim measure, we are addressing the need for off-road vehicle registration through amendments to The Snowmobile Act that is already in place. We are proceeding with these amendments in order to ensure that these vehicles can be legally operated, identified and insured.

As has previously been the case, all vehicles under The Snowmobile Act will be required to have a licence plate at the rear and a pair of identification decals placed on each side of the vehicle; but for the first time, this year, those vehicles previously registered can be reregistered under provisions of these amendments with validation stickers instead of new plates for the three-year period. This change will save the department approximately \$35,000 this year in not having to provide for new plates, rather stickers, just as we do for motor vehicles, Madam Speaker.

Amendments are also being made to The Snowmobile Act in order to reflect federal legislation for Criminal Code driving offences primarily related to impaired driving. Operators of vehicles under The Snowmobile Act will also be subject to driver's licence prohibitions, under I believe Bill C-19, the federal bill that came into force last December.

For instance, if someone is convicted of impaired driving while operating a snowmobile or all-terrain vehicle, they will be prohibited from operating any motor vehicle, as well, for that period.

Madam Speaker, I believe these amendments are good amendments, that they are necessary and will provide greater safety for operators, as well as for the general public, and I recommend them to this House.

**MADAM SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. D. ROCAN:** Thank you, Madam Speaker.

Madam Speaker, several weeks ago I raised the matter of including four-wheeled all-terrain vehicles, that they should be included in The Snowmobile Act, and I am pleased that the Minister and the government have taken my advice and have essentially incorporated my concerns in this bill.

Madam Speaker, I am happy therefore to indicate to you that my party and I will be supporting this bill, and if there should be any other matters that concern the users of the vehicles, I look forward to hearing from them in committee.

Thank you.

**QUESTION put, MOTION carried.**

### **BILL NO. 29 - THE WORKERS COMPENSATION ACT**

**HON. G. LECUYER** presented, by leave, Bill No. 29, An Act to amend The Workers Compensation Act; Loi modifiant la Loi sur les accidents du travail, for Second Reading.

**MOTION presented.**

**MADAM SPEAKER:** The Honourable Minister of Workplace Safety and Health.

**HON. G. LECUYER:** Thank you, Madam Speaker. My remarks will be brief.

As all members by now are aware, there is a committee that was appointed to review The Compensation Act of Manitoba, as well as all of the provisions of the act, to review changes in legislation in other jurisdictions and, as well, to review the policies and the procedures in place on the board.

It was a very comprehensive, broad mandate which was assigned to the board and it was the understanding, in appointing this committee by Order-in-Council, that as per section 100, that the committee had the powers to review and see all of the documents or any of the files and handle them at the board.

As it turned out, Madam Speaker, the commissioners of the board did not see the provision as providing them with that clear cut authority, and discussions which have been followed with the board and with the members of the committee made it impossible to resolve that issue. It was clear that we wanted the committee in order to satisfy the mandate, which was a broad one, to have access to the files if necessary; but the review committee does not have a mandate to adjudicate the actual claimants' cases, and in order to have access, if the Compensation Board actually does not authorize them to review the files, would then have to resort to requiring a signed authorization by individual claimants which would thereby give the expectation that they would then perhaps be able to pursue their case with a greater degree of facility.

That being the case, and it being impossible to resolve the issue otherwise, it has been made necessary to bring in an amendment which we have in front of us

and, essentially, that is all it does. It gives access to the files and, in so doing, it requires that these files or the information on the files, on the individuals, names be protected from being divulged publicly. There's also a provision for the files to remain on premises to minimize the risks of files being lost or being made accessible to the public.

As well, as I said, the mandate of the committee is also to review the procedures and policies of the board, and with that at mind, there is a provision in there which gives the members of the committee powers to request the files or the power to actually require members of the board to appear before the committee.

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

**MR. A. KOVNATS:** Thank you, Madam Speaker.

I would like to take this opportunity to thank the Minister of Environment, Workplace Safety and Health for bringing in this amendment to the act, which are the recommendations I had made to him earlier on, when we were first discussing this matter. I think, by the cooperation that was offered to him in the past, there will be no long debate on it because we agree. It's exactly as I had made recommendations and it'll go to committee and we will pass it at that time.

Thank you very much, Madam Speaker.

**HON. G. LECUYER:** Madam Speaker, if there is no further debate, I would thank the member of the Opposition for the suggestions and the cooperation and would move that the bill be sent to committee.

**QUESTION put, MOTION carried.**

### **BILL NO. 33 — AN ACT TO AMEND THE MUNICIPAL ACT**

**HON. J. BUCKLASCHUK** presented, by leave, Bill No. 33, An Act to amend The Municipal Act; Loi modifiant la Loi sur les municipalités, for Second Reading.

**MOTION presented.**

**MADAM SPEAKER:** The Honourable Minister of Municipal Affairs.

**HON. J. BUCKLASCHUK:** Thank you, Madam Speaker. I do have some very brief notes for the benefit of the members opposite.

The 1986 amendments are primarily matters of clarification, housekeeping, or items requested by municipalities to improve local government operations.

Changes involve clarification of "residence" for election purposes, an expanded definition of "municipality" to extend pension participation rights to quasi-municipal jurisdictions, such as the Leaf Rapids Corporation, increased certainty for municipalities involved with hospital extensions, or hospital grants, and a slight extension of grants in lieu of tax provisions, as they apply to provincial property within a wildlife refuge.

The remaining changes are grammatical, or housekeeping in nature.

I have, as well, for all members of the House, some notes on the amendments to The Municipal Act, as well as some notes for The Statute Law Amendment Election Act for distribution.

Thank you.

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

**MR. J. DOWNEY:** Madam Speaker, I move, seconded by the Member for Morris that debate be adjourned.

**MOTION presented and carried.**

### ADJOURNED DEBATE ON SECOND READING

#### BILL NO. 3 — THE CREDIT UNIONS AND CAISSES POPULAIRES ACT

**MADAM SPEAKER:** On the proposed motion of the Honourable Minister of Co-op Development, standing in the name of the Honourable Member for La Verendrye.

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

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

I am pleased to have the opportunity to speak on Bill No. 3 this afternoon. I'm sure the Minister in charge and also the board members have spent quite a few hours discussing this bill and coming up with a 144-page document. I still believe, even though there's questions to be asked on it — and I'm sure it's very difficult to please every credit union or every caisse populaire — but in general, I think it is quite a reasonable bill.

I would like to state in my opening remarks though, that the first credit union movement started in this country around the year 1900 in the Province of Quebec and from there, it expanded across this country of ours in quite a fast fashion. In general terms, I believe it has been serving its members well, right across Canada.

Having said that, Mr. Deputy Speaker, I do have a few short remarks or concerns I'd like to express. One of them, I guess, naturally you couldn't find — I am sure the members of the board and the Minister couldn't find — consensus to, when they were discussing them, but I'm sure that they were raised. One of them is that the credit union has considerable growth annually, that it has to put 5 percent of that growth basically into Central. Like in the community of Steinbach where the credit union accumulates assets of \$30 million annually, to put 1.5 million into Central can be quite a burden to the credit union. I'm sure, in the future, there can be more recommendations possibly made to the Minister and to the board, and if the board members so feel and the Minister so feels, changes can even be made at a later date.

The other point I would like to state is this Stabilization Fund, and again, I would like to mention that a credit union like Steinbach which is naturally one of the largest in the Province of Manitoba, it pays into the Stabilization Fund a half-a-million dollars annually. Naturally, this is to protect the shareholders in the credit union, and I don't think any one of us in this Chamber want to deny

that the general public — who invests money in a credit union — shouldn't have protection. Basically, the Stabilization Fund is there also to help those credit unions or caisses populaires that basically you could say are failing. Naturally, the records show that we have a couple.

This is what brings me to my concern, because I really do believe that — for instance, I'm going to use it often — having received pretty well half-a-million dollars out of the Stabilization Fund and its deficit has only been reduced by approximately \$300,000, and to this day it still has over a \$4 million deficit. I'm concerned about something of that nature, when we tried to keep something alive, maybe we should allow it to go its natural route and maybe fold.

It reminds me basically of what the Minister of Agriculture indicated in our Estimates when we were discussing the survival of the family farm. He indicated definitely that there were some that would have to fall on the wayside.

I think, in all fairness, I'm raising this because I believe any operation that we have should have this within its power that if it cannot show a reasonable return and if the future does not look bright, it has an opportunity to fail. I really believe strongly that the board and the Minister should look seriously at this, if there is no hope or no salvation for some of these organizations, that they have basically the right to fail and that basically we take our chips as they fall and allow them to fail.

