

## LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 15 August, 1986.

Time — 10:00 a.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.

I move, seconded by the Honourable Member for Thompson, that the Report of the Committee be received.

**MOTION presented and carried.**

**MADAM SPEAKER:** Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

### ORAL QUESTIONS

#### MTS - existing conditions prior to formation of MTX

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

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

I have before me the copy of Order-in-Council 19, dated January 6, 1982, which caused the formation of the MTX corporation. It is signed by the Premier, as president of the Executive Council.

My question to the Premier is — (Interjection) — Yes, it's a measure which some might deem to indicate that the Premier is the father of MTX corporation, so to speak. But, Madam Speaker, my question to the Premier is, at the time that he signed this Order-in-Council causing MTX to be established, was he informed that Mitel International, a large international company that manufactures and distributes electronic components had cut off the credit to the Telecom Division of Al Bassan International, the company which MTX was to go into partnership with on a 50-50 basis to set up its Saudi Arabian operations?

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

**HON. H. PAWLEY:** Madam Speaker, to ensure accuracy in response, I want to check my records in that respect.

**MR. G. FILMON:** Madam Speaker, I note that this same Order-in-Council, 19, dated January 6, 1982, is also

signed by the Deputy Premier who at that time was the Acting Minister responsible for the Telephone System, and I wonder whether or not she was informed as to the aspects of the credit of Al Bassan International prior to MTX being established to go into a 50-50 partnership with that company.

**MADAM SPEAKER:** The Honourable Minister of Community Services.

**HON. M. SMITH:** Madam Speaker, I take that as notice. I remember more the original, prior to the joint venture, when we were involved with Bell.

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

**MR. G. FILMON:** Madam Speaker, given that this was one of the first acts of the new government, that it occurred within five weeks of that government taking office, what does she remember about the previous actions of Bell International?

**HON. M. SMITH:** Madam Speaker, I'm not the Minister responsible for that portfolio and I think it's more appropriate for that person to speak.

**MR. G. FILMON:** Madam Speaker, I'm just referring to the Deputy Premier's earlier comment about the fact that she remembers more about the previous actions of Bell International; and I'd like her to tell us what she remembers of those actions.

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

**HON. J. COWAN:** Madam Speaker, it's commonly known and accepted and there's no question whatsoever as to the propriety of asking questions to the Minister who is responsible for the portfolio at the present time. It's unacceptable, according to the Rules of this House, according to Beauchesne, Erskine May and whichever other source you might wish to refer to, to ask question of a Minister for a portfolio for which they were previously responsible.

I'm certain the Minister responsible for MTS at this time would be pleased to take those questions and, if required, report back at a later date - here or elsewhere - as to the answers.

**MADAM SPEAKER:** The Honourable Government House Leader, of course, is correct and that question is out of order.

**MR. G. FILMON:** Madam Speaker, which is why we need an inquiry, so that we can get to the bottom of all these funny answers.

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

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**MR. G. FILMON:** Madam Speaker, my further question to the Premier is, when he signed this Order-in-Council causing the formation of MTX, was he informed at that time that MTS was owed a substantial sum of money by Telecom, the associated company in Saudi Arabia, prior to its entering into the 50-50 partnership, a signal that I would think should have clearly indicated concerns about the liquidity and the financial stability of that firm; and that, Madam Speaker, should have triggered the realization in the Premier's mind that the words that have now recently been said by the Minister responsible for the Telephone System, that this was a high risk foreign investment? Was he informed of the fact that MTS was owed substantial sums of money by Telecom prior to its entering into this agreement of a 50-50 partnership in Saudi Arabia?

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

**HON. H. PAWLEY:** Madam Speaker, in order to ensure accuracy of response, I'll take that question as notice.

**MR. G. FILMON:** Madam Speaker, my further question to the Premier is, at the time that MTX was being formed and decisions were being taken by his Cabinet and his government to enter into these so-called high risk foreign investments, did he have information that would indicate that prior to the formation of MTX, MTS was lending to Telecom, the Saudi Arabian Associated Company of Sheik Al Bassan, to keep it afloat so that MTS perhaps would be in a position to collect its receivables at some point in future, that it was lending substantial sums of money to this company? Was that part of the information that was conveyed to him when he took the decision to become the father of MTX?

**HON. H. PAWLEY:** Madam Speaker, I would appreciate if the Leader of the Opposition wants to pose questions that he ensure that his questions are factual and not geared to attempt to create argumentative response. It's a serious issue and I'll accept that latter question, as well, as notice.

**MR. G. FILMON:** Madam Speaker, I wonder if the Premier could indicate whether or not the receivables that were owed by Telecom to MTS were ever paid, or if we set up MTX to capitalize our doubtful accounts over in Saudi Arabia with these various creditors.

**HON. H. PAWLEY:** Madam Speaker, I could this accept this question as notice, but it seemed to me to be a question that would be appropriately asked in committee.

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

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

**MR. G. FILMON:** Madam Speaker, my further question . . .

**MADAM SPEAKER:** Order please. When we have order, I will recognize the honourable member.  
The Honourable Leader of the Opposition.

**MR. G. FILMON:** Thank you, Madam Speaker.

My further question to the Premier is, has MTX or its Saudi Arabian subsidiary, SADL, taken shares in Telecom in lieu of wiping out the receivables that it held from Telecom?

**HON. H. PAWLEY:** Madam Speaker, I thought yesterday we agreed to refer this matter to committee for completion. This is clearly a question that is — (Interjection) — This is obviously a question that should be directed to the committee proceedings. I'm sure that the honourable member wants answers, and he wants the answer to be properly dealt with, in the proper forum, and that's . . .

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

**MADAM SPEAKER:** Order, order please. Order please. If other honourable members have questions, they know what the process is for posing them.

The Honourable First Minister, to finish his answer.

**HON. H. PAWLEY:** Thank you, Madam Speaker, for ensuring that there be some decorum in the House when questions are asked. Madam Speaker, obviously this is a question that is best presented in committee.

**MR. G. FILMON:** Madam Speaker, I am attempting to demonstrate that the Premier signed the original Order-in-Council . . .

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

**MR. G. FILMON:** As part of my preamble and, in so doing, Madam Speaker, it is my hope that the Premier would answer some questions. I am looking for answers not at the committee, but from this Premier who signed the Order-in-Council.

### **MTS - discriminatory hiring practices re MTX**

**MR. G. FILMON:** Madam Speaker, since the Premier isn't willing to answer or unable to answer any of these questions, my further question to him with respect to matters that are under consideration is who will be looking into the possible discriminatory hiring practices at MTX?

**HON. H. PAWLEY:** That question was dealt with a week ago, Madam Speaker.

**MR. G. FILMON:** Madam Speaker, in view of the fact that in the past the Premier has indicated that there were no requests or no rejections with respect to the hiring of women or Jews to work in Saudi Arabia by MTX, yet in view of the fact that on August 4, 1983, the Minister then responsible for the Telephone System, the Member for Dauphin, said in committee that MTS had taken steps to - and I'll quote - ". . . improve the orientation of people who would be going over there so that people are selected who will be compatible with that country."

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In view of the fact that this is clearly contradictory on the record of what this Premier has said to this House, will he not now open this whole matter up to full public inquiry so that we can investigate all aspects, both the questions that he cannot answer for me today with respect to the formation of the company, the information that he was given with respect to matters such as discriminatory hiring, with respect to the fact that many employees are saying they will not appear before the management consultants without being given immunity of being called as witnesses under oath, will he now call for the full public inquiry that we have asked for so that everybody can be examined under oath and we can clear the air on this whole matter?

**HON. H. PAWLEY:** Madam Speaker, that question was dealt with yesterday. The answer of yesterday remains so today.

**MR. G. FILMON:** Madam Speaker, the Minister has referred to the sitting of the Committee on Public Utilities as being the answer to these questions on several occasions today and indeed yesterday.

#### **MTS - subpoenaing of employees of MTX to committee hearings**

**MR. G. FILMON:** Yesterday, in response to the question, will the First Minister call an inquiry with powers to subpoena witnesses, this First Minister said, and I quote, "Madam Speaker, the committee of the Legislature can do that if the committee desires to do so." My question to the Premier is, is he going to instruct his members of the committee of the Legislature to agree to have witnesses subpoenaed under oath before the committee so that we can examine all of these matters that he's unable to answer for me this morning?

**HON. H. PAWLEY:** Madam Speaker, I answered that question yesterday, and I indicated that was within the powers of the committee.

Personally, I opposed witnesses being called under oath when there's a parallel RCMP investigation under way.

**MR. G. FILMON:** Madam Speaker, then who is it that the Premier doesn't want called before that inquiry, before that committee? Will he allow, for instance, Mike Aysan to be called before that committee to be able to testify under oath?

**HON. H. PAWLEY:** The Leader of the Opposition may want to prejudge the work of the committee for his own purposes or his own objectives . . .

**MR. G. FILMON:** I'm not prejudging anything, I want to know . . .

**HON. H. PAWLEY:** The Leader of the Opposition may distrust the effectiveness and the fairness and the efficiency of the RCMP . . .

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

**HON. H. PAWLEY:** . . . but let me assure you, Madam Speaker, that I have every confidence in the ability of

the RCMP to carry out its work if unimpeded. When allegations are made and not substantiated, it is a matter for the RCMP to ensure that the allegations are indeed well-founded. We are not, fortunately, living in some "banana republic"; we are living in a democracy. We have an RCMP . . .

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

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

**HON. H. PAWLEY:** We have the RCMP that we're all proud of as Canadians. I'm personally proud of the RCMP. I know that they will do their work effectively.

#### **MTS - judicial inquiry re MTX and subsidiaries**

**MR. G. FILMON:** Madam Speaker, I have the utmost confidence in the ability of the RCMP to conduct a full and complete inquiry into the criminal allegations. Unfortunately, does the Premier not realize that all of the questions I've asked him today do not involve criminal allegations, and do not involve the kinds of things the RCMP are going to investigate? So how will we get the full and complete airing of all of the concerns about MTX and its operations in Saudi Arabia and its related and subsidiary companies if that will not be investigated by the RCMP, because it doesn't involve any other criminal allegations?

**HON. H. PAWLEY:** Madam Speaker, all the necessary answers will be obtained without jeopardizing the work of the Royal Canadian Mounted Police. The cooperation of all members is required, all members of the public, in order to ensure that the RCMP are able to fulfill their obligations to investigate the allegations that are raised. Madam Speaker, I, for one, will not be the party to the jeopardizing of the work of the RCMP.

**MR. G. FILMON:** Madam Speaker, does the Premier not realize that I'm not talking about jeopardizing the work of the RCMP, that in fact I'm asking him to open up the inquiry to be able to investigate all of the allegations that are before this House, before this government, before the Crown corporation with respect to the practices of MTX and its subsidiaries over there. Does the Premier not realize that it is important to restore the good reputation of the Crown corporation and the confidence of the people who work for MTS, all of those people who have nothing to do with this, who are good, loyal, dedicated people, who just simply want to serve the public well and don't want to be damaged by this unfortunate venture into a high-risk, foreign investment made by this Premier and his government?

