

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, 2 June, 1982

Time — 2:00 p.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. J. Walding: Presenting Petitions . . . Reading and Receiving Petitions . . .

(sic) workers are back on the job today after we see the government is going to react to my concerns and I sincerely hope the dairy industry now will not have to lug their milk into Saskatchewan to get it processed.

Thank you, Mr. Speaker.

MR. SPEAKER: Are there any further nonpolitical statements? Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills.

MR. SPEAKER: The Honourable Member for Flin Flon.

MR. J. STORIE: Mr. Speaker, the Committee of Supply has adopted a certain resolution, directs me to report the same and asks leave to sit again.

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

MOTION presented and carried.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. A. ADAM: Mr. Speaker, I wonder if I could have leave of the House to make a nonpolitical statement?

MR. SPEAKER: Does the Minister have leave? (Agreed)

The Honourable Minister.

HON. A. ADAM: Say cheese, somebody said. Mr. Speaker, we have distributed to honourable members a sample of cheese curds courtesy of the MANCO cheese group. This is a new product which is finding a market in the west and is being well accepted in some of our other provinces, Mr. Speaker. The MANCO production of fine cheddar cheeses, 50 percent has been marketed usually in the east. Unfortunately there is an overproduction of cheese in Ontario and Quebec and also, as well, a surplus of cheese in the United States and because of that, there is a surplus here as well.

The samples you have before you is to highlight a very nutritious source of food produced in the Province of Manitoba at the Manco-Winkler Cheese Factory and it is to be refrigerated or eaten as soon as possible, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Roblin-Russell.

MR. W. MCKENZIE: Mr. Speaker, I thank the Honourable Minister for finally waking up after weeks of prodding here by the Opposition to get this government off their fannies to recognize there's a bunch of people unemployed and a dairy industry that's falling down out there.

Mr. Speaker, I sincerely hope that the 50 employed

(sic) workers are back on the job today after we see the government is going to react to my concerns and I sincerely hope the dairy industry now will not have to lug their milk into Saskatchewan to get it processed.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we reach Oral Questions, may I direct the attention of honourable members to the gallery where we have 54 students of Grade 5 standing from the Southwood Elementary School in Steinbach. These students are under the direction of Mr. Dueck and Mrs. Janzen. The school is in the constituency of the Honourable Member for La Verendrye.

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

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

HON. S. LYON: Mr. Speaker, a question to the Minister of Mines and Energy.

In view of the comment that was made by his federal counterpart, the Honourable Mr. Lalonde, the other evening with respect to the "interest," I believe the word was, of the Federal Government in talking to Manitoba concerning possible participation in the Churchill-Nelson River System construction and/or the transmission lines related thereto as they affect the Western Inter-Tie, can the Minister of Mines and Energy give assurance to the House that any of the comments or any of the discussions that he has had thus far or will have with the Federal Minister, will not result in any delay of the completion of the negotiations for the Western Inter-Tie, a delay that might be occasioned by virtue of the Federal Government's apparent interest to allegedly help Manitoba financially?

MR. SPEAKER: The Honourable Minister of Energy and Mines.

HON. W. PARASIUOK: Mr. Speaker, in all the negotiations to date, financing has not been part of the negotiations relating to the interim agreement or a final agreement with respect to a Western Inter-Tie. That was left to be discussed separately from those negotiations and that is what is happening right now. We will be pursuing the interim agreement with Saskatchewan and Alberta as expeditiously as possible, but of course it is incumbent upon Manitoba to ensure that it does have access to financing to cover its significant portion of the cost of the power plant development and the Inter-Tie, which would be some 81 percent of the overall development cost.

HON. S. LYON: Mr. Speaker, can the Minister make any comment upon news reports attributed to Manitoba's Federal Minister, the Honourable Mr. Axworthy, to the effect that the Federal Government would want to appoint a consultant to become involved apparently in the economic viability of this project, the studies on which have now gone on for some three years, and the economic viability of which was agreed upon amongst the three provinces well over a year ago?

HON. W. PARASIUK: Mr. Speaker, I know that there are a lot of consultant studies available on the question of viability. Some of the terms of the interim agreement are a bit different from those originally looked at by the original consultants, but nevertheless the three western provinces believe that it is economically viable. There are consultant studies to back that up, in fact, there's quite a mass of consultant studies to back that up and if the Federal Government wants to appoint someone to take a quick look at those consultant studies, fine, I think that might be understandable from their perspective. We want to expedite that process so that we can get a quick and firm decision from them, but certainly that shouldn't be delaying any of our ongoing discussions with the Saskatchewan and Alberta Governments.

HON. S. LYON: Mr. Speaker, I want to thank the Minister for that response and for that firm attitude with respect to any proposal for Federal Government consultants. I think all Manitobans will be encouraged by the fact that this is, as we have known for a long time, a viable scheme and it is the intention of this government to get on with the completion of the Inter-Tie.

Can the Minister undertake, Mr. Speaker, to consult with his federal counterpart or with Mr. Axworthy, and make known to the House as soon as possible the extent of any requirements that the Federal Government might wish in this regard. Can he concurrently assure us that he will be telling them precisely what he has told the House today, that we want to get on with the job so that Limestone