In that respect, we are just using money from one source to help pay the others which basically possibly have no right due to mismanagement or — (Interjection) — unforeseen circumstances; might be some but I would not want to put it as unforeseen circumstances. That's where the — (Interjection) — unforeseen circumstances I cannot accept because I believe when credit unions make poor investments, they should have to pay for their experience. Basically that is what it amounts to.

For the unforeseen, I believe we want to have the Stabilization Fund — (Interjection) — well I'll let you make those comments to him. I believe you can do that in a better fashion than I would be able to.

The other point that I think should be raised and that is, while we're on Stabilization, it should be at a reduced scale. As a credit union possibly is doing better, I don't think it should have to possibly pay for the insurance at the same rate as the ones that are not running their organization in a well and equitable manner. For that reason also, I believe that possibly it should be that, because it is acting as an insurance and that it possibly should be at a reduced scale so that you don't, year, after year, after year, penalize the people that are operating an efficient credit union or caisses populaires; I'm referring to them as the same.

I think one step in the right direction — and here I want to compliment the Minister — and that is that dividends should not be paid unless a credit union has a certain equity level. I think that's a very good point and I want to compliment the Minister for having that as part of the bill.

So with these few comments, Madam Speaker, I would like to — (Interjection) — oh, Mr. Deputy Speaker, pardon me, I did not realize the change — we are prepared to allow this bill to move into committee and should there be some valid concerns to be raised during

the the committee, I'm sure that we would possibly like to, at that time, speak to it.

Thank you.

**MR. DEPUTY SPEAKER:** The Member for Morris.

**MR. C. MANNES:** Mr. Deputy Speaker, I only want to say a few words on this bill. I have no reason or wish to slow down its movement toward committee.

Mr. Deputy Speaker, I guess some of the comments that I would like to make, maybe to a degree, follow closely upon those made by my colleague, the Member for La Verendrye. Although I haven't gone through the bill in great detail, I'm confident, firstly, that it is acceptable to the credit union movement. I know they have been very instrumental in helping develop it.

I too, Mr. Deputy Speaker, want to caution the Minister that there isn't so much safeguard built into it in supporting the smaller credit union who through bad management, maybe should be allowed to live out its life and therefore go into a wind-down; in an attempt to continually draw on the strong. I use my experience, Mr. Deputy Speaker, as being involved in the cooperative movement with Federated Cooperatives. I wasn't a member of the board, but I was a member of a consumer cooperative who dealt, and who still does deal, very actively with that major central purchasing consumer co-op. I can say that if that organization hadn't, in my view, come to its senses like it did in the late Seventies, early Eighties, and allowed some of the failing local consumer co-ops to go out of business, indeed they would have represented a major threat to the whole organization.

All I caution the Minister is that he, firstly, be well aware of the experience within that large organization which, of course, has gone through cyclical changes; may be in for some difficult times as soon as this year but which has survived them up to this point in time. There's been great consolidation take place within that movement. In some cases, Federated has moved in and helped some of the locals to voluntarily wind down. In other cases, they were the moving force behind showing the local directors that really that was the only alternative.

All I would, again, ask the Minister to do, is to make sure that type of freedom still exists within this bill because if the movement, which I know he is so fond of and I guess I certainly have some high feelings and regards for too, is to survive, and quite obviously you can't so weaken the strong that you'll destroy the whole movement.

I also caution the Minister to listen very carefully to the debate associated with Bill No. 4, Mr. Deputy Speaker. I know we're dealing here with Bill No. 3 but there's no doubt in my mind that potentially the negative impacts of Bill No. 4 could have some very meaningful, some very negative effects upon the credit union movement. That's the type of bill that will cause greater stress to the small locals which lend, in a very high proportion to the farm community; not to some of the very successful ones maybe like Steinbach Credit Union which of course is a great variation and covers a wide cross-section of industrial make-up.

So, Mr. Deputy Speaker, with those few remarks, I look forward, too, to sitting through committee and

listening to any of the concerns that may be brought forward with respect to Bill No. 3 at that time and again, I take it, hopefully I can trust the Minister that not too much power has been given to each and every group such that the strong, and therefore the whole organization, will be unduly weakened.

**MR. DEPUTY SPEAKER:** The Minister of of Co-operative Development.

**HON. J. COWAN:** Yes, Mr. Deputy Speaker, if there are no other members wishing to speak, I would welcome the opportunity to close debate so that this can be moved to the committee where the type of discussions that the members opposite indicated will take place, can take place.

**QUESTION put, MOTION carried.**

**HON. J. COWAN:** I can save my comments for a later time but I would like to thank the Member for La Verendrye, the Member for Morris, and indeed their caucus for their constructive comments, for their cautions, for their suggestions and for their criticisms. I have enjoyed working with the Opposition critic, the Member for La Verendrye in this regard. I know that he will continue to provide those sorts of constructive remarks during the debate in the House, the consideration of this bill, because I think it will be more than actual debate, and during the review of the bill in the committee. I know that it is a large bill. I understand they spent quite a few hours discussing it, and certainly appreciate the effort that they have put into forming their remarks today. I know that will continue as we move this bill through the House.

I'd also like to take this opportunity not to reject the compliments that they gave the Minister responsible for the bill, but to indicate to them that those compliments really should be credited to the members of the Law Review Committee, the members of the credit union and caisse populaire system, the staff who worked long hard hours in trying to develop a consensus which we believe has been developed around the principles identified in this bill.

When speaking to the consensus, I think in the past I have suggested that it is the greatest consensus possible. That is an acknowledgement that there are specific concerns about individual issues in there that will be brought forward by some credit unions that they would want to make comment on, and they will certainly have the opportunity to do that once again during the committee hearings, and that they would want to address one more time. But I do believe the overall package is, in fact, the best possible consensus and a very good consensus that was reached only through a lot of hard work over the past three years on the parts of all individuals involved in the development of this legislation.

I think this House is probably somewhat unique in that I would doubt that there is a member in this House now who is not or has not been a member of a credit union or caisse populaire. I think that shows very clearly, and I make that without having the facts right before me — it's conjecture, but I think it's a well-founded one — as the Member for Morris says, that we all hold

the credit union and the caisse populaire system in high regard, high enough regard to invest in it with our own savings, and to conduct many of our own financial matters through the credit union-caisse populaire system. I think we will all work towards the furthering of that system, the strengthening of that system, the ensuring that there is a balance overall within the system that allows for the protection that is required and, at the same time, allows the flexibility and the freedom for individual credit unions and caisses populaires to take actions which are in the best interests of their own organization, as well as those of the overall movement. That is a balance that has to be struck over a period of time.

The members opposite have raised some important philosophical observations and considerations in respect to liquidity and stabilization. I indicate to them, at this point in time, we believe that we do have around those issues the only consensus possible, but we are prepared to listen to comments and to respond accordingly. However, I hasten to add that I do believe the majority of the system — as a matter of fact I know — that the vast majority of the system is in support of the principles as outlined in the present bill.

In respect to management issues, one has to in fact effect a balance. That is best done through the local membership exercising their control over the credit union, caisse populaire to the extent possible, and working within a regulatory and a developmental framework that this bill provides. I agree that if there are instances where the local membership feel it is better to merge their operation, that is an opportunity that should be available to them. In fact, there are mergers from time to time.

We have the examination program in place which assists credit unions in reviewing their own operations from a staff and an operational perspective; and certainly we'll continue working with credit unions to enable them to make the best informed decisions about mergers and, on the other side, about expansion because there are many strong credit unions and caisses populaires that would want to expand over time. I believe the bill allows for that to happen.

I certainly have listened with interest to the debate on Bill No. 4, The Family Farm Protection Act. I have to tell you that the Minister of Agriculture and myself have met with members of the credit union caisses populaires system to discuss their concerns about that bill. I hope we will be able to allay the specific concerns. I'm certain we will be able to allay the specific concerns they have in regard to that bill.

But notwithstanding that bill itself, what we do have in place now is a very healthy system out there, a very healthy credit union caisses populaires movement that is expanding in a reasonable fashion and does safeguard the money which over 300,000 Manitobans have invested in it, and I think will continue to grow and prosper within the framework of this bill and with the support and the encouragement of members of this House and the movement as a whole.

So I thank again the members opposite for their constructive comments and for their cooperation in moving the bill along, look forward to the discussions during the committee and the Third Reading of the bill.

**MR. DEPUTY SPEAKER:** The motion before this House is that Bill No. 3, The Credit Union and Caisses Populaires Act be read a second time. Is that agreed? (Agreed)

**MOTION presented and carried.**

### **BILL NO. 8 — AN ACT TO AMEND THE REAL ESTATE BROKERS ACT**

**MR. DEPUTY SPEAKER:** On the proposed motion of the Honourable Mr. Mackling, Bill No. 8, standing in the name of the Member for Riel.