**MADAM SPEAKER:** Order, order please. Order please. I do hope the honourable member will keep his questions in order. Whether a member realizes something or not is not a proper way to phrase a question.

### **MTS - RCMP investigation re shoddy business practices re MTX**

**MR. G. FILMON:** Can I ask whether or not he understands that? I guess we'll have to assume that he doesn't understand that, Madam Speaker, so my further question then to the Attorney-General is, in his experience, what length of time will a criminal investigation under the RCMP take to get at all of the various allegations that are of a criminal nature?

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

**HON. R. PENNER:** That, of course, is a question which can't be answered because it varies from case to case.

For example, when the Provincial Auditor was called in to look at the A.E. McKenzie Seeds allegations, reported to the RCMP in July of '84 and subsequently charges were laid about a year later; that's one example. In the CFI case, it was of course the RCMP investigation which started the procedures, and it was only after the RCMP investigation that there was sufficient material to warrant a fuller inquiry.

The RCMP, it must be remembered, has a highly expertise and fully trained commercial fraud unit and all of the allegations that I have seen in the affidavit of Mr. Ferguson would be the kinds of things that they would look into. There's nothing disclosed by Mr. Ferguson which the RCMP would say, we won't look into that. They must look into all of those in the course of their investigation.

I can report to the House that as of this morning, the RCMP advised that they're fully on the case, that they have already interviewed Mr. Ferguson, they've interviewed one other employee, that they expect to interview others in the early part of next week. They are moving with speed to make sure that no avenues are closed to them and that no available evidence is unavailable.

I'm also advised that the RCMP in fact does have Interpol connections in Saudi Arabia, something of course that a judicial inquiry would not have.

### **MTS - judicial inquiry re MTX**

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

**MR. G. FILMON:** Madam Speaker, given that the McKenzie Seeds inquiry took approximately two years to come to its final conclusions with respect to charges and court appearances, given that this is a much broader-ranging type of investigation that involves people in Saudi Arabia, throughout North America and everywhere else, would the Attorney-General consider that two years or more is a likely prospect for the full investigation of this matter?

**MADAM SPEAKER:** That question is asking for an opinion.

**MR. G. FILMON:** Would the Attorney-General then inform the House if an estimate of two years is reasonable for this kind of investigation?

**MADAM SPEAKER:** That question also asks for an opinion.

**MR. G. FILMON:** I wonder, for the information of the House, Madam Speaker, if the Attorney-General can

give us any estimate as to how long this kind of investigation should take. — (Interjection) — Well, the Premier has already answered for him, Madam Speaker, so we'll ask the Premier then. If he doesn't want to have questions answered on this matter, if he doesn't want to have this matter fully and completely aired, will he then at least call for a full public inquiry so that we can have the air cleared and we can no longer have the kinds of misinformation and the kinds of conflicting reports coming back and forth between Ministers and the Premier and other members of committee, so that we can get to the bottom of this and clear the MTX situation once and for all?

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

**HON. H. PAWLEY:** Madam Speaker, in fact, if the honourable members would review the question period of August 14, they will find that the questions and answers are quite comprehensive that were dealt with. We can also check the meeting in committee and there were many questions and answers. There's been full completeness insofar as obtaining answers. There are a number of areas that I outlined yesterday that are being further investigated and answers will be obtained. The latter part of the question, of course, is the same question that has been asked for the umpteenth time by the Leader of the Opposition and there is a provision against repetitious questions in the House.

### **MTS - subpoenaing of employees of MTX to committee hearings**

**MR. G. FILMON:** Just to be absolutely certain as to where the Premier stands with respect to calling witnesses to a committee of the Legislature, because yesterday, and I repeat, in response to the question, will the First Minister call an inquiry with powers to subpoena witnesses, he said, Madam Speaker, the committee of the Legislature can do that if the committee desires to do so. Would he support that kind of initiative to ensure that witnesses are called before the committee to be able to be subpoenaed before a committee of the Legislature to answer questions that are not obviously going to be covered by the RCMP investigation or the other inquiry that he has put up under a management consultant?

**HON. H. PAWLEY:** Madam Speaker, again I dealt with that question yesterday, and I answered it fully yesterday.

**MR. G. FILMON:** Madam Speaker, there is nothing on the record that indicates whether or not the Premier would support calling, subpoenaing witnesses. So my question to him is, would he support the subpoenaing of witnesses to a committee of the Legislature so that we can have people called before the committee to answer questions on this matter?

**MADAM SPEAKER:** May I remind the honourable member that the Rules state very clearly that it's not necessary for a member to be satisfied with the answer. That question was asked yesterday; it was asked three times. — (Interjection) — Order please. It was asked

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three times now today. There were answers given and if the member is not satisfied with them, that's the way it is.

**MR. G. FILMON:** Madam Speaker, but the Premier's answer is that he answered the question and I see nothing on the record that indicates he has answered the question previously. Now, is he misinforming this House about what he has done, or is he prepared to come clean and just simply answer the question straightforwardly?

**MADAM SPEAKER:** May I remind the honourable member of Beauchesne's Citation 363: A Minister may decline to answer a question without stating the reason, and insistence on an answer is out of order, with no debate to be allowed. A refusal to answer a question cannot be raised as a question of privilege, nor is it regular to comment upon such a refusal. A Member may put a question but has no right to insist upon an answer. It's extremely clear in our Rules.

**MR. G. FILMON:** Madam Speaker, my further question . . .

**HON. H. PAWLEY:** Excuse me, Madam Speaker, just on a point of order.

**MADAM SPEAKER:** On a point of order, the First Minister.

**HON. H. PAWLEY:** I don't want the impression left that I refused to answer, because I have answered; I have answered very fully. Maybe for the edification of the Leader of the Opposition I could repeat . . .

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

The Honourable First Minister does not have a point of order. A dispute over the facts is not a point of order. However, whether a Minister's answer is satisfactory or not still means that a member cannot demand an answer to his satisfaction.

The Honourable Leader of the Opposition.

**MR. G. FILMON:** Thank you, Madam Speaker.

Then my question to the Premier is, will he direct his members, who form a majority on the Committee of Public Utilities and Natural Resources, to agree to a motion to subpoena witnesses before that committee?

**HON. H. PAWLEY:** Madam Speaker, yesterday - and I quote from the transcription I have of the question-and-answer period yesterday - I answered that question and I'll read to the House: "Madam Speaker, I want to however indicate very clearly that I would be totally opposed to the calling of any witnesses under oath involving matters pertaining to the RCMP investigation.

The honourable member, as a former Attorney-General, ought to fully realize that would not assist the RCMP in the investigation which I understand commenced yesterday.

**MR. G. FILMON:** Madam Speaker, in view of the fact that I did not refer to matters that were being

investigated by the RCMP, will he agree to the subpoenaing of witnesses and direct his members to support a motion for the subpoenaing of witnesses before the committee?

**MADAM SPEAKER:** The question that the honourable member just asked a minute ago, two questions ago, was would the Minister direct the committee? He now has asked again would the Minister direct the committee.

### Airports - federal cutbacks

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

**MR. S. ASHTON:** My question is for the Minister of Highways and Transportation, Madam Speaker, in regard to a rather important matter and that is the airport funding cutbacks announced by the Federal Government.

Several weeks ago, I raised the question in the House in regard to this matter. I understand that there have been changes announced to the funding by the Federal Government. I'd like to ask the Minister of Highways and Transportation what information he has received in regard to this matter.

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

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

I appreciate the member raising this very important issue in the House a couple of weeks ago. As a result of the efforts of the municipalities affected by the cutbacks that were announced unilaterally by the Federal Government during the middle of the fiscal year which were completely unreasonable, Madam Speaker, as a result of their efforts and the telexes that they sent requests for meetings and requests that we have made to the Federal Minister, we now have the new Minister of Transport from Newfoundland announcing that a change in a decision that was made by the former Minister from Western Canada, Don Mazankowski, to reinstate the funding for those municipal airports for this fiscal year and we're very pleased to get that.

**MR. S. ASHTON:** I thank the Minister for the response with that encouraging news. I understand, however, Madam Speaker, that there is still an indication there will be cutbacks in upcoming years, cutbacks of as much as 25 percent of the overall budget. I would like to ask the Minister whether he will contact the Federal Minister and indicate that these cutbacks are still unacceptable to the airports of Thompson, Brandon, Dauphin and many other airports across this country.

**HON. J. PLOHMAN:** Madam Speaker, that is — (Interjection) — the members opposite have a one-track mind and believe there is only one issue in this province.

**MADAM SPEAKER:** Order please, order please. Order please. I haven't recognized the Honourable Minister

yet. I will recognize the Honourable Minister when there is order.

The Honourable Minister of Highways and Transportation.

**HON. J. PLOHMAN:** Madam Speaker, we intend to make representation and working with the municipalities, with the towns and cities that are affected by this still dramatic cutback of 25 percent that we believe will impact on safety, on maintenance, on employment in many communities across this province to attempt to reverse this decision by the Federal Minister that was announced yesterday, that will see over a 25 percent cut across Manitoba in these municipal airport subsidies which may mean closures and impacting on safety. We intend to work with those municipalities and meet with the Minister to try to reverse that decision because that is completely unsatisfactory, notwithstanding the fact that it was reinstated for this year, Madam Speaker.

### MTS - rate increases

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

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

The Manitoba Telephone System has sought with success from the Public Utilities Board rate increases, four out of the last four years. Given the revelations over the past few days and the serious doubts that Accounts Receivable within MTX totalling some \$8 million may have been seriously unsatisfactorily evaluated and secured, and given the fact that the Minister of Telephones has indicated his desire to see that corporation reduce its debt, I'm wondering if the Minister can indicate whether MTS will be approaching the Public Utilities Board in the next few months for yet another rate increase, and whether that rate increase will be in the range of 11 percent, as was denied by the NDP just previous to the last election.

**MADAM SPEAKER:** The Honourable Minister responsible for MTS.

**HON. A. MACKLING:** Madam Speaker, I want to indicate to the House that in addition to the initiatives that we have taken to ensure that by virtue of the management audit we will protect the interests of MTS in its investment, that MTS has made significant investments in Manitoba, I would like to put on the record the kind of capital investments that MTS has been making under this administration.

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

**MADAM SPEAKER:** As the Minister knows that answers to questions should be as brief as possible, I hope he's not intending to spend a lot of time with his answer.

**HON. A. MACKLING:** Madam Speaker, I intend to be as brief as possible, if I weren't interrupted. I want to indicate the kind of rate comparisons that I think honourable members would like to have.

Madam Speaker, in '82-83, there was a \$110,730,000 invested by MTS in capital investment in Manitoba. In '83-84 . . .