**MR. G. DUCHARME:** Thank you, Mr. Deputy Speaker.

After careful review of the bill and notes provided by the Minister, I rise to speak in regard to Bill No. 8, The Real Estate Brokers Act.

First of all, the purpose of the bill is to make a few useful and relatively minor changes to The Real Estate Brokers Act. Some of these result from recommendations from the Winnipeg Real Estate Board and the Manitoba Real Estate Board and the Credit Union Central Manitoba. Others are primarily technical and are housekeeping in nature.

The bill also is very dear to my heart. It provides the furnishing of a new surety bond, which is considered to be a very important principle in the operations of the Securities Commission and also in the industry.

Mr. Deputy Speaker, the two major changes contained in the particular bill, one of them is requiring a broker or an authorized official to have some experience prior to being registered. This is long overdue. It remarks in the bill, lawyers and people with prerequisites of approximately two years in the business or some type of business relating.

It also allows for the commission to a brokerage firm outside of Canada to be included as a result of the same representations, but the difficulties that have come up in the last couple of years in regard to the franchise brokers and the condominium selling.

I do not believe — and the question will be asked when it does get to committee — I do not believe that this will allow brokers outside of Manitoba to list properties. I believe it will be only involved in participating in the selling portions of the commissions.

The other changes, Mr. Deputy Speaker, are housekeeping, and they reflect the introduction of limited partnerships and amendments to The Mortgage Brokers and The Mortgage Dealers Act, among other things which are fairly important.

I will have some questions at committee dealing with some of my concerns in regard to the bill, a couple of them refer mostly to agent. I was wondering why they're getting away from the referral to the agent in a particular case where brokers are the ones who carry the bonds and usually carry the licences, etc.

It refers also during the course of the bill, it is quite emphatic in regarding the term "individual," which I will also ask the Minister during the committee hearings to probably explain to us why that has been put into the act.

I also would, Mr. Deputy Speaker, have other questions. However, at this time I would like to move the bill to committee so these representations that have

been made to the industry allow the public and other members who have been affected by the bill, to comment at the committee.

**MR. DEPUTY SPEAKER:** Are you ready for the question?

**QUESTION put, MOTION carried.**

**MR. DEPUTY SPEAKER:** On the proposed motion of the Honourable Mr. Storie, Bill No. 9, An Act to amend The Public Schools Act, and it's standing in the name of the Member for Morris.

**MR. C. MANNESS:** Mr. Deputy Speaker, I'll stand this bill.

**MR. DEPUTY SPEAKER:** Stand.  
On the proposed motion of the Honourable Member for Radisson, Bill No. 10, The Manitoba Hazardous Waste Management Corporation Act, standing in the name of the Member for Fort Garry.  
The Member for Niakwa.

**MR. A. KOVNATS:** Thank you, Mr. Deputy Speaker.  
The Member for Fort Garry stood this bill on my behalf, and I would like to speak on it now if I may.

**MR. DEPUTY SPEAKER:** Is that agreed to? (Agreed)  
The Member for Niakwa.

**BILL NO. 10 - THE MANITOBA  
HAZARDOUS  
WASTE MANAGEMENT CORPORATION  
ACT**

**MR. A. KOVNATS:** Thank you, Mr. Deputy Speaker.  
I'm going to speak on the principles of Bill No. 10, The Manitoba Hazardous Waste Management Corporation Act. I offer general support of the concept of this bill.

The public is becoming more aware of the hazardous waste materials in our society and the need to control the hazardous wastes in our society, and the disposal and the long-time storage.

I am glad that this bill is being presented at this point, it's been a long time in coming. Because this particular government has been in power for five years the act is long overdue and the changes and the suggestions that come in this particular act. I can see the potential of this bill. It will bring out better management of hazardous wastes.

Each year, as technology advances, Mr. Deputy Speaker, we become more and more aware of the dangers of hazardous wastes and how to dispose of them; and each year we seem to be accumulating more and more. It's getting down to a point where, if we don't do anything we'll be up to our eyeballs in hazardous waste. We do have to take action right at this time.

(Madam Speaker in the Chair)

Madam Speaker, we do support the concept of a regulatory body, and I would suggest that when we are coming down to the nitty-gritty when it comes down

to the regulatory body where we have responsibilities as to how we're going to regulate, control, supervise, inspect and handle all of these different aspects of this act. We try to keep them, not at arm's length exactly, but separate so that we can give everybody the best possible protection.

This government has been in office for five years, Madam Speaker, as I mentioned. We've been talking about this program, and in the bill, and I don't want to get down to specifics, but there's a suggestion that \$35 million is the amount that's being allocated to get it off the ground and to see that it does the correcting job. I don't know whether this \$35 million is just window dressing and how much of it's going to be used to get the program started, but I hope it's not just window dressing, Madam Speaker, because it's going to require dollars to get it off the ground and \$35 million seems like the right figure.

I don't know how long it'll be before we're able to do anything about it. Is the government still studying the project? How much are they going to spend this year? They talk about \$35 million. Have we even got site locations picked at this point? I think these are all questions that have to be answered and will be answered, I'm sure, when we get into committee.

We've been burnt on a couple of occasions, particularly where there's been promises made of \$100 million for river clean-up and things of that nature, and we still haven't seen too much money coming out of that program. So I'm going to be pushing the Minister to see that we get started on it as quickly as possible.

My party will be supporting the initiative and the correcting of any of the problems we have in hazardous waste. I was wondering whether it was the intent, and it doesn't really specify whether it's the intent of the Provincial Government just to control the hazardous waste in the Province of Manitoba. I was just looking at the estimated hazardous waste, and it's 20,325 tonnes of hazardous waste that is accumulated in the Province of Manitoba each year. That's an awful lot of waste and we'd better get started on it as quickly as possible so that we can start to reduce that hazardous waste.

I was wondering, also, whether we are going to be bringing in hazardous waste from other provinces. There's nothing in this, but there's a way of controlling the profits and what to do with the monies that come into this corporation through the Cabinet. I think that there's a way of getting rid of the money or using the money for other purposes. Whether we're going to start it into a business project, I'm not really sure, but these are all questions that I'm sure the Minister will be able to answer.

I guess I've made about as much comment on this as I can at this point. There will be more things to be discussed once we get into the committee, but there will be general agreement on our side to be supporting this bill.

Thank you, Madam Speaker.

**QUESTION put, MOTION carried.**

**MADAM SPEAKER:** On the proposed motion of the Honourable Minister of . . .

**MR. G. MERCIER:** Madam Speaker, I discussed this matter with the . . .



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

**MR. G. MERCIER:** . . . Government House Leader. Could we revert to Bill No. 9, which was stood earlier?

**MADAM SPEAKER:** By leave, on the proposed motion of the Honourable Minister of Education, Bill No. 9, standing in the name of the Honourable Member for Morris.

### **BILL NO. 9 — THE PUBLIC SCHOOLS ACT**

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

**MR. C. MANNES:** Thank you very much, Madam Speaker. I'm pleased to be able to rise and speak on yet another amendment or another change to The Public Schools Act.

Madam Speaker, I must say, we're doing this with some frequency over the last two or three years and, of course, being such an important act as it is, it shouldn't come as any great surprise that we will have to deal with it from year-to-year and Session-to-Session.

Madam Speaker, I can't help but notice that over the last three years we are always dealing in the financial parts, Parts IX and X, I believe, of that particular bill. Of course, that says something. What it says is that this government, when it came into power in 1981, thought that it had been given, by the previous administration, an education support program that was full of holes, Madam Speaker. So the new Government of the Day felt obliged to develop a review, a commission under one Dr. Nicholls, and study all matters of public school finance throughout the Province of Manitoba.

Madam Speaker, Dr. Nicholls put a lot of effort into his task and he, I believe, tabled a report with respect to all financial matters in late 1983 or early 1984.

I bring this up, Madam Speaker, because the recommendations that were included within that report, and that were to be encompassed within the new Public Schools Act, or to the amended Public Schools Act, were for the next decade to address the very real concerns with respect to financing of education within this province.

Bill No. 9, Madam Speaker, once again gives proof that all the changes that the members opposite thought that they could include in legislation in 1985 would indeed, for once and for all, hammer into place an equitable funding formula that would no longer create any disparity between school divisions, one that would also allow every school division to know where they stood and allow them to plan for years ahead, and one, of course, that would take into account greater equalizations as between school divisions.

Madam Speaker, where we are now, even though it basically deals with Part X, Other Financial Provisions, it changes some of the regulations that apply to that portion. Madam Speaker, what we have now in place is an education funding model without reference to the act. It's in regulation. We have another portion of auxiliary grants that are now also in regulation. But most importantly of all, we have a grant system in place today that is unworkable.

Madam Speaker, I can tell you that in Estimates last year I asked the former Minister of Education one question. I asked her when all the school divisions in Manitoba would be on the new GSE formula. Her answer to me, in essence, said that everybody would be on in two years, that there was some number that would be coming on immediately, that there were other divisions that didn't would be grandfathered, in a sense, that they would not receive any less funding.

I began to realize, Madam Speaker, last fall, that that formula had a major, major weakness. I tried to make an issue out of it. As a matter of fact, I took it to one of the reporters at the Winnipeg Free Press. As a matter of fact, I'll use her name; it was Julia Necheff. I tried to convince her that this formula which, although it was no longer cast into the act, indeed it was now in regulation, was proving to be a very troublesome sore spot for this government.

The reporter in question went and talked to the Minister, who said no, I'll guarantee that regardless of what happens, no division receives lower amounts of grants, but it may take longer for everybody to come on.

She then indicated to the reporter that, indeed, the department didn't know how long it would take for every division to come under that formula.

Madam Speaker, now we're another six, eight months down that track. We now are beginning to realize that those divisions that are practising cost effectiveness indeed have virtually no hope of coming onto that formula and, indeed, if they're on it now. But other school divisions choose to spend more lavishly, to come on to that formula. Indeed, there is no guarantee in place that the division that is practising cost-effective spending will stay on the formula. It may be bounced; they can be totally bounced off.

So, Madam Speaker, what has happened in the space of three years, when we left that terrible GSP, the Government Support Program, that the former Lyon Government had left in place, the one that had so many weaknesses, supposedly in the minds of the NDP, now we've got a formula in place where school divisions don't know from year to year whether they're going to be on it or off it. What they also know is, if they practise any cost efficiency, that they're going to be penalized severely, and I'm not going to use specific examples, I'm generalizing.

So, Madam Speaker, even though Bill No. 9 doesn't make specific reference to the new funding formula that is in place, I think it's incumbent upon members of this House, when we discuss The Public Schools Act in any fashion and when we debate any bill on Second Reading, that we point out to the government the very weaknesses of that formula.

We challenge them to tell us how it will be that all divisions ultimately will come onto that formula. Because, as I state, and I will keep restating until the Minister of Education can show me that he has some grasp of that subject, Madam Speaker, I will keep saying that the formula is unworkable. There is no fashion that everybody can come onto that formula unless the government all of a sudden finds additional tens and I dare say \$100 million to move into education. If the debate earlier on today tells us anything, Madam Speaker, those types of dollars are not available.

I just wanted to indicate, Madam Speaker, that in committee, we'll look forward to some of the very

specific changes within that bill, ones dealing with the removal of the municipal board and as my colleague the other day mentioned, we wonder now, first of all, who is going to take the ultimate responsibility for borrowing. Is it and will it continue to be the Province of Manitoba for a local debenture issue, or will the local ratepayer still ultimately be responsible for the funds that had been borrowed? Is the local ratepayer's interest now the safeguard associated with his or her interest through the municipal board now being removed? We would ask whether there is any safeguard in place at all.

Madam Speaker, that was one issue. We can't but notice some of the new wording which now allows for the area of grants, and again in the other grant, in the ancillary, the compensatory grant area, that those grants can drop. We're going to be asking the Minister for a further explanation as to why that wording is now included within the act. I would hope at that time the Minister is prepared to enter into a broad-ranging discussion into where he sees this whole area of finance and support of our school divisions under some common formula.

Madam Speaker, that's what's missing. We do not have a common formula in place today. All the best attempts, and we've spent literally hours on going through that formula in Estimates last year, all the best attempts to include within the formula all the variables that trustees, that Dr. Nicholls and that department staff considered as being important, to marry them all in one formula, as courageous as that effort was, really, again, and I repeat, we have in place a formula that does not work, a formula that, again, is causing divisions, one by one to line up and request an audience for the Minister of Education to request additional or supplemental funding.

So, Madam Speaker, I thank you for the liberty of allowing me to move somewhat off of Bill No. 9; but I say quite honestly, this whole issue of school finance should be discussed in greater depth. At this point, there is only one bill before us dealing with the whole Public Schools Act. I don't think it would be fair or wise for some of us to speak out on the issue. I think we are prepared on this side then to allow Bill No. 9 to move to committee.

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

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

I'm pleased to close debate on Second Reading of Bill 9. I do want to say at the outset that I appreciate some of the comments that have been made by the Member for Morris and other members, particularly the Member for Roblin-Russell who spoke on Bill 9, that much of the discussion has not centred on the immediate details that relate to Bill 9.

First of all, Madam Speaker, in referring to the comments made by the Member for Roblin-Russell, I should indicate that there was some confusion, it seems to me in terms of his understanding of what the bill intended with respect to changes that were going to be made to allow us more flexibility in dealing with special revenue districts. There was no intention there to deal with the broader question of public school

financing, and I can assure the Member for Morris that he will have ample opportunity to discuss the system of funding for public school education in Manitoba.

However, the bill really, in a small way, was providing us with some flexibility to deal with the very real problem that he raised, and that is that without exception, Madam Speaker, school divisions are experiencing increased demand for services for children in the Province of Manitoba. There is that expectation that we are going to be able to do more and more in the educational system and what this amendment does is provide the province with flexibility in dealing with special revenue schools. I refer specifically to schools such as Shilo and Harold Edwards and Pointe du Bois and some of the — (Interjection) — others — yes, Pinawa.

Madam Speaker, what this bill does is allow us flexibility to move away from amounts of money that were stipulated in The Public Schools Act at a time when the other contributors to the costs of the school division were prepared, willing and able to provide large sums of money, larger sums of money on an ongoing basis. In many instances, the other funders to the system have through circumstance been forced to cut their contributions to those school districts, and what we're doing here is trying to react — (Interjection) — to special situations. I did. I said provide more — well, Madam Speaker, I won't get into a debate on what was said at First Reading. I would ask the members to read my comments. I believe I referred to the fact that this would provide us with flexibility in dealing with the needs of special revenue schools. This is what it does. It does not deal as the Member for Morris has suggested with the larger question of public schools financing.

The second portion of the bill, Madam Speaker, deals with the requirement in The Public Schools Act that capital facilities, capital projects, be approved by the Municipal Board. Madam Speaker, in the Province of Manitoba since 1969, all capital projects have been funded directly by the Province of Manitoba and 100 percent of the capital costs have been approved, supported, debentures guaranteed by the Province of Manitoba.

I point out to members opposite that the current system requires the approval of the Minister of Education, the Provincial Cabinet, Public Schools Finance Board, as well as — and this is important — the local school division before a project is approved. So there are a series of approval processes in place. Because 100 percent of the capital costs are guaranteed by the province, there is no need for the Municipal Board to be involved, nor has there been significant involvement for many years. So I don't see that as a major change.

Madam Speaker, a number of the other amendments that have not been referred to specifically in debate again are of an administrative nature, cleaning the act up and making it more consistent with the Charter of Rights, for example.

In closing debate, Madam Speaker, I can only say that I guess the prime motivation for these amendments was to deal with some of the financial problems that exist in the Province of Manitoba in the area of education. I certainly look forward to the debate and the remarks of members opposite with respect to public schools financing in the province.

The Member for Morris, Madam Speaker, couched virtually all of his remarks in terms of the weakness existing in the current government support to education programs. Madam Speaker, perhaps he speaks to the fundamental philosophical difference between us that he sees as a weakness, the requirement and the need of school divisions to meet the needs of the children in their divisions.

While I certainly would not be saying that the government support to education has proved to be a panacea, I don't believe from my review of the situation thus far that the Member for Morris' dream of a simple formula that is understandable to everyone can be found to meet the very diverse needs of school divisions and individual students in the Province of Manitoba. It's going to require a certain degree of flexibility. It's going to require a recognition, the recognition of the differing abilities of school divisions to provide supports locally, and it's going to require a recognition on the part of all participants in the system that individual needs have to be addressed and that, while it may be true that low spending divisions are uncomfortable with this formula, it may also be true that low spending divisions are those divisions with lower needs in terms of the student populations.

So, Madam Speaker, we will look forward to that debate. I am pleased to see that members opposite have seen fit to pass Bill 9 on to committee, and I look forward to further debate on the issue of public schools financing in my Estimates.

Thank you, Madam Speaker.

**QUESTION put, MOTION carried.**

**MADAM SPEAKER:** Is it the will of the House to call it 4:30? (Agreed) I heard some comments about 5:30.

## **PRIVATE MEMBERS' BUSINESS**

### **PROPOSED RESOLUTIONS**

#### **RES. NO. 15 — REFLECTION ON A MEMBER**

**MADAM SPEAKER:** Private Members' Resolutions, on the proposed motion of the Honourable Member for St. Vital.

The Honourable Member for St. Vital.