**MADAM SPEAKER:** The Honourable Opposition House Leader on a point of order.

**MR. G. MERCIER:** Madam Speaker, the Minister obviously has detailed information here relevant to the question that was posed to him; he should be asked to table it and answer the question or sit down.

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

**MADAM SPEAKER:** Order please, order please. The Honourable Government House Leader.

**HON. J. COWAN:** I think perhaps the members opposite are a bit too anxious in regard to hearing the information which we believe is important information for all Manitobans to know and understand.

On a point of order, Madam Speaker, Manitoba Telephone System has made a significant investment in this province. We believe those are facts and figures which should be made available to the public. The members opposite not only want to ask all the questions, but they want to provide all the answers, and that's not the way that this House operates.

The Minister has stood to answer a question. The amount of capital investment which MTS has made in this province is certainly a factor which is considered . . .

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

**MADAM SPEAKER:** Order please.

**HON. J. COWAN:** . . . in the setting of rates and therefore applicable to the question which was asked.

We cannot, on this side, Madam Speaker, any longer abide by them trying not only to ask the questions, which is their responsibility and their right and we appreciate that they have to do that, but by trying to force the answers on Ministers of this side.

There is information that should be made available to the public, and we will make that information available to the public.

**MADAM SPEAKER:** May I remind honourable members of Beausheue Citation 358(2) which says, "Answers to questions should be as brief as possible, should deal with the matter raised, and should not provoke debate."

Order please, order please. Order please. I will also remind honourable members of Beausheue Citation 358(1) dealing with questions in that they should "not raise a matter of policy too large to be dealt with as an answer to a question."

If members ask questions that require detailed answers, we have - order please - usually in this House had the Ministers respond to those questions either by taking them as notice and tabling the lengthy details that are necessary; and we have tried very hard to have members ask questions that can be responded to in a brief and concise way.

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I have no way of knowing how lengthy the Minister's answer will be, but I did caution him and will continue to caution him that his answers should be as brief as possible, should pertain to the matter raised and should not provoke debate. If it's a lengthy, detailed answer dealing with statistics, he should table the information to the Chamber.

The Honourable Minister responsible for MTS.

**HON. A. MACKLING:** Madam Speaker, I will be brief. The honourable member asked questions in respect to investments and how they impact on rates, and I wanted to indicate the nature of investments that have been made by the Telephone System, approved by the Public Utility Board, and what we have done in the last several years in respect to that.

I work backwards: '85-86, \$147,823,000 invested in Manitoba, and yet our rates, Winnipeg, Manitoba, a residential rate, \$7.75, the lowest of Vancouver; Calgary; Edmonton; Regina; Ottawa; Quebec City; St. John's, Newfoundland; Charlottetown and Prince Edward Island - all lower than all of those other centres by far, Madam Speaker.

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

**MADAM SPEAKER:** Order please.

The Honourable Member for Morris is waiting patiently for his colleagues to settle down so he can ask his supplementary.

The Honourable Member for Morris.

**MR. C. MANNES:** Madam Speaker, given that the Public Utilities Board has told Manitoba Telephones not to come back for a rate increase unless a major comprehensive study has been done into their whole rate structure, in spite of the fact that their rates - using the Minister's argument - may be low vis-a-vis other jurisdictions, can the Minister tell me when this comprehensive study will be laid before the people of Manitoba? I understand it's being performed by Bell Canada, and whether that study will take into account the potential massive losses associated with MTX?

**HON. A. MACKLING:** Madam Speaker, I reject the premises contained in the honourable member's question.

I would confirm that a consultant has been hired. The Public Utilities Board did indicate that in view of the conditions involved in the growing competition in Canada, the concerns about the difference between long distance and local rates, they wanted to see a rate study. That is under way, Madam Speaker. That rate study will reflect the needs of the Manitoba Telephone System.

Honourable members complained that the rate increase wasn't sufficient. They said it had been dictated to be too low, Madam Speaker, so they can't have it both ways. We do have the lowest rates and apparently they were complaining before that we had indicated to the Telephone System that we wanted to keep low rates in Manitoba.

**MR. C. MANNES:** A new question to the Minister, Madam Speaker.

Will the Bell Canada study team be studying the political influence on rate setting that has occurred within the Province of Manitoba and, as Mr. Holland said on July 10, 1986, and I quote, "... relate MTS accumulated decisions over the years to trends in other jurisdictions."

Will they be doing that, but also taking into account the potential massive losses associated with winding down MTX operations in Saudi Arabia?

**HON. A. MACKLING:** Madam Speaker, I reject the premises contained in the honourable member's question. He's prejudging the audit that we have required to be taken in respect to the MTX operations.

There's no question but members on all sides of the House have been asking even more of the Manitoba Telephone System, more improved service, more individual line service, more greater area calling. We have instructed the corporation to look at the needs of the province. At the same time, we have shown our concern to maintain our position as having the lowest rates, virtually, in Canada.

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

**MR. J. DOWNEY:** Madam Speaker, I have a question to the Minister responsible for the Manitoba Telephone System, and I have a short preamble.

The question was asked during the committee of Manitoba Telephone System by myself, representing a constituent, and, as well, the Premier received a letter recently from that constituent who recently came back from Expo, who was extremely excited about some of the world technology in communications.

The question is, Madam Speaker, can the Minister of Telephones tell us why they have deviated from the normal \$525 per single-line telephone or for private phone to customers in Manitoba to something in excess of double that for a constituent of mine when the normal charges have been \$525? They are now increased to double that.

Is the reason for that their socialist experience and ill-advised venture in Saudi Arabia and the cost to the telephone users?

**MADAM SPEAKER:** The Honourable Minister responsible for MTS.

**HON. A. MACKLING:** Madam Speaker, the honourable member will recall that the interests in having Telephone System expertise involved in foreign lands originated when the previous administration was in office.

Madam Speaker, we have asked the Telephone System to consider new programs and new options for us in respect to improved services in Manitoba. I've indicated in the House the concerns to, over the course of a reasonable period of time, eliminate multi-line service and to introduce more effective calling area service. If the honourable member has a specific case in mind, of course, he should bring that to my attention and I will direct it - give me the name and the particulars of the individual and I will direct it to the corporation for response.

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

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## COMMITTEE CHANGES

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

**MR. A. DRIEDGER:** Madam Speaker, I have a committee change in Economic Development: Downey for Johnston.

## ORDERS OF THE DAY

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

**HON. J. COWAN:** Yes, Madam Speaker, could you call Second Readings on Bills No. 20 and 53; and, following that, would you please call Adjourned Debates on Second Readings on Bills No. 38, 39, 45 and 4 in that order?

## SECOND READING

### BILL NO. 20 - THE STATUTE LAW AMENDMENT ACT

**HON. R. PENNER** presented Bill No. 20, The Statute Law Amendment Act (1986); Loi de 1986 modifiant le droit statutaire, for Second Reading.

**MOTION presented.**

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

**HON. R. PENNER:** Madam Speaker, in accordance with past practice, I will distribute or give to the members opposite sufficient copies of explanation of the various sections of the bill so that each one of the critics who is interested may have the gist of what is being proposed.- (Interjection)- All right, I'll hand across 10 copies today and the balance either later in the morning - so I'll distribute this now and the copy, as suggested, with the significant amendments asterisked, either later this morning or on Monday morning at the latest.

The Minister of Finance says, sotto voce, there are no significant amendments because it's contained in the Statute Law Amendment, but there are some which are not as insignificant as others and those should be indicated and that will be done. So, with those words, not so much of explanation but of explanation about the explanation, I commend the bill to the House.

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

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

**MOTION presented and carried.**

### BILL NO. 53 - THE LEGISLATIVE ASSEMBLY ACT

**HON. J. COWAN** presented Bill No. 53, An Act to amend The Legislative Assembly Act; Loi modifiant la Loi sur l'Assemblée législative, for Second Reading.

**MOTION presented.**

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

**HON. J. COWAN:** Yes, Madam Speaker, this bill which has been developed through ongoing dialogue and discussion with members of the House, all members on both sides of the House, I believe acknowledges the changing role of members of the Legislative Assembly in today's times. The demands on legislators are much more so whether it be in this Assembly and discussing the issues of importance to Manitobans on a day-by-day basis, or whether it be outside of this Assembly when dealing with our constituents and trying to provide to them the best possible service.

The amendments, developed in consultation, provide for increased funding for constituency and legislative activities involving MLA's. When one compares what we are proposing in this bill with what is provided to MLA's in other jurisdictions, particularly those jurisdictions most applicable to our own circumstances, you will find that we are bringing the level of our services and therefore the ability for us to service our constituents to a more equitable level by comparison.

It does not bring it up to where many of the other provinces now sit, but we believe it is an improvement in the ability of us to fund the activities in which we are all involved. It applies equally, of course, to all MLA's and acknowledges that we all have some very serious responsibilities whether it be as members of the official opposition, as independent members, or as members of the government side when it comes to the work in this House and in the constituency.

The specific funding increases include increased allowances for research, constituency work and caucus supplies, and two additional annual mailings for MLA's to their constituencies. That, of course, provides us with the ability to do more work on the issues that come before this House and at the same time, through our caucuses and through our individual efforts in the constituency, to maintain greater contact with our constituents to inform them more of the issues which we believe to be important and, more importantly, I believe, to receive from them input, advice, suggestions and criticisms on the work which we all undertake to perform on their behalf when we run for election and sit in this House.

There are also increases for additional trips for MLA's so that they can travel at least once a week between their constituency and the Legislature for a total of 52 trips a year. The per diem allowance has been brought up to reflect the cost-of-living increase since it was last changed, and that applies to rural MLA's and, as well, MLA's attending legislative committee meetings outside the Session.

As I indicated earlier, we believe these changes recognize the more demanding role that MLA's are called upon to perform in the House, outside of the House and in the province as a whole. They also are indicative, we believe, of the desire of individual Manitobans to have greater access to us, as MLA's, and to the legislative caucuses and the legislative process.

I believe that these amendments, Madam Speaker, are indicative of the commitment of all of the members

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of this House, each and every one, to better serve their constituents, better serve the legislative process, to be more available and more accessible to their constituents and others who seek meetings with them, and will make our jobs that much easier, that much more meaningful, that much more effective and, through that, I believe, serve the public of Manitoba very well and I commend them to you.

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

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

I, too, would like to place a few comments on the record with regard with this bill, in support of it.

I think, Madam Speaker, it addresses what I feel certainly is perhaps our top priority as members of the Legislature, and that is to serve our constituents, whether it be in terms of providing them with information, helping them with problems, communicating with them generally, Madam Speaker.

I think this bill addresses those needs and provides all MLA's with the resources that they need to meet those demands that are placed on them by their constituents.

In fact, I think if one looks at the provisions of the bill, whether it be in regard to constituency access, whether it be in regard to communication or research, or whether it be in regard to providing MLA's with greater opportunity to travel to and from their constituency and the Legislature, I think all those specific items in the bill do address the basic goal, I think, of all members of this Legislature, which we all share, and that is to serve our constituents.

I think, Madam Speaker, the changes that are outlined in this bill essentially reflect the changing nature of demands that are being placed on MLA's by their constituents today. I look back in the five years in which I've been a member of the Legislature and I've seen how we've shifted. I remember only a few years ago when there was no provision for travel to and from constituencies to the Legislature outside of the Session, Madam Speaker. Here in the bill before us today, we're moving to 52 trips per year, which does allow members of the Legislature to travel to the Legislature from their constituencies to attend to government or constituency business outside of the sittings of the Legislature.

As I look at the other provisions, I think they all reflect that change. In typical Manitoba fashion, I think we've moved to a situation which is more comparable with other provinces, although still by comparison, somewhat modest when one does compare to the level of constituency allowances, for example, provided in other provinces. I do feel that despite the fact we still have a relatively modest situation, Madam Speaker, that it does allow us to be far more effective in dealing with our constituents.

Madam Speaker, the other day in Rules Committee I made reference to a term which perhaps, I think applies here as well, and that is the reference to parliamentary reform. I think the changes in this bill are very much in keeping with the movement that we've seen in many Legislatures across the country to reform their practices, to reform the way in which they operate. I think here in Manitoba, we're recognizing the increasing demands,

in particular, that are being placed on MLA's and the desire of members of this Legislature to provide the services which their constituents want.

So, Madam Speaker, I can speak without hesitation in saying that I can speak on behalf of all my colleagues in the NDP caucus, as Caucus Chair, in indicating our full support for the changes in this bill and our hope, in fact, our knowledge that these changes will greatly assist MLA's in providing even more services than they are providing at the present time and I think in the process, making the whole process of government, our whole role as representatives, as members of the Legislature, that much more effective.

I, Madam Speaker, speak in wholehearted support of this bill.

**MR. ACTING DEPUTY SPEAKER, M. Dolin:** Is anybody else going to speak.

Is there a motion on the floor?

**QUESTION put, MOTION carried.**

## **ADJOURNED DEBATE ON SECOND READING**

### **BILL NO. 38 - THE SECURITIES ACT**

**MR. ACTING DEPUTY SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Mr. Acting Speaker, we've examined this bill and we're prepared to pass it on to committee.

**QUESTION put, MOTION carried.**

### **BILL NO. 39 - MANITOBA ENERGY AUTHORITY ACT**

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

**MR. C. MANNES:** Mr. Deputy Speaker, we've had an opportunity to review the bill and we're prepared to pass it on to committee.

**QUESTION put, MOTION carried.**

### **BILL NO. 45 - THE CIVIL SERVICE SUPERANNUATION ACT**

**MR. ACTING DEPUTY SPEAKER:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Acting Speaker, we also have had an opportunity to examine this bill and are prepared to pass it on to committee to be considered, I believe, at the Industrial Relations Committee on Tuesday morning.

**QUESTION put, MOTION carried.**

### **BILL NO. 4 - THE FAMILY FARM PROTECTION ACT**

**MR. ACTING DEPUTY SPEAKER:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Acting Speaker, the Member for Minnedosa is prepared to speak and will be here with due haste if we could just wait a minute.

We could, Mr. Acting Speaker, leave it in his name and he'll speak later this morning, and the Member for Turtle Mountain is prepared to speak right away.

**MR. ACTING DEPUTY SPEAKER:** Agreed? (Agreed)  
The Member for Turtle Mountain on Bill 4.

**MR. D. ROCAN:** Thank you, Mr. Deputy Speaker.

I am pleased today to be able to address Bill No. 4, The Family Farm Protection Act. Like previous speakers before me, I would like to congratulate the Agriculture Minister for the very skillful political title of this bill, The Family Farm Protection Act. The title suggests that this government is doing something to help the family farm by bringing in a piece of legislation that would assist farmers who are in need of financial help. But, Mr. Deputy Speaker, it does not do what it purports to do.

There will not be any protection for these farmers as a result of this ramrod passage of Bill No. 4, The Family Farm Protection Act, in its present form.

Mr. Deputy Speaker, farm credit legislation continues to occupy a high profile in Canada and in Manitoba. Bill C-117, The Farm Debt Review Act, has just been passed by the Federal Government. We here, in Manitoba, are currently debating Bill No. 4, The Family Farm Protection Act.

As one might expect, these two pieces of legislation aren't necessarily compatible, although both are presumably designed to help the hard-pressed farmer.

Mr. Deputy Speaker, I'm concerned with the implication of any credit legislation and I am particularly concerned that Bill No. 4, in its present form, has the potential to do a lot more harm than good. But I also happen to think that there are some good aspects to what is being proposed in Bill No. 4, particularly if the Minister responsible would amend it to help reinforce and further some of the goals of the presently-passed federal legislation.

Mr. Deputy Speaker, let's compare both bills, C-117 and Bill No. 4. Bill C-117, The Farm Debt Review Act, provides for the establishment in each province of a Farm Debt Review Board consisting of a chairperson and not more than 10 members appointed by the Governor-in-Council. The Debt Review Board in turn has the power to appoint farm debt review panels to hear specific cases referred to it.

As the act is now constituted, any farmer in financial difficulty may apply to the provincial board for a review of his financial affairs, including assistance in facilitating an arrangement with his creditors. In addition, creditors must now give a farmer written notice of their intention to realize on their security.

The farmer has a period of 15 working days in which to apply to the review board for a stay of proceedings against him by his creditors. If the farmer elects to appeal to the board, then a review panel is set up to hear the evidence.

Creditors cannot take recovery action during a period of 30 days from the time the board receives the farmer's application. This time period is subject to extensions, to a maximum of 120 days.

During the course of the review, the panel will attempt to work out an arrangement between the farmer and his creditors. When an arrangement is agreed to, a legal agreement is established by the review panel. If no agreement is reached within the period of the review, a creditor may then proceed with foreclosure.

Now, let's take a look at the proposed Manitoba legislation, Bill No. 4, The Family Farm Protection Act. This bill provides for two major thrusts. First, it sets in place a mechanism where the government can use an Order-in-Council to declare a moratorium on loan recovery action with respect to land, machinery, equipment and livestock, either in total or within any of the three categories.

Second, it creates a mediation board process whereby no creditor can take recovery action against a farm debtor without leave of the court. Creditors must apply to the court on all loan recovery action and concurrently file a copy of the application with the Manitoba Mediation Board. This board will have the power to examine all aspects of the farm operation and consider all factors associated with the request for recovery action, including such aspects as environmental factors, market values and the impact of such action on the community. A report is issued by the board on the matter and a court may then decide to authorize the recovery action, or subject to the board recommendations, it may adjourn the hearings for such a period of time as the judge feels necessary, if he is not agreeable to granting recovery action at that time.

So, Mr. Deputy Speaker, how does one evaluate each in terms of its implication for farmers and for lenders? Mr. Deputy Speaker, a recent issue of the Wheat Grower, a publication of the Western Canadian Wheat Growers Association reviewed Bill C-117. It's so well done that I would like to read that into the records:

"The Canadian Parliament recently passed enabling legislation which brings about a new process for dealing with farm bankruptcies. The new law calls for the establishment of farm debt review panels composed of farmers and farm finance specialists. These panels will attempt to work out new arrangements between creditors and farmers facing foreclosure.

"In brief, the new law states that a farmer must be given 15 days notice of any foreclosure action. The producer can voluntarily apply to have his case brought before a review panel. He will receive an initial 30-day stay of proceedings which may be extended to 120 days.

"Should the review process not bring about an agreement, the creditor will have the legal right to foreclose. The farmer is not, however, forced to declare bankruptcy. This legislation treats farmers facing bankruptcy much more favourably than any other businessmen in Canada.

"Other commercial businesses facing similar financial problems may file for a 21-day stay of proceedings in order to formulate a refinancing proposal. If the proposal is not accepted, the business is automatically declared bankrupt and foreclosure proceeds. Strong arguments can be made to justify the special treatment of farm business. Few other enterprises depend so heavily on world markets over which producers exert very little control and which are subject to manipulation by government policies formulated in other countries. Additionally, no other sector is as dependent on debt financing as agriculture currently is.

"In order to determine the usefulness of the new law, it is important to establish some criteria on which to evaluate it. Good legislation would ensure that farmers facing bankruptcy are treated fairly; it would not penalize those producers who remain viable. Secondly, a good law should be structured in such a way that the availability of farm credit is not diminished and that the cost of that credit is not increased. Finally, good legislation would provide the farmer with sufficient time to make new financing arrangements without removing the ability of the creditor to make a claim on assets held as security."

This last point is particularly important. "If creditors are unable to foreclose on the assets which secure the loan, then lenders will choose not to accept these assets as security in the future. This will lead to a severe reduction in the availability of farm credit from private sources. Good bankruptcy legislation does not support the price of assets such as land at artificially high price, and it does not make it impossible for a farmer to be forced to leave his business.

"Based on the above criteria, the new legislation reads fairly well. Providing that review panel members are chosen wisely, it is quite likely that a farmer will receive a fair hearing. In those cases where restructuring, refinancing or a partial sale can restore the viability of an operation, these avenues will be proposed. If there is a degree of cooperation between lenders and borrowers, these proposals will be acted on and in most cases a solution will be arrived at. Where no option exists for retaining viability, the creditor will have the usual channels open to him for making a claim against assets held as security. This could lead to the normal dissolution of the business.

"One concern lenders have about the new legislation is that the stay of proceedings affects all creditors' assets, including livestock and machinery. Creditors are concerned about the disappearance of such moveable assets over the course of a 30 to 120 day period. Under the legislation the farmer is deemed to be the guardian of the assets. Lenders have a degree of protection that they can apply to the review panel to have another guardian appointed. If this process proves unsatisfactory, it may be necessary to legislate and enforce penalties to individuals who dispose of assets during the stay of proceedings.

"Another problem with the legislation lies in the vagueness about what happens to the report of the review panel if an agreement is not reached and bankruptcy proceedings take place. In the case of the Saskatchewan Farmland Securities Act, it is required that the report of the review board be taken into consideration by the court. No similar clause exists in the new federal law. If the review panel report was required to be considered in any future court proceedings, the farmer would have further protection in a case where the panel puts forth viable options, but a creditor is unwilling to cooperate.

"Several other farm groups have criticized the new farm bankruptcy law for not being strong enough in its protection of farmers. These organizations argued that if an agreement is not reached, the farmer should have the opportunity to apply for a mandatory debt write-down or debt set aside and that the court should have the power to enforce such a measure. This type of law would have devastating effects on the availability

of farm credit from private sources. Creditors would be faced with the additional risk of taking losses on farm debt arbitrarily written down by the courts. They would no doubt respond to offset this risk with a combination of measures which would include limiting credit extended to the agricultural sector, increasing the cost of credit for farm loans, and requiring even greater equity in order to qualify for farm credit.