**MR. J. WALDING:** Madam Speaker, I move, seconded by the Honourable Member for Lac du Bonnet, that WHEREAS the Winnipeg Free Press edition of April 16, 1986 contained the words "Blackmail and Extortion" in reference to a Member of the Legislative Assembly in a column written by Frances Russell; and

WHEREAS these words are a reflection on a Member of the Legislative Assembly;

THEREFORE BE IT RESOLVED that the matter of the Frances Russell column in the Winnipeg Free Press edition of April 16, 1986 be referred to the Committee on Privileges and Elections.

**MOTION presented.**

**MADAM SPEAKER:** The Honourable Member for St. Vital.

**MR. J. WALDING:** Madam Speaker, this is not a partisan issue and it's not a matter of the Opposition and the government, and it's not really a matter of ideology. It is a matter of the Assembly and the 56 members of the Assembly who sit in this Chamber to consider the problem that is put before them as to whether words written in a newspaper referring to a member of the Assembly is, in fact, a breach of the privileges of the House.

I have tabled the offending article in the past, and it's quite clear in black and white for anyone wishing to read it that Mrs. Frances Russell uses the terms "blackmail and extortion." I would remind all members that those are criminal offences. They are libelous. They are clearly defamatory, and they are injurious to my reputation and, I believe, the reputation of the Legislative Assembly and of all of the members of the House. They, in fact, amounts to a scurrilous attack, one quite unworthy of a reputable and experienced journalist. Further than that, they are in my opinion a breach of proper journalistic ethics.

I do not wish to dwell on those particular words themselves, just to remind the members that there are unparliamentary words and expressions which members are not permitted to use against other members. Allegations of a criminal activity by a member would certainly be one of those unparliamentary expressions and would be promptly and very thoroughly ruled out of order, and we would be made by the Speaker to retract such a motion.

In this case, there is a member of the press using what is clearly an unparliamentary expression but you, Madam Speaker, I believe do not have the power to require a member of the press to retract or withdraw those particular words. I do have to wonder why a member of the press would be able to use an unparliamentary expression that we ourselves would not be able to use.

Since the Speaker cannot make that determination, that requirement on the part of a journalist, the House on the other hand can. It can make such determination as it wishes. What I am suggesting to the House is that they, rather than discuss some particular course of action, that it in fact refer the matter to a committee to allow that committee to discuss it and to report back, and for the House to take whatever action that it sees fit.

Where there have been reflections by the press in the past, Parliaments and Legislatures have tended to treat those as a breach of privilege although, strictly speaking, they are a contempt. But it has been the practice to consider a contempt to be a breach of privilege. That is what is being suggested, and that the House take some action in the case of that particular contempt.

I should mention to members, on top of that contempt, there was the issue of — oh about a week or so after this particular article appeared in the paper, I wrote a letter to Mrs. Russell with a copy to the Editor. I don't wish to be vindictive, nor do I wish to be vindictive in this particular case or to pillory the journalist concerned; but the letter I wrote to her was, I believe, a polite letter, and it asked for an apology and a retraction of what had happened, an apology in print for the words used. I pointed out that there was probably good cause and a good case could be made in a court

of law with an action for libel. That letter was ignored. I heard nothing more from Mrs. Russell or from the editor which makes it doubly contemptuous of me and of the House.

Quite frankly, I would have been quite prepared to let the matter drop, had I received some sort of a retraction in the press. I did not wish to let it go further than that.

I did seek legal advice on the matter and I was advised that an action would probably be successful in the court for libel, but my income has dropped considerably since last year; and quite frankly, I cannot afford to go to the courts to seek satisfaction. But I will remind all members that this Assembly is a court of record, from which there is no appeal, and the Assembly itself can act as a court and take the necessary action or the action that it sees fit.

So I present those facts to the members of the House, that there has been, not only a serious breach of journalistic ethics, but there has been, not one, but two contempts on a member of this House acting as an MLA and on the House itself. Not only is that a contempt of the journalistic question, it is a double contempt of the Winnipeg Free Press and I don't wish to go into that matter any more.

I put those facts before the House and suggest to them that this matter can be dealt with most expeditiously by having its Committee on Privileges and Elections discuss the matter, debate it, and make its report to the House.

**MADAM SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Madam Speaker. I wish to speak relatively briefly to this motion.

Firstly, I point out that the concern of the Member for St. Vital refers to a paragraph, in a column by Frances Russell, which reads as follows: "As several top government officials put it, the Premier would not and could not submit to blackmail and extortion." This the member has referred to as a scurrilous attack, with which description I would not disagree, but his complaint, Madam Speaker, in my view, is with the top government officials. He asks from his seat: who?

I say, Madam Speaker, through you to the Member for St. Vital, start at the Premier's Office where the letter was received and the officials in that office. That's where the problem is, Madam Speaker. The messenger in this case is only reporting the comments that came to her, as I understand it, from top government officials in the Premier's office. Madam Speaker, because of that, this motion causes me a great deal of difficulty. I would have very serious concerns.

In fact, I cannot support the motion, Madam Speaker. I cannot support referring this matter to a Legislative Committee, because what would happen there? The committee would meet; issue a summons to Frances Russell; the committee asks her to name her source. I think that, Madam Speaker, would be an absolute and total infringement upon freedom of the press.

I don't believe, Madam Speaker, that we can ever allow that type of activity to take place. We may very well disagree from time to time, and we all have in public life disagreed with descriptions or adjectives that

are used about us in the media — certainly I have in my own time. On one occasion, I did begin an action for defamation, as a result of which I obtained an apology.

Madam Speaker, I think that certainly is a clear alternative, and if the member feels strongly about it — he said he's received legal advice — that an action would probably be successful, then I think he has to simply make the decision whether or not he wants to pursue that, because that is another way of dealing with this matter.

But, Madam Speaker, to refer this matter to the Privileges and Elections Committee; to summon a reporter before it; to ask a reporter's source be named is totally wrong. It's something I don't believe members of this Assembly can, in any way, support.

That's why I say, Madam Speaker, he should go to the Premier's Office to find out which top government official in the Premier's office — by the way, Madam Speaker, who hasn't resigned within the past two or three months, because I believe there are a significant number of resignations from the Premier's Office — for whatever reason I don't know. But that's where his problem is or it's within his caucus. Go to the caucus meeting. Surely his caucus and Treasury Bench have sufficient power to find out who made the statement, Madam Speaker, but it's not a matter for this House to be voting in favour of this motion.

Madam Speaker, the member, I suggest, has another alternative. He is a man of principle, we all believe, Madam Speaker. If the Premier's Office or his caucus won't help him with respect to this matter — in finding out who made this statement and helping him find out that identity through the Premier's office and the caucus, so that he can obtain a withdrawal or retraction or apology — then he shouldn't be sitting on that side of the House, Madam Speaker.

What kind of support is that side of the House giving to the Member for St. Vital? Madam Speaker, it doesn't appear to me to be giving him very much. I can assure him, if he were sitting on this side of the House, Madam Speaker, and a member of our caucus had a complaint like this — if we were in government, and someone had said something about one of our members of caucus, accused them of blackmail and extortion, and a member of our caucus was concerned that that was a scurrilous attack and was libelous and slanderous — our caucus would act in support of that member. We would find out, Madam Speaker, who made that type of scurrilous attack on our member, Madam Speaker, and he would get support on this side of the House for that.

I repeat, Madam Speaker, his complaint is against the Premier and it's against every member who sits on that side of the House who has not supported it and obviously not many, if any, have supported it, and that's where his real problem is. The proper resolution of that problem lies with the Premier and lies with that caucus and does not lie in approving a motion. Madam Speaker, which would infringe intolerably upon freedom of the press.

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

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

I rise in support of the motion, contrary to the previous speaker, and I would like to make a few comments about the extremely convoluted logic in the arguments I just heard.

The resolution deals with the matter of privilege in this House. The resolution says, that the matter of the Frances Russell column be referred to the Committee on Privileges and Elections. It doesn't say the specific person or the specific column. I think it's important that the matter of, in this issue that the Member for St. Vital has brought up, be looked at.

I also find that the partisanship of the Member for St. Norbert being extremely interesting. He points out initially in his comments that he cannot support the principle of this motion and will not support it. He points out that if the member were on his side of the House, then all of a sudden he would support it. This kind of parliamentary responsibility appalls me.

So the fact of what is being said here and what has been brought up very clearly by the Member for St. Vital is an issue that the Member for St. Vital, in good faith and with all common real concern from the members of this House, is saying that this is a matter concerning the MLA's representing the people of this province, and he as an MLA feels that somehow some wrong has been done to him by this particular issue.