"Even more seriously, arbitrary debt write-downs unfairly penalizes those persons who have maintained viable operations through difficult times. For every individual who borrowed money to purchase land or other assets at prices higher than could be supported by the productivity of those assets, there was another farmer who chose not to pay that price. The latter individual, in retrospect, made the correct decision. Writing down the debt of over-levered farmers penalizes those individuals who made the right decision in choosing not to carry such a high level of debt. It also prevents a second group of viable farmers from having the opportunity to expand their operations with assets that come onto the market as a result of unsuccessful producers leaving the industry.

"In conclusion, the new farm bankruptcy legislation makes a valid attempt at protecting interests of both parties in any farm credit arrangement. Farmers receive sufficient opportunity to formulate refinancing alternatives with the assistance of an expert panel.

"Further protection would occur if the courts were required to take the review panel's report into consideration during any future court proceedings. Creditors still maintain the protection of being able to make claims against secured assets and may request a different guardian of the assets in cases where they are concerned about this position. The only real loser would appear to be the taxpayer who must pay the bills for increased administration costs resulting from the expensive review process."

So, Mr. Deputy Speaker, what about Bill No. 4? The same Wheat Grower article listed several criteria on which to evaluate the proposed legislation. Mr. Deputy Speaker, I would like to restate these criteria and then look at Bill No. 4 on the basis of these points.

The criteria that the Wheat Grower used were as follows:

1. Good legislation would ensure that farmers facing bankruptcy are treated fairly, yet would not penalize those producers who remain viable.
2. A good law should be structured in such a way that the availability of farm credit is not diminished and that the cost of that credit is not increased.
3. Good legislation would provide the farmer with sufficient time to make new financing arrangements without removing the ability of the creditor to make a claim on assets held as security.
4. Good bankruptcy legislation does not support the price of assets such as land at artificially high price, and it does not make it impossible for a farmer to be forced to leave his business.

So, Mr. Deputy Speaker, how well does Bill No. 4 stand up against these criteria? In my opinion, the short answer is, not very well, at least the way in which it is presently drafted. This is why I think that way, Mr. Deputy Speaker.

Firstly, Bill No. 4 provides for a debt moratorium with respect to land, machinery, equipment and livestock. The government would have the right to declare a moratorium on any or all of these areas at its pleasure, but existence of a moratorium won't solve the problem of a financially troubled farmer. It buys a little time in hopes of a turnaround in income. In the meantime, interest continues to accrue, and the debt load grows still larger.

Most importantly, the farm lenders would find themselves in a position where they no longer have control of their lending portfolio, a position, Mr. Deputy Speaker, where the normal lender-borrower contractual agreements would be turned aside at the discretion of the government. That action will surely invite a tightening of credit and an increase in its cost to offset the added risk.

Unfortunately, Mr. Deputy Speaker, this action is also very likely to penalize the viable operations, both in credit costs and in future access to credit. In short, Mr. Deputy Speaker, I think that the moratorium section of Bill No. 4 runs contrary to all four criteria which I have listed.

Secondly, Bill No. 4 requires all lenders to receive clearance from the courts prior to exercising any loan recovery rights related to a mortgage, security agreement, agreement for sale or conditional sales contract applied to farm land and buildings, farm machinery and equipment.

Mr. Deputy Speaker, while I agree with the concept of a farm review process in order to ensure that all options have been explored, at the same time, I fail to see where this review process can help a farmer when no provision is made in the act for such features as guarantees on existing loans, additional loans or on loans temporarily set aside. Without this acknowledgement of support, few lenders are likely to extend further financing, regardless of the board's findings.

I also have another concern that, if the courts so wish, they could hold up proceedings indefinitely in an attempt to force the lender into settling for some reduced level of overall debt repayment. That process would be very similar to mandatory debt writedown and would certainly lead to a more conservative lending approach to the farming industry as a whole.

Mr. Deputy Speaker, if we were to pass this piece of legislation in its present form, it is very likely that the benefits to be gained from the review process provisions of the act will be badly overshadowed by the negative effects of loan recovery action, delayed indefinitely in the courts. Again, Mr. Deputy Speaker, the net result is that this provision of this piece of legislation also fails to pass the four criteria for good credit legislation.

While I recognize that the Federal Government has refused to allow provincial control over the ability of banks to seize farm equipment and livestock, there is no indication that these sections will be removed from the bill. As long as they remain, Mr. Deputy Speaker, proclaimed or not, they will create uncertainty and result in a more cautious approach to lending.

(Madam Speaker in the Chair.)

Unfortunately, Madam Speaker, the federal legislation stops short of providing positive assistance for those farmers who are identified by the board as still being

viable and worthy of further financial assistance. Therefore, I suggest, Madam Speaker, that rather than proceed with Bill No. 4, it would make more sense for the Minister responsible to revise this bill so that it complements Bill C-117, rather than trying to duplicate it.

Bill No. 4, Madam Speaker, could be amended in such a way as to provide the loan support guarantees so conspicuously lacking in Bill C-117. This would enable boards to help deserving farmers by guaranteeing existing loans, new loan advances or perhaps even by guaranteeing a partial set-aside of existing loans for a specified period of time.

Madam Speaker, a farmer in financial distress, armed with this sort of assistance would have the prospect of being able to realign his financing and hope for a future improvement with the continuation of much-needed financial support. Best of all, Madam Speaker, a viable farmer wouldn't suddenly find his credit lines becoming more difficult to obtain and more costly.

So in closing, Madam Speaker, I would sincerely hope that this Minister would either drop this piece of legislation, or at least amend it so that it is workable and helpful to the farming community.

Thank you.

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

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

I thought maybe some of my colleagues on the other side might want to rise in defence of the bill, but it looks like it may be an indefensible position.

Madam Speaker, on taking this occasion to speak on Bill 4, The Family Farm Protection Act, which is a nice-sounding title to any bill, it's difficult to stand up and say we're against protecting the family farm. Everyone wants to protect the family farm, and I guess that has become a bit of a buzz word over the last while in circles that are speaking to agricultural groups or dealing with farm groups. It naturally was pretty handy during the election campaign, that promise-a-day campaign that the government ran when the Premier was announcing a new program or a new promise every day. This name sounded quite catchy, so they promised to bring in a bill. We end up with Bill 4, The Family Farm Protection Act which is designed, according to the Minister when he presented the bill, to save the family farm and assist the family farm in many, many ways.

We feel, on this side of the House, that there are many other avenues that could have been explored that would have provided some assistance and would have helped save the family farm to a much greater extent. Some time back with the inception of ManOil, that was designed to provide all the funds that were going to save the family farm. Latterly, we've heard of the heritage fund. That's going to be developed now with all of the profits from Hydro that's going to save the family farm and everything else that is worthwhile saving in this good province of ours.

But we know from past experience, Madam Speaker, just what's been accomplished with those particular pieces of legislation. ManOil has cost us millions of dollars. Hydro, in spite of the great promises of profit

that we see, we know we have to borrow billions of dollars in order to bring that project into production. Those profits are way, way down the road. The family farm needs some assistance right now in this crisis that they're facing. By the year 2007, when we maybe see some return on our hydro investment, it will be far too late to do much good for them.

Madam Speaker, it's been popular, I suppose is the right word, for the Minister and members of the government to travel around the country speaking to farm groups to hammer away at the banks. They're great targets. There's not too much sympathy out there for the great corporate giants. I'll speak a little more about that a little later, Madam Speaker, but I know there was a meeting called in Dauphin. I think CBC had a meeting on the farm crisis in Dauphin, and interviewing the various spectators gathered at that meeting where he was trying to pick out one or two that might dump on the banks. The ones he picked out of the audience had nothing but strong support for the banking system. The one or two farmers in the audience that were called upon by the interviewer to say a few words both indicated strong support, that if they hadn't had the assistance of the banking system, they would be out of business; they would have been flat on their back. It was the banks that had kept them going. They maybe had to re-tailor their operation to some degree but it was the banks that had kept them in the farming business and the banks that have kept them going.

The large gathering there didn't provide, I don't think, the climate that the media were looking for in dumping on the lending institutions for the problems in the farm community.

With that, Madam Speaker, I wanted to say to the Minister that he has brought in, I think, sledgehammer legislation to handle a problem that could have been handled maybe with a tack hammer. There's no question, and members on this side of the House have indicated many, many times there's no question there are certain portions of this legislation we can support, but the way the legislation has been brought in is just going to add to the farm problems and it's not going to solve any of them. It's merely going to add to them.

Just following that, Madam Speaker, I want to just quote from an article that I thought was timely. I won't read too much of it. It was published by the Western Canadian Wheat Growers Association and related to Bill C-117.

Portions of it, and I'm quoting: "In order to determine the usefulness of the new law, it is important to establish some criteria on which to evaluate it. Good legislation would ensure that farmers facing bankruptcy are treated fairly, yet would not penalize those producers who remain viable. Secondly, a good law should be structured in such a way that the availability of farm credit is not diminished and that the cost of that credit is not increased. Finally, good legislation would provide the farmer with sufficient time to make new financing arrangements without removing the ability of the creditor to make a claim on assets held as security." This is one of the big flaws in the present bill that we're discussing, Bill 4.

"If creditors are unable to foreclose on the assets which secured a loan, then lenders will choose not to accept those assets as security in the future. This will

lead to a severe reduction in the availability of farm credit from private sources."

This has been pointed out time and time again by many speakers on this side of the House, Madam Speaker.

To quote further, another section of the particular article: "Several other farm groups have criticized the new farm bankruptcy law for not being strong enough in its protection of farmers. These organizations argue that if an agreement is not reached, the farmer should have the opportunity to apply for a mandatory debt write-down or a debt set-aside and that the court should have the power to enforce such a measure. This type of law would have devastating effects on the availability of farm credit from private sources. Creditors would be faced with the additional risk of taking losses on farm debt arbitrarily written down by the courts. They would no doubt respond to offset this risk with a combination of measures which would include limiting credit extended to the agriculture sector, increasing the cost of credit . . ." - the interest rate would be the vehicle to do that quite handily - ". . . and requiring even greater equity in order to qualify for farm loans."

The article is fairly lengthy but it's one of the better articles, I think, that's been written, Madam Speaker. I wanted to quote from that because there's sections of the bill, as I mentioned previously, that we can support on this side of the House. If the Minister would tailor his bill along the lines of Bill C-117, because his bill is not going to have any teeth without the changes in the federal law under the sections of The Banking Act for security, grain, machinery, and livestock. That portion of the bill is going to be useless.

**A MEMBER:** Dave, you know that most security is taken on land.

**MR. D. BLAKE:** No. The Minister mentioned, Madam Speaker, that I know most of the security is taken on land. No, I spent many, many years in the banking industry, as the Minister is well aware. A great amount of loans are given on livestock and machinery and not on land. Land is a very nice asset but back in those years, the farmers didn't all have their land clear. Over a period of the good times, the Fifties and Sixties, a lot of them were able to clear their land and it certainly was a nice piece of security to have, in view of the fact of the huge realization in increases in the price of land that caused another scare to this government a few years back with the foreign ownership. They came rushing in; they were going to save all the land in the country from foreign buyers. That threat has long, long disappeared, Madam Speaker, and there hasn't been an acre of land taken back to Germany or Italy, or Britain, or wherever they came from to buy land. There's maybe now a greater need than ever to have that portion of the bill repealed, to allow that money to come in here so that farmers may retrieve some of the decreases that have happened to the values of farmland over the past number of years.

That was another piece of legislation, Madam Speaker, that was rather uncalled for and, again, they brought in sledgehammer legislation to solve a rather smaller problem.

I spoke earlier on the banking system, Madam Speaker, and I want to make one or two comments

about that because it's an area that I'm fairly familiar with, especially in the agricultural community. The Canadian banking system, as we know it, is one of the strongest banking systems in the world. We only have to look to our southern neighbours now to see the number of banks that have been forced to close in the United States, especially throughout the Midwest in the rural and agricultural areas, because they operate under an entirely different system than we do in Canada under The Canadian Bank Act.

That particular act has been criticized over the years, Madam Speaker, for being maybe a little stodgy and a little outdated and old fashioned, but there have been a great number of changes and I might say, in some cases, sweeping changes made to the Canadian banking legislation.

Those of us that are getting maybe a little grey around the temple, Madam Speaker, can remember back to the days when the farm problem was very great, with the Great Depression. In those days, in order to help save the family farm, they brought in what was known as The Farmers Credit Arrangement Act, that was administered in different regions by various people, lawyers or whoever, was appointed by the Government of the Day.

Madam Speaker, when I commenced my banking career in the early Forties, The Farmers Credit Arrangement Act was still very, very heavily on the books of the banks and there was no need to look too far to find that there were a number of farmers that had gone under The Farmers Credit Arrangement Act, that had debt write-downs or various other arrangements made on their behalf or made with the banks on their own behalf, that some of them were paying \$5 a month, whatever payment they could afford. That went on well into the Fifties, while they were still struggling to pay off these small amounts, and they were small amounts in those days, Madam Speaker.

There was a feeling there that this was risky business. The banks had lost millions and millions of dollars, as well as trust companies and various mortgage companies. It wasn't uncommon in my younger days growing up on the farm, that the neighbour's farm was owned by the Huron and Erie Mortgage Company, and another one was owned by the Bank of Montreal. This was an arrangement that the bankers didn't want and I know the mortgage companies didn't want. They couldn't divest themselves of this land quick enough, and yet there was some value in that asset and they certainly didn't want to give it away.

But over the years, when the lending institutions had virtually dried up their credit for agriculture, there was a crying need then for funds because agriculture, as we all know, is a great user of credit and there's a necessity to have vehicles for them to gain that credit.

So with the operation or the introduction of the legislation in 1945 or 1946 of The Farm Improvement Loans Act - and I suppose we'd have to give credit to the Liberal Government for doing that because I think they were in power at the time - but The Farm Improvements Loan Act is a piece of legislation that provided the banks with a guarantee on farm machinery, and there were other aspects for buildings and cattle, provided the banks with a guarantee if they would lend farmers funds and maybe in a little more generous fashion because they had a government guarantee. It

might entice them a little bit to maybe not rely too much on security, although there were strong regulations in there that the loans had to be granted with due regard for the safety of the funds and not too much consideration given to the bank guarantee that supported it in 1945-46 and went on into the Sixties.

The interest rate was 5 percent, the bank lending rate at that time was 6 percent, it was pegged at 6, the banks couldn't charge more than 6 percent for any loan. Mind you, going along with that, the interest rates that you got on your saving deposits were about 2 percent or 3 percent. So there was always that difference.

But The Farm Improvement Loans Act saw the banks lend out millions and millions and millions of dollars to the farm community throughout Canada with tremendous success. The losses, Madam Speaker, were very, very minimal. There are some cases where the farm just can't survive or you can't make a go of it. The machinery was in place so that you could go and repossess that machine and sell it on the market or auction it off or do whatever, realize what you could on the asset, and then present a claim to the government for the amount or the shortfall on the debt.

The losses I know at one time were less than 1 percent. The blanket guarantee provided by the government I think covered 10 percent of your loan portfolio, so if you had \$1 million loaned out, your guarantee only covered \$100,000, so you couldn't be too loose in throwing credit out just because you had a bank guarantee. There had to be due consideration and caution given to make sure there was a reasonably sound loan, and bankers have been reasonably good at that over the years, Madam Speaker. Even though they're criticized for making profits, you have to understand that the banks don't have any funds of their own. They buy and sell money; that's what they do. Their deposits are put in their largely by seniors, by pensioners, small individual business people, hard-working labour people.

Those funds, when they're deposited at a bank, and there's a great trust in the banking system in spite of what we've gone through in the past year or two, Madam Speaker - I'm speaking of the well-established ones and the ones that have been around for 150 or 200 years - those depositors trust that bank to handle their funds with the greatest of caution. The little old pensioners, they don't want that big old bank to be going and throwing it out on deals in Saudi Arabia or artsy-fartsy programs of various types. They want good sound judgment.

What I'm trying to say, Madam Speaker, is that they relied on the banks to use good, sound banking principles in lending out their funds. Those funds have been loaned out over the years with great caution and the rates of success have been very great. I must say, Madam Speaker, I'm getting off my point here a little bit.

But what I'm trying to explain is that the banks are entrusted with those funds and the people do have a great deal of trust in the Canadian banking system which is one of the strongest in the world. I can't say that they have that much trust in this government, Madam Speaker. They have seen what this government does with money. They have seen what this has done.

The main point I'm trying to make, Madam Speaker, is that if the banks and the credit unions are driven

out of this market, which has been a tremendously lucrative market, the agricultural business has been good business. One particular bank that I was associated with, and was one of the first ones into the field, has a large share of the agricultural credit across this country. They value that farm credit and they want to hang onto it, but they want to be able to do business with their farm clientele in confidence. They don't want some government legislation coming along and saying, well, you can't lend money on that farm or you can't lend money on that machinery or those cattle because if a fellow gets into a little bit of trouble the judge is going to say, oh well, you can just write off half of that loan or you can write down this, you're not going to have any confidence with the lending institution lending money to farmers and providing farm credit when they're faced with this type of legislation that's contained in Bill 4. It's going to drive the lending institutions out of the agricultural credit field or drive the interest rates up to a point where it's virtually impossible for a farmer to borrow money and to have to pay it back.

I mentioned the loan portfolios, Madam Speaker, under The Farm Improvement Loans Act that were so extremely successful. The governments in later years, federal and provincial, have realized the great need out there for additional credit, so they set up the Federal Farm Credit Corporation, and we have here the Manitoba Agricultural Credit Corporation that's had millions of dollars pumped into it by government sources with a reasonable degree of success. I don't think as maybe their loss rates have maybe been greater than the lending institutions have because maybe they don't have the same expertise or as close contact and as close control, and aside to that, I know the Manitoba Agricultural Credit in Manitoba, I know of two applications. One of them didn't qualify because their net worth was 180,000 and they had to be less than that so they didn't qualify, but not one of those fieldworkers had gone out to look at that farm.

Now I know some senior people in the bank that I was associated with who has said to his field lenders, his lenders in the field, if I find you guys making a loan to a farmer and you haven't been out to look at his operation before you make that loan, you better start looking for another job, because you've got to have an understanding of the operation, you've got to have a field for it, and the Manitoba Agricultural Credit Corporation may have difficulty with field staff.-(Interjection)- I may be available in my spare time to provide some of that expertise to the Agricultural Credit Corporation, for a small fee. I can't do it now because I'm not allowed to get into that conflict of interest, but that could happen or I may retire at the request of my constituents or I may just retire. Who knows? I mean there's a great number of avenues for someone in my golden years.

But, Madam Speaker, the point I'm making is at one time when the switch was coming back from the year of The Farmers' Credit Arrangement Act, when the banks and the credit unions were getting back into the lending field, they came back unconsciously, relying a great deal on security.

Latterly, with the more expertise and the more sophistication that came into farming and in the farm community, there was some real axing on that and they relied to a great deal on cash flow; and I went along

with that new philosophy because one of my early experiences in my banking career, Madam Speaker, I had a chap come to me one day and wanted to borrow \$1,000 - and those were the days when \$1,000 was worth a lot of money - you felt you were pretty well off if you had \$1,000.00. That's going back quite a way, I know. But in those days the banks were very cautious in their lending habits and they liked to have a little bit of security, whether it be an insurance policy with a cash surrender value of a couple of hundred or something - maybe that didn't help you much - but if the guy croaked, you at least were covered.

This gentleman came in and wanted to borrow \$1,000.00. So I had a new bank and I was prepared to lend him money if it looked like a reasonable loan, so I said to him, "Do you have any collateral security, do you have any security?" He said, "Certainly I have." So I thought, well, this is good. I said, "What have you got?" He said, "Right here, my two hands." He said, "I've got 15 years with my company; never been laid off, never been in trouble, steady wages coming in." I didn't ask another question. I gave him the note and said, "Sign here." He's been a great customer ever since. I never lost a dime on the guy.

But I just wanted to illustrate the point that if that earning capacity is there and that cash flow is there

**A MEMBER:** Was the hand open or closed?

**MR. D. BLAKE:** It was open, palms up. Those types of loans, Madam Speaker, when they're made or when they're paid off are excellent loans, but you could make that same loan to another person and he develops a drinking problem, his wife runs away with a neighbour or something and it becomes a bad loan. I mean, you're not going to get it paid back, so you have to allow for those contingencies.

But, Madam Speaker, I wanted to illustrate the point of the banking system, that it's going to be affected by Bill 4. Bill C-117 is not going to affect it because they're willing to work along with mediation committees, and I think by and large they've been working with their clients to date on the same basis.

The lending institutions, the credit unions and the banks, when a farmer's been in trouble over the past few years, have gone down the road and gone that extra mile to say, how can we work this out? We don't want your land; we don't want your machinery. How can we work this out so that you can become viable and hang on to your little operation? Can you sell a quarter of land and pay off some of the debt? Let's try and work it out and they've worked together and I think been very successful at it without Bill C-117 or without Bill 4.

These arrangements have been going on without government interference and I'm just afraid, Madam Speaker, that funds that should have gone into agriculture that would have provided some assistance haven't been going there; they've been going into various other things.

MACC I don't think has had the funds or the staff, maybe, to provide some of the help over this crisis in the last couple of years. People have been going there for consolidation and there just hasn't been the funds

or they haven't qualified and they haven't got the assistance there that possibly they should have had.