The fact that he is a member on this side of the House or that he is a member on that side of the House, I do not see as particularly relevant in either of the WHEREASES or in the resolution. It is somehow relevant to the Member for St. Norbert. I find that somewhat disappointing from the Member for St. Norbert who I thought better of. The fact is I do believe that the matter of the Member for St. Norbert points out that he should go to the Premier's office and find out who said these scurrilous things — and I think "scurrilous" was the word the Member for St. Norbert used.

Well, I would like to read it again what was said in the Frances Russell column. I would also like to point out that I have a great deal of respect for the accuracy of the reporting of Frances Russell, for her abilities as a journalist, and I point out here — because I have a problem with this as does the Member for St. Vital — it says, "As several top government officials put it, the Premier would not and could not submit to blackmail and extortion."

I would like to point out that once again we have a deep-throat syndrome here. We have an attribution with unnamed people; several top government officials. Top government officials could mean in Frances Russell's interpretation somebody who is above the person who mows the grass; it could be somebody in the Premier's office; it could be somebody in a departmental office. There is no attribution of that statement. However, I think this should concern the Member for St. Norbert as much as it concerns me, the statement of blackmail and extortion. Those words are used without a specific attribution as to who said them, where they came from.

Is the Member for St. Norbert not concerned that any columnist now, or any newspaper reporter, or any magazine reporter, or any person who publishes any material in the public press of any kind can call him or me or any other member of this Legislative Assembly any name or any disgraceful acronym they want or any kind of opprobrious term that they want to attribute to us, as long as they say it comes from an unnamed

source. It comes from some government official. It comes from a secret source which, of course, if the member really believes in the freedom of the press, he would know better than to ask a member of the press to identify the source in a court of law, because freedom of the press means that the press has a right to keep its sources confidential. I believe in that right. I also have serious questions then about them using terms like this.

To give you another example: I don't necessarily think that the attribution of blackmail and extortion is offensive to an MLA. I have been called worse. I'm sure other members have been called worse in this House. I think I would not be personally offended by that.

Fred Cleverley, in a column he wrote a few weeks ago, referred to me, a sitting member of this House, as the "Goebbels of the Legislature". I would suggest that Lord Ha Ha of the Free Press can use whatever names he sees fit to me without my taking offence. I have no respect for Fred Cleverley. I have no respect for anything he says. If he calls me names, I consider that typical of Fred Cleverley.

However, I do think the issue of naming members of this Legislative Assembly attributing characteristics, was as the Member for St. Vital points out, are offences under the Criminal Code is something that Privileges and Elections should be looking at as a matter of principle.

Let me give you another example of the kind of thing that Privileges and Elections should be looking at, is the kind of unconnected facts being printed in the paper. Two NDP donors recipients of loan, there was a column about the NDP reporting its donations received from various sources and it says: "In 1984, the mining companies" — speaking of a specific mining company — "got a \$10 million loan on favourable terms for its Leaf Rapids. They gave the New Democrats \$1,000.00". There is no comment there. The next line says, "Such and such Graphics of Winnipeg gave the provincial party \$500, early last year received a \$1 million Jobs Fund loan". Then it says, "Al Mackling donated \$4,412.50"; and then it says, "Premier Howard Pauley gave his party \$2,200.00". There is nothing said. There is not a word said. There's not an accusation there. But I tell you that the readers are supposed to read into that is Al Mackling, the Member for St. James, the person referred to here is now a Cabinet Minister because he gave money; that the Premier is now the Premier because he gave money; that this mining company got a contract because they gave money.

I would suggest to members of this House that when the Conservative bonus list is printed — if I could have some order please, Madam Speaker.

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

**MR. M. DOLIN:** When the Conservative's donors' list is printed, if the same facts that X-amount of dollars were given to the Conservative Party and this company got X-amount of dollars in contracts, the readers would look and say, how could the Conservative Party have given them the contracts? There is absolutely no connection between those two facts.

The point I am trying to make is, this I consider totally irresponsible journalism . . .

**MADAM SPEAKER:** Order please.

**MR. M. DOLIN:** . . . Yes, Madam Speaker.

**MADAM SPEAKER:** Can we have some order please while the honourable member finishes?

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

The point I'm trying to make is the matter of two totally disconnected facts put together adjacent to each other to try to make a point where the reader reads in some certain conclusion from those two disconnected facts. In this particular case, we have seen it with something I consider rather trivial on the matter of donations of a major mining company of \$1,000 that somebody's going to assume they got \$10 million from the Provincial Government for giving \$1,000: No. 1, among other things we're not that dishonest, and No. 2, we don't come that cheap.

I have seen this done in a more serious way to members of the Executive Council of this province. I spoke before during my time — I'm speaking on the Budget — on this matter and the fact is the Member for St. Vital is very clearly concerned about a particular issue. The general issue of his concern is about the responsibility and the fairness of the press in attributing motives, in using parliamentary terminology, in allowing us as MLA's to get the respect for attempting to do our job as MLA's, representing our constituents, serving the people of this province in the best way we can and having the public recognize that we are all here attempting to do our job that the people elected us for as best we possibly can. To have to suffer slings and arrows of political fortune, I think is a reality of politics. To have to suffer outrageous, slanderous terminology being used by the media against us, as elected members, I think is something that we, as responsible elected members, not only as members presently sitting, but the future members sitting in this Legislature, have some responsibility to say, wait a minute, we must stop, which is what the Member for St. Vital is very clearly saying, is we must stop at some point and say, where do you go over the line? What are the real parameters of responsible journalism? What is the responsible manner to be able to deal with members of this elected Assembly?

When I hear the Member for St. Norbert, who I have some respect for as a parliamentarian and as a member of this House, say go to the Premier's Office, ask who said this about you. No. 1, where does he get the information this comes from the Premier's Office? It doesn't say that. How does he know that? I don't know that it comes from any office. I know it's attributed to "senior government officials."

I also know that the Member for St. Vital is offended by this and I think justifiably. I also know a further fact, that Frances Russell is a responsible journalist with many years in the field and I know Frances Russell did not intentionally — I am absolutely certain — put in her mind, or as a matter of planned and wilful nastiness, to attack the Member for St. Vital for being something that he is not, which is he is a decent member of this

Legislature. She is attributing something; I'm sure she got it from some place.

The fact of life is this was printed in the public media. It was read by the people of this province. The people of this province do draw conclusions, as they do from these two disconnected facts, as they did in the case of senior members of this government, in disconnected facts; and at some point maybe we, and hopefully the members of the Opposition will also think more carefully about this. Maybe we, and I think the Member for St. Norbert points out that he had a legal action, and the fact is maybe we shouldn't have to have legal actions.

Maybe there should be some responsibility for us to sit down and say what is fair, what is reasonable, what is responsible and decide that and see if we can negotiate, discuss, have some voluntary body oversee, to see that the continuing symbiotic relationship between the politicians and the press continues on a harmonious manner when neither of us feel it's incumbent upon us to have personal or underhanded attacks against either of us. We are both working. They are supposed to be the watchdogs; we are supposed to be the legislators.

I think those are both responsible roles in society. I think we should be taking them collectively, but I see no problem. Although I may not agree with the offence taken by the Member for St. Vital, I see no problem with referring this to the Committee on Privileges and Elections to look at the more general matter that has been raised here. I thank the Member for St. Vital for having raised it.

Thank you.

**MADAM SPEAKER:** The Honourable Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Thank you, Madam Speaker.

The resolution requests that the columnist reveal her sources to a committee of the Legislature who will ask what these sources are which made reference to blackmail and extortion.

Why would we ask, or why would a committee have to ask that when it's very clear in her article that it comes from a top government official and it's obvious that it comes from the Premier's Office?

If you read further down, it said, ". . . said another, it was made clear to Walding that the letter was a serious mistake but he, like other backbenchers, has the opportunity to work for a Cabinet position in the future."

Who said that? Who told, who made it clear to Mr. Walding that the letter was a serious mistake? I wouldn't think that it was anybody except somebody in a top capacity with the government at the present time, and from the Premier's Office. If we take a look at the other quote that she has, it says, "The Premier may be too consensual in some ways," the source says, "but there is one area in which he is very tough indeed. If you want to get into the Pawley Cabinet you have to be a team player."

Who would make the statement that if you have to get into my Cabinet, you have to be a team player, other than the Premier? So it's very obvious that this comes from a top source in the Premier's Office. The member who is concerned about what the columnist

wrote, and we have the member on the other side just saying he has respect for this columnist. That's right, she has in her column indicated very clearly where the reference came from regarding the statement that the Premier would not and could not submit to blackmail. When you tie that in with the other quotes, it's very obvious that quote came from the Premier's Office or from the Premier himself to one of his executives or one of his assistants.

I wouldn't want these government members over here to sit back and say, "Oh gosh, that couldn't have come from the Premier's Office." If it didn't, why didn't the Premier call the Member for St. Vital in and say that there's been a reference that this came from my office? I'm going to investigate it very thoroughly and when I find the person that made this statement, I can guarantee you, Mr. Member for St. Vital, that there will be action taken and you will have an apology and there will not be reference to my members such as that. But that Premier hasn't got the guts to do those kinds of things.

So it's very simple that the members opposite, who are part of Cabinet and colleagues of the Member for St. Vital, didn't walk up to him and say, "My goodness, nobody in the Premier's Office or no top official in this government or in this NDP party should make that kind of a statement about one of my colleagues. We are going to take action; we want the Premier to tell us who said it." None of you did that on the member's behalf.

Madam Speaker, it's very clear, it's unfortunate that the member has had to go to this length to find out who in the Premier's Office told the reporter what the Premier probably said, because it's very obvious from the other quotes that they're stating the Premier's opinion.

Madam Speaker, it's a very sorry situation and I'm afraid that we cannot hang the messenger in this case. We should just hang the person who made the insinuations and it looks like, it's pretty obvious from these quotes, that it came from the Premier himself to one of his top officials to a reporter.

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

**MR. H. SMITH:** Madam Speaker, I would like to be supportive of the resolution but I cannot be. I'd like to support it because he's a member of our team and a very valuable member; but the thing that amazes me is the Opposition.

First of all, the first speaker goes ahead and tries to be very partisan and use the effect to cause dissension within our ranks. The second speaker of theirs doesn't even know what a quote is. If you look at this article, it's not in quotation marks. You have to read very carefully and note exactly what is being said. It's not in quotation marks, so I think he should be able to tell the difference, but really this making a mountain out of a grain of sand. It is really not an important thing. It's sort of like to me, I think the Member for St. Vital is in error in moving this, because it's sort of like being at the head table at a banquet, and you spill a little gravy on yourself and you jump up and you start wiping it off so everyone in the whole

hall knows that you've spilt some food. It's not very important.

In fact, what is more important is the idea of supporting the press instead of harassing them. I do think my sidekick here does harass, but he does it in a good spirit, and not a very spiteful or meanful spirit like some of the members opposite.

I'd like to quote Thomas Paine who said this: "Those who expect to reap the blessings of freedom must, like men, undergo the fatigue of supporting it." You can't always agree with what you read.

Now the fact is the context of this column, anyone reading that column knows, anyone, even a Conservative will realize if he's got any brains that it is not referring to blackmail in the legal sense. It is referring to a type of action. There is no charge of breaking a criminal offence in this article. You read the article; you understand it; there is nothing to get upset about whatsoever.

Now I would be more upset over the Federal Government's initiative in going ahead and setting up a program where they tell a newspaper, you go ahead and print one of our six press releases we submit to you, and you can go ahead and have our full-page ad. That to me is more disturbing, because it's the idea of being able to plant your messages, absolutely buying them. With these tough times, some newspapers could succumb to that.

The fact is, it is important to maintain freedom of the press. If I had my way, I would label such newspapers as controlled papers and not free papers. There should be, in effect — I would think all you members opposite, you always talk about freedom. As soon as your freedom is threatened or society's freedom is threatened, you're silent. I don't think this article damaged the Member for St. Vital, and I don't think it damaged anyone in this Chamber.

All we're doing in this debate is focusing back, remembering, some of you coming out with opinions to further cause dissension, and nothing to be gained. It would be far more important to go ahead and to debate things that are important to the people of this province. This is not an important matter.

I would like to support him wholeheartedly because, as I said at the start, he's a member of our team and a valuable member, and I'm proud that he's on this team — (Interjection) — I wouldn't want to be your friend, to tell you the truth. I choose my friends, and I choose them wisely.

Thank you.

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

**HON. R. PENNER:** Madam Speaker, when I read the resolution, I asked myself the question, on what assumption is it proceeding, because it wasn't clear from the resolution itself. That has now been made clear by the introductory remarks of the Member for St. Vital, namely, he is raising a question of privilege and wants the committee to look into the allegation as an issue of privilege.

Now if, in effect, that's what it is, and the member says that's what it is, I have grave concerns with what the House is being asked to do. Let's recall. First of all, when the issue was raised, there was a Speaker's

ruling, namely, that in essence the material complained of — and that ruling incidentally is contained in Votes and Proceedings for Friday, May 16, 1986 — did not amount in the ruling of the Speaker to prima facie evidence relating to an alleged breach of privilege.

Now my first concern is this. I asked myself, is this in order, and I decided not to raise it as a point of order, because I think the member is entitled to have a full debate and to listen to the views of members in this forum. To raise it as a technical question as a point of order would not be appropriate.

But this leads me to my second concern. Assuming that technically it is in order, and I'll proceed on that basis, it seems to me that to pass this motion would set a very dangerous precedent. I'm raising this as a concern, my first concern, namely, that we would be effecting a means of challenging a Speaker's ruling by Private Members' resolution. I think we ought to think out the consequences of that before we proceed. I think that is not a wise move.

What we would then have or might have is, every time somebody is sufficiently dissatisfied with a Speaker's ruling and was unable to raise it in time or didn't raise it at the time, on reflection they could raise it by a Private Member's resolution. All you would need is a Seconder and you would have a debate on a ruling that was made some considerable time ago. That is not, in my view, a very wise course of action. For that reason, among other others — and I'll mention one or two others — I would caution against supporting this motion, even if one is inclined to support, as we all on this side of the House do support the Member for St. Vital with respect to the way in which he feels about the issue.

I have a further concern, Madam Speaker. In my view, the question of privilege and particularly reference of a question of privilege to the standing committee ought to be used very very sparingly. I would ask members to look at the powers which this House has. This House has formidable powers that are, I think, frightening in their extent. No doubt, they date back to the history of parliamentary institutions when such powers were needed. But to have a situation in which a body, not a court, is able to summon people to the bar of the House or the committee to have that person cross-examined under oath, to in fact make a finding that the person is in breach of one of the matters referred to in Section 42.1 of The Legislative Assembly Act, the first part of which: (a) “. . . insults to . . . — just insults — “. . . or libels upon, members of the Assembly during the Session of the Legislature,” and be able on such a finding to imprison.

Now you know this is a very serious matter. I would suggest that all of us, no matter where our personal loyalties might be, should think very carefully before we invoke the powers of the House to do that, because what in effect can happen? If it is suggested that we would move into committee and have some abstract discussion of the issue — well we're having that in a sense here. People can vent their feelings about that here. But if you go into committee, you're going into committee to formally investigate an allegation, a breach of privilege. You're going to summon people to the bar of the committee. You're going to cause them to be examined and cross-examined.

I wouldn't doubt for a moment that anybody who was summoned to the bar of the House for that purpose

will challenge the validity of this, probably successfully under Section 7 of the Charter as it is today, because that is not in my view due process. I think that is a serious use of power, and ought to be reserved, if used at all, for the most egregious of circumstances. I don't find that these circumstances are in that category at all. That's my second concern.

Now what occasions this request that we should use this power of the House to act as a court? What occasions it, of course, is a specific column and a reference which may or may not be libel. First of all, let me say with respect to the Member for St. Vital that, the old cliché, if you can't stand the heat, don't get into the kitchen. If you don't like to swim underwater, don't jump into the fishbowl.

We all of us at one time or another, in and out of this House, receive insults that may amount in law to libel. You know, unless there's a specific kind of allegation, you're a thief, you're a murderer, you raped somebody or something to that extent, these things including the language which is alleged to have been used, are not matters which — in my view at least — I, at least personally would go to court upon, nor in any event — and this is more to the point — are matters with respect to which the powers of this House should be used.

Just looking at the substance of the matter, whether or not this amounts to a libel, is certainly a question which I would be very hesitant to do more than express a tentative opinion on, let alone have a political committee express a view upon.

What we have is a reporter reporting something. Let's think of the effect . . .

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

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

**HON. R. PENNER:** Yes, I'm waiting for my colleagues to give me the courtesy of a hearing. I guess I won't get it.

The question of labelling as a libel, a reporter reporting what somebody said, one should be very, very careful because what you are doing is really attacking the freedom of the press. Think about it. In fact, the most recent case of that went to the Supreme Court — Armdale Publishing versus — I forget the name, or somebody versus Armdale Publishing. Armdale Publishing was the publisher of the Saskatoon Star Phoenix and the Saskatoon Star Phoenix printed, by one of its reporters, some statements that were made by citizens before a committee of the City Council of Saskatoon. It went all the way to the Supreme Court and the Supreme Court upheld a libel against the Star Phoenix. I thought at the time, and I think now, that was a very bad decision. In my view, that decision could not be sustained today in the year of the Charter.