Without question, Madam Speaker, if Bill 4 is not withdrawn a major overhaul is something that maybe could be acceptable; but if it's not redrawn tremendously or amended, which will almost see a different bill than we're seeing now, there is no question - and it's been said many, many times and I'm only going to be repetitive - but it's going to limit credit, it's going to increase the cost of credit to all farmers, not the group that's in trouble, because if there's a group there that there's a danger of writing loans down and seeing the losses increase, that interest rate is going to be added on to the good borrowers, and there's a great number of farmers out there who don't borrow at all, but there's a great number who also borrow. They are going to feel the effects of it.

There's going to be more and more farmers leaning on the suppliers and the suppliers won't be able to stand the cost of providing credit, Madam Speaker. They are in the same position as the farmers, basically.

The implement dealers won't be able to finance the whole market with machinery at low interest rates, but there is no lender in his right mind who is going to be lending out funds that are trusted to him by the ordinary people, who as I mentioned before, have great trust in the banking system and the credit unions, if there's a danger of some court decision arriving to say that loan is written off or that loan is written down. So when your credit to agriculture starts drying up, that's when we're going to see the problem in its proper light and see the effects of this bill, if it should happen to pass.

Someone mentioned a while ago that interest rates were going to go up, the banks would increase the interest rate to farmers, members opposite, and the Member for Flin Flon particularly - they called it blackmail. Well, that's the attitude of some members opposite, Madam Speaker. They don't understand the system that we operate under today.

But farmers are quite capable of negotiating their own deal, if it has to be a writedown or some forgiveness or set aside, whatever name we want to put on it, farmers are quite capable, I think, of sitting down with their lender, credit unions or banks or whatever it might be and say, look, my operation's in trouble; I'm going to have to have some help. I'm going to go under. I'm going to lose everything I've got. You're going to lose your loans or you're only going to get a percentage of them. How can we work this out? I've got the ability to produce; I've got good productive land, but I've got a debtload that I can't carry. Can we move some of it aside? Can we hold the interest back until I can get maybe a little break with the weather, a little better market conditions and maybe we can work this out? They're quite capable of doing that. They may need some expertise assistance, and this is where it's been mentioned by members on this side about the review panel, that hopefully they're staffed with people with some expertise in agriculture or the lending field that can provide some expertise that he doesn't have or doesn't have available to him.

So those things will come about, Madam Speaker, without the government coming along with sledgehammer legislation like Bill 4, that I've said to the Minister it's going to be useless without the Federal Government changing some of their legislation to allow

this bill to be fully operative. So the Minister should seriously consider retailoring it along the lines of Bill C-117 which is in effect - forced effect now - and is something we can probably live with.

So I urge the Minister to either pull the bill or retailer it along the lines of C-117 to allow the farm community to have available to them the credit funds that have been available over the number of years with reasonable success, because I mentioned earlier, the lending institutions I know, value their agricultural customers very, very highly. They want to keep that business; it's been good business.

But make no mistake about it, Madam Speaker, that there are other areas out there that are crying out for funds, whether they be office towers, developments of goodness knows what size or dimension, there's places for those funds to go, they don't have to go into agriculture. But agriculture happens to be a section of the economy that the lending institutions have had faith in and have had the confidence to put funds in there, funds entrusted to them by the depositors which, as I mentioned earlier, they have to be treated with due care and caution and that, I think, has been the case over the years which has developed the trust that people have in the banking system and it's made it one of the strongest in the world.

So I urge the Minister again, reconsider his bill and let's provide a bill that is meaningful and is going to be helpful to the farmers and not detrimental.

**MADAM SPEAKER:** The Honourable Minister of Natural Resources.

**HON. L. HARAPIAK:** Thank you, Madam Speaker.

I'm pleased to rise in support of Bill 4. I want to share my observations with respect to the bill from my background as a farmer who has relied on credit and still does rely on credit to operate a farming operation. I speak as well from my perspective as a director from a credit union, a very successful credit union, the Swan Valley Credit Union. I've had experience in that respect so, in some ways, I share some of the background experience, perhaps not as intensive as the Member for Minnedosa had in terms of making credit available to people and having appreciation of some of the considerations not only of the borrower but also of the lender.

As the Member for Minnedosa indicated, most lending institutions are in fact acting as a medium of exchange from those who would have capital available for investment and those who would want to employ capital. There is a risk involved in that process. The risk should be reflected in the interest rate that is charged.

I want to indicate that, from my view and I think from the view of most members in this Chamber, if the circumstances in the agricultural economy were different, there would be no need to introduce this particular bill. This bill arises out of the difficulty the agricultural community is facing. It arises out of our concern to try to address those problems.

I want to note for the record, it is very clear on my part that this bill by itself will not address all of the problems facing agriculture. There are many other components within the purview of other jurisdictions that should be addressed but this, I think, is an element

that can help address deals of agriculture while it is going through that period that was described by a member on the other side as a "shakedown." Certainly, agriculture is going through a very difficult period of time. It is going through a very difficult shakedown.

The commodity prices, people are well aware of what is happening, a reduction in commodity prices. We've just entered into the new crop year and prices, I think on the average, are going to be reduced some 20 percent. The projections for future years, at least in the near future, are not anymore encouraging. So we should not assume that the difficult problems faced by agriculture have bottomed out and that it is going to be turned around.

As well, I want to note that in trying to address this issue, it is as well as an attempt to address the concerns of individual farm operations, it is as well an issue for the structure of the rural communities. We are not just concerned about what is happening within individual farm operations but, if there is a depletion of the numbers of our population base in the rural areas, this has very, very severe implications for the structure of the rural communities.

So what we want to do is participate in some way to ensure that those farm families that are facing difficulty will get every consideration in attempting to resolve the difficulties that they face. The Member for Minnedosa acknowledged that there is a process that is carried on informally already. He indicated that farmers are quite capable of negotiating and admitting by way of that statement that banks are negotiating with individual borrowers. That is happening. That's correct, it is happening. So if it is happening to this point already, why not develop a process wherein we are ensured that people are fully aware of the process that goes on. This does nothing more than attempt to formalize what the Member for Minnedosa, with his banking background, admits is in fact happening. There are attempts being made to resolve the difficulties that the farm families are facing.

It's interesting to note the history that the members refer to from the other side where they acknowledge that, on the one hand, agriculture has been very good to the banking industry. The banking industry has done well. In fact, there is some suspicion that some of their recoveries from some of their foreign investments are in fact being borne by the domestic market, which includes the farm families who are paying for the monies that they borrow.

But there was that period in time where they were not prepared to lend money to the farmers. I, frankly, must say to you that I'm very proud of the efforts of the credit unions in filling the need that existed. I think, in many ways, they led the way for agricultural credit in Western Canada. Now, there are some large players, and the organization with which the Member for Minnedosa is associated is one of the major lenders in agricultural credit. But agriculture has, I must say, been very good to the banking industry as a whole.

So when we are going through this difficult period of time, a period of time wherein we're seeing declining commodity prices and, at the same time, declining security values - and the member opposite as well referred to that period of time when borrowing was based primarily on security. Those were attitudes that were shared not only by borrowers, but by lenders as well.

When we went through the period, I suppose, in the late Sixties and early Seventies, people assumed that the rate of inflation would continue at what it was. Land prices were going up. Commodity prices seemed to be going upward, so people were concerned only with security values. That did lead to some problems that we are, in fact, sorting out at this period of time.

I am pleased to see that, particularly since the late Seventies and into the Eighties, there has been a shift in the basis for lending to where there is a concern, not only for security values, but there is a concern at the outset for the capacity of the particular unit to service the debt that has been concerned. There has been much more of a consciousness of the cash flow that is required.

But let us look at what has happened. The difficulty that arises in these situations is not a problem that is brought about by the individual farmer. I was concerned about a comment that was made by the Member for Ste. Rose, when he indicated on a couple of occasions in addressing this issue, that you can't legislate against stupidity on either side. I want to make it very clear for my part that I don't think it was a question of stupidity that has resulted in these problems.

I, for one, accept that in the business of agriculture, as in any other industry, there is an element of risk and there will be some who will not survive. This bill is not intended to ensure that everybody will survive, but I want to say that when the borrower and the lender entered into an agreement to employ funds in a certain way on the basis of the best available projections at that time, that was a trust relationship between those two bodies on the basis of what was known at that time and assumed by both sides to be sound business decisions. The concern that I have is that, given those changed circumstances now and if it was in fact a trust relationship, there should be a sharing in the increased risks that results from those changed relationships.

Madam Speaker, I don't want to go much further except to say that the basic difference that we see on the two sides of the House with respect to this particular issue is whether we leave it strictly to the market to deal with the circumstances that arise. It is my position, though I accept fully that there is a role for the market to play, I don't believe that we really have anything in the pure sense of an absolutely free marketed work. It doesn't exist any longer. There are influences at work and the very group that the members opposite are saying, and I accept are unhappy about this particular bill, but they are saying that the lending institutions are unhappy. That particular group was the one, let me point out to the Canadian Commercial Bank and the Northland Bank when they ran into difficulty, they did not suggest that the market itself should sort out those difficulties. They did not hesitate to take advantage of some of the support that came available. So simply in this case what I am saying is that we want to ensure that the farm families, the borrowers, get every possible consideration.

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

**HON. L. HARAPIAK:** Madam Speaker appears not be acknowledging that there is some interference from the other side.

But the members point out the concern that I acknowledged in the very first instance that there was a relationship of trust involved. The credit unions, if you like, or the banks are for the most part handling the funds of the depositors. Certainly they have to protect those interests. But there is also an interest that has to be acknowledged on the part of the person who is employing the resources.

What I am saying, given the circumstances that we are facing today, I am prepared to incur some of the criticism from the lending institutions and I acknowledge that they will be critical for that interference. But, if that is the price that I have to pay to ensure that individual farm families get an absolutely fair chance to air their case, when they run into some difficulty, I am prepared to incur that criticism. I think it is well worth the price. — (Interjection) — I have a tremendous — (Interjection) — yes, we seem to have hit a soft spot.

Let me ask the members opposite, if they are saying that there is an increased risk to the lenders as a result of this and that the rates are going to be affected, is that any different from what happened when the foreign investments of the bank in other countries went sour and they had to recover their costs by the rates charged to the domestic borrowers, not only the farm families, homeowners and all domestic industries. I would suggest to you that the implications of this are nowhere of the magnitude of consequence to the farm borrower than the activities of foreign borrowers. So let the members opposite, when they speak to this issue and suggest that they are protecting the interests of the farm borrowers, I accept that. There will be some farmers who will accept their argument that the availability of credit to them will be threatened, that the availability will be threatened.

But, Madam Speaker, I want to point out . . .

**MADAM SPEAKER:** The Honourable Member for Charleswood on a point of order.

**MR. J. ERNST:** Madam Speaker, on a point of order, I would ask that you call the members to order. I'm having difficulty in hearing the Member for Swan River in his debate.