For us, as a House, as a committee, to presume to get into the question of whether or not this is a libel, is very very dangerous. I believe, with the Member for Kildonan, that the press should be responsible and often isn't; that the press should be conscionable and often isn't; and I think what is needed there is a much better press council than we have in this province, but I wouldn't go beyond that.



If there is a specific question of libel of the kind that I mention, let the individual take a libel action. But for us, even indirectly, to attack the freedom of the press because a member feels that he has been hurt or slighted, is a very dangerous course of action. For those reasons, I must, with great respect to my colleague from St. Vital, oppose this motion.

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

**MR. S. ASHTON:** Thank you, Madam Speaker.

I've been listening with interest to the comments that have been made today and must say some of the comments have been in the best spirits of debate in this Legislature. Some, unfortunately, appear to have been motivated by partisan concerns. I think that's unfortunate because the issues that we're looking at here go beyond the normal partisan boundaries we often run into in this House in debate.

Madam Speaker, they're important issues. They're issues that relate to the privileges of a member; they're issues that relate to the conduct of the press; they're issues that relate to the general question of libel. I really think we should debate those issues with the kind of importance they deserve. I don't think we should try and turn this into a partisan issue, as members opposite have done.

In fact, I'm disappointed that other members opposite haven't chosen to participate in this debate, because surely the matters we are discussing are matters of concern to them. In fact I know that members opposite, in other circumstances, have been the first ones to cry wolf, Madam Speaker, about the conduct of the press. There are a number of members opposite who have had concerns about that in the past.

I would appreciate hearing their comments, both on the specific facts brought forward by the Member for St. Vital, and the remedy that member has suggested be taken in regard to particular concerns. I would like to address those, Madam Speaker.

I'd like to begin by saying, I think the Member for St. Vital does raise some legitimate concerns. I feel the terms that were used were certainly negative reflections on that member and they are words, Madam Speaker, which do have legal connotations. They are certainly criminal offences, although I don't think they were used in that context. So I think the Member for St. Vital has a legitimate point to raise, as he did previously, and as he has done today in this resolution.

I would say, Madam Speaker, beyond that, there surely must be a way in which this matter can be resolved, short of the remedy that the member is having to take. I note that the Member for St. Vital did write to the Free Press, I believe within days of the statements being made. I had to believe, Madam Speaker, that the decision in regard to whether any retraction would be printed, I'm sure is not a decision to be taken by Frances Russell. In fact, I believe Frances Russell to be an honest reporter. I believe, given the circumstances, that she might even consider withdrawing those words, certainly making it clear that she meant no imputation of criminal conduct on the Member for St. Vital.

I really feel in this case, that the proper resolution in this matter would be for the Free Press to print a

retraction, indicating that it certainly intended no imputation of criminal conduct by the Member for St. Vital; because as I said, Madam Speaker, perhaps the words in that context were not meant to impute criminal conduct, but they certainly could be read that way. I think that is what the Member for St. Vital is in fact raising. I note in his comments, he made specific reference to the fact that he had written to, I believe, the Editor of the Free Press, indicating that matter should be withdrawn.

I think it raises a broader issue, Madam Speaker. The previous member who spoke, the Attorney-General, did touch on the question of libel. I think that is one issue that is at stake here, Madam Speaker, and I think the previous member did raise some particular concerns about the impact of certain court rulings on the conduct of the press and their ability to act as a free press. I certainly subscribe to the need for a free press.

I would also point out, Madam Speaker, there's a responsibility that goes with any freedom. In the case of libel, there's a responsibility on the part of the press to be accountable for statements that are made. I feel, quite frankly, that the current libel laws are inadequate.

At the present time, taking a case such as this, what one has to prove, Madam Speaker, is not just that a statement was made which was inaccurate, which certainly was the case in this case, taking a literal interpretation of those words. There was no doubt in my mind that the Member for St. Vital did not commit the offences imputed to him. Not only does one have to prove that those charges are inaccurate, one has to prove malicious intent. I really do not believe that Frances Russell, in this case, had malicious intent. So in that case, technically, there was no libel committed.

But, Madam Speaker, whether or not there was malicious intent, those statements are still on the record. That is why I feel the proper way to solve this matter would be for the Free Press to withdraw those comments and indicate that it certainly did not intend that there should be any imputation of criminal activity on the part of the Member for St. Vital.

That really raises the further question, Madam Speaker, of how one deals with questions of this sort in general. The Member for Kildonan raises some very legitimate concerns about this matter and raises some very important suggestions about how we can better deal with situations such as this.

I feel that the Member for St. Vital, Madam Speaker, should be able to complain to a neutral body that can look at these kinds of concerns; can look at the other side of the coin; the need to protect the freedom of the press and can recommend a resolution that protects both the Member for St. Vital's privileges — not just as a member of the Legislature but as an individual — at the same time respects the need for freedom of the press.

I don't think any institution should have any blanket immunity from that sort of action or direction. In fact, I'm troubled sometimes, Madam Speaker, by some of the comments that we, in this House, make about people outside of this House because when we do make those comments, we have a certain level of immunity. In fact, we have probably more immunity than the press does. We can say virtually anything, Madam Speaker, in this House. In fact, members can make — what would amount to libels — if they were made outside of that

House. I don't think that is in keeping, Madam Speaker, with that balance I was talking about previously.

I feel we can have freedom of speech in the Legislature, while protecting the rights of innocent people outside of this Chamber against libels. Madam Speaker, I would be quite willing to subject my freedom, as a legislator, to some sort of review process, some sort of neutral process outside of this House, in cases where that problem arose. I think the press should do the same. I don't think it's a question of we, as legislators, trying to say what the press can and can't say.

I don't think that's what the Member for Kildonan has suggested. I think what he suggested, Madam Speaker, is that we need a better process for reviewing the conduct of the press, one that is neutral, one that does not involve the press supervising themselves, nor the politicians supervising the press; because neither of those approaches really deals with the basic problems: the need for fairness, fairness in comment, fairness that protects the rights of the press and the rights of individuals.

As I said, Madam Speaker, I see that we're all in a bit of a dilemma in this situation. I really think that many people in this House, even members opposite, sympathize with the Member for St. Vital. I think they've chosen not to indicate that sympathy for partisan reasons, Madam Speaker; and, quite frankly, I suspect the leadership on that side has perhaps indicated that members on that side shouldn't comment on this. I note that only two members opposite have spoken in this debate.

I find it unfortunate, Madam Speaker, because these are serious issues. They should be getting up and placing their comments on the record, indicating where they stand in regard to this matter, where they stand in regard to the specific concern of the Member for St. Vital, or what remedy they propose.

I think, Madam Speaker, that they should take the opportunity, in the adjournment of this debate today, to reflect on that and perhaps come in next time with a more reasoned approach that does address the key issues.

As I said, Madam Speaker, many people in this House sympathize with the Member for St. Vital's concerns. I think we go further. I think there's a general feeling in this House that it wasn't the reporter that was responsible, Madam Speaker, or even, as members opposite tried to suggest, that we should try and name whoever stated that particular statement, go on a fishing expedition. That's not the issue here.

The issue is the fact that certain comments were attributed to an anonymous source, which did relate to the Member for St. Vital, Madam Speaker, comments which I feel could be libelous, although probably not, which I feel are still unfair. I feel the proper resolution for this matter is for the Free Press to print that retraction, to say that there was certainly no intent to reflect on the Member for St. Vital, or suggest that he had been involved in any criminal activities.

I would suggest, Madam Speaker, that would be the end of it. In fact, I think that's what the Member for St. Vital is really seeking. As he stated today, he did write to the Free Press. They didn't even give him the courtesy of a response, I understand. He wrote to them one week after this incident took place, Madam Speaker, and he didn't get a response.

I think the least we can do, regardless of our feelings on the particular motion here today, is indicate our support for a colleague. When I say a "colleague," I don't mean a colleague as in a New Democrat, Madam Speaker; I mean a colleague as in a fellow member of the Legislature. I think we should all indicate our sympathies with the situation he's in and call on the Free Press to print that retraction and resolve this matter once and for all.

## HOUSE BUSINESS

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

**HON. J. COWAN:** Madam Speaker, on a matter of House business, I just want to indicate that after consultation with the Opposition House Leader, the Public Utilities and Natural Resources Committee will review the Report of the Manitoba Telephone System tomorrow at 10:00 a.m., as previously determined, and, if necessary, on Tuesday at 10:00 a.m.

I also want to note and thank Opposition members for their cooperation in moving legislation through the House, and providing us with constructive criticism this afternoon. Far too often, I think people dwell upon the lack of cooperation in this House and don't take note of the fact when true cooperation has been exhibited by all members of the House. We certainly appreciate it.

**MADAM SPEAKER:** The hour being 5:30, the House is now adjourned and stands adjourned until 2:00 p.m. tomorrow (Thursday).