**MADAM SPEAKER:** The honourable member has a point of order well taken. I would caution members on both sides to . . .

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

**MADAM SPEAKER:** I would caution members on both sides to come to order so that the honourable member can finish his comments.

**HON. L. HARAPIAK:** Madam Speaker, I want again to indicate to the members opposite that, if they are concerned about the availability of farm credit, all they need to look at is what has happened in the farming community in the last two years. We have not had Bill 4, yet the lending institutions have been participating by way of The Loan Guarantee Program with the Manitoba Agricultural Credit Corporation. They have accepted that there is an increased risk of lending in

the farming community and they are prepared to accept the guarantees. I'm glad that the Provincial Government through MACC has made that loan guarantee available. So let them not suggest that if there is going to be some curtailment of credit available to the agricultural community that it comes only by way of Bill 4, because that is simply not true.

My final point, Madam Speaker, in looking at this issue, members indicated that there should not be any kind of interference in a contractual agreement between two parties. I want to ask the members opposite, if they are so sensitive about some possible intervention into a contractual arrangement here, how does this differ from the commitment that was made to farmers with respect to the Crow rate? The farmers took that to be a commitment by way of legislation, but members argued that circumstances change and those changed circumstances dictate that this should be altered. I would say to the members opposite . . .

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

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

**HON. L. HARAPIAK:** My final comment, Madam Speaker, would be that, if there are some implications that the members are concerned in terms of the cost of money to farmers as a result of this bill, it will be miniscule compared to the benefits lost by way of the increased transportation costs where the Crow rate was lost. So if they are concerned about those costs, they could have well-served the interests of the farmer much better in some other areas.

Thank you.

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

**MRS. C. OLESON:** Thank you, Madam Speaker.

It's a privilege to speak today on Bill 4 and put forward some of my thoughts on it.

It was interesting to hear the Member for Swan River. I was surprised to hear his remarks as a farmer and as he says a director of the credit union in his area. I probably will put it down to something to do with the atmosphere in their caucus room, I guess, and leave it at that.

This bill, Madam Speaker, is not designed to prevent a problem. It's designed to enter into the problem after the fact. I think it would be more important to deal with the problem that is at hand and the prevention of it and not pass a bill that only attempts after troubles are far beyond the help of the individuals. Now, when this bill was first tabled in the House, I sent out quite a number of copies to my constituency and encouraged people that I sent it to to direct comments to me on what they thought of the bill in order that I could, when I was debating it in the House, could reflect their wishes.

Well, Madam Speaker, no one has called me or written or contacted me in any way to tell me that they liked this bill, no one in my constituency. I talked to many of them since this bill was tabled and they all agree that to propose a moratorium at this time and such as this bill suggests is not in the best interests of the

long-range picture of farming in Manitoba. A moratorium, Madam Speaker, is not a magic wand. It will not wipe out all the debt, nor is it a magic wand that will save the operation which is doomed to failure, because some are doomed to failure. It will only delay the day of reckoning for some of these operations but, when the moratorium is lifted and the smoke is cleared, the farmer still owes the principal part of the loan, and the interest has been building up during the time the moratorium was placed. The procedure is a delaying tactic, not a cure for the ills of the farm operation. Indeed, the procedure may restructure the loan, or it may reduce the interest, or it may do both, but it does not guarantee financial miracles.

In large parts of my constituency, Madam Speaker, this year, the crops look excellent. In some parts, of course, there's been excessive rain, so there'll be problems again, but farmers in some of these areas are having a great deal of difficulty and it is hoped that the Crop Insurance Program will look favourably on them this year, because no one can do anything about the weather that has plagued them. But it certainly must be taken into consideration that a farmer who has been victimized by weather in successive years, by drought, early frost, hail and whatever else the weather man wants to dump on them, natural problems, he can hardly be expected to accept as his lot without protest or carry on unaided. But I don't think in the long run this bill is going to do him a lot of good.

I have no particular objection to setting up debt review panels. We've seen them in action before. I haven't noticed that they've solved the problem, as the Minister indicated when he put them into place a few years ago. But the key, of course, to an effective debt review panel is the people who are on it, the calibre of the experience of the people who are on the panel. When we consider some of the things that have happened over the years with boards that this government has appointed, we have to wonder. We have to be confident that, when in place, a panel such as proposed by Bill 4 will not branch out into some agenda of its own and not confine themselves to seriously addressing the financial problems that they're asked to address. That is one of the important keys.

Now one of the keys to the ills of agriculture in my opinion is an opportunity to diversify in the farm community and to produce products that can be processed locally and not shipped elsewhere. I'm particularly thinking of the potato processing plant, Madam Speaker, in my constituency which caused a great change in the growing of crops in that area and a great change in the employment patterns in a wide radius of my constituency.

That plant has made it possible for farmers to grow a crop for which they can get a steady and predictable return, and for which there is a definite market, because they contract with the company for the amount that they will grow and what they will produce, and they also contract for the price that will be paid.

The Carnation Foods plant at Carberry recently, on July 28 to be exact, announced a plan to expand the plant, to modernize it and bring it up to world standards. A press conference was held to announce the expansion, a press conference at which I was pleased to be invited to attend. The management of Carnation Foods announced a project valued at \$38 million,

Madam Speaker, a major project for a small rural area. The Federal Government will contribute to the project by providing \$3.6 million in repayable loans, and the province will contribute \$1.5 million in the form of a performance grant contingent upon the retention of jobs.

Now it was very interesting, Madam Speaker, to hear this government talk about this grant. A casual observer would have thought they were putting up all the funds, that the whole 38 million - in fact, I even heard one of the Ministers of this government speaking on a talk show one day, and referred to a 40 million project in which they had helped - he didn't mention that \$1.5 million was the government contribution. They tried to take all the credit for the entire project, which of course was, you might say, a trifle misleading.

I'm sure the contribution is welcome by the company, but I'm sure they were surprised by the self-praise and the press releases that were put out in connection with it - \$1.5 million out of a \$38 million project is not the lion's share of the project - there's a great deal of the company's initiative and work involved in that.

One of the results of the expansion of Carnation Foods at Carberry will be that more farm land is taken up out of the production of grain and put into the production of potatoes. I believe the forecast is for something like 18,000 acres of potatoes with a farm value of \$15 million, is projected to be used by that. At the time of falling grain prices, this is a very valuable alternative to growing grain.

I must remark also, Madam Speaker, that there may be many members in this Legislature who do not realize that the potatoes that are grown in my constituency, acres and acres as I mentioned of those potatoes, fine quality potatoes processed and frozen potato chips, find their way all across this nation, and they're purchased by consumers at a large hamburger chain which probably should go unmentioned at this time, but a large potato chip chain in every corner of this country.

So I'd advise the members, if they're visiting elsewhere across this land that when they're served their hamburger and potato chips at this fine old Scottish restaurant, as I've heard it labelled, should ask where the potatoes came from. You'll find that the box will state that they came from Carberry, Manitoba, which is of course in the heartland of the agricultural community in Manitoba.

So we must consider the jobs that are created by this, Madam Speaker, dozens and dozens of jobs, beginning on the farm in the production and the construction of facilities to store potatoes, and in the processing plant. Then we go on to the trucking industry which takes them to market, a vast network of trucking industry which takes them to market. So it is a vast network of jobs that traces its way right back to the family farm, which is the backbone of the industry, a network of jobs all across the nation which comes from the centre of my constituency.

In discussing Bill 4 the other day, the Member for Arthur mentioned an interesting point which I heartily agree with him, and that is on the subject of conservation. He spoke of taking some of the farm land out of production in these times of poor grain prices, in particular, and putting it into other uses such as hayland. I agree with the member. At a time when grain

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prices are so depressed, we should be encouraging other alternate uses of the land.

I discussed this last night with the Minister of Natural Resources as one possible way of dealing with the problem in my constituency. I didn't get a reply, but I am sure the Minister is taking it to his officials and thinking about it, because I think that is one of the problems. Farmers, in order to try and keep their operations viable, have taken more and more land that perhaps isn't the best farm land and have put into production in an attempt to make a living.

Farmers are the best conservationists but when they have to face the markets the way they are, they have to look at alternatives and ways of increasing the acreage and raising more grain. So I think the Minister of Natural Resources should consult with the farm community and with the Minister of Agriculture and get together on this. There may be some good come out of it, because I think it is a very worthwhile suggestion. But it has to be done, of course, with the full cooperation of the farm community.

So we must provide our communities with some alternative in order that this crisis can be resolved. We will not resolve it with Bill 4. A moratorium is not the answer. We should look at providing a climate where companies such as the Carnation Foods, McCain Foods and Campbells will stay in our communities with their processing plants; and we should encourage it so others will come.

The Member for Minnedosa has a plant in his constituency which is a great boon to that area, in the processing of gasohol. So these are the things we have to look at in our rural communities if we're going to keep our young people in our communities, provide jobs, and allow our farmers to do what they do they best, of course, to farm. They will have to change from traditional crops and grow other things which can be processed.

But in the long run we should forget about Bill 4 and the whole subject of farm debt and get down to doing something about the future of farming because the farm picture, as we heard it this spring when we were out on the hustings, is not good - we know that - but I don't think Bill 4 is the answer to it. There is need in the rural areas for assistance but it isn't the kind of assistance - well, Bill 4 won't give them the assistance that they need. I think the Minister of Agriculture surely

must believe that there are other answers to the farm problems instead of Bill 4. I think he should listen to the people in the businesses and pay attention to the needs of the farmers and withdraw the bill.

Bill 4, Madam Speaker, is divided into three parts. Peer advisory committees, which I have also already said that is a possibility that can be used but the Federal Government has already put that in. I don't think there is much need for two. The judicial mediation part of Bill 4 takes too long. It gives too much power to the judges. Then we go to the moratorium part where Cabinet can impose a moratorium at any time. It is not in the best interest of long-term borrowing to do that sort of activity.

I have information that there are 50 percent of the farm community that don't borrow at all. So this bill isn't for them; you're not going to help them by this bill. Forty percent borrow and 10 percent are in serious trouble. It might, on the outside edge, help that 10 percent, it might, a very qualified might. Forty percent who borrow will have increased interest rates to pay without any doubt. Their charges will be increased, so they are not going to welcome and have not welcomed, with open arms, Bill 4.

So for these reasons, and as I said at the outset, this bill does not prevent problems. I think that the important thing about this is that we need to design something in the Department of Agriculture to prevent the problems that we have. As I said before, Madam Speaker, this bill is absolutely unsupportable and I will not be supporting it.

Thank you very much.

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

**MR. J. ERNST:** Madam Speaker, I move, seconded by the Honourable Member for River East, that debate be adjourned.

**MOTION presented and carried.**

**MADAM SPEAKER:** Is it the will of the House to call it 12:30?

The hour being 12:30, the House is now adjourned and stands adjourned until 2:00 p.m. Monday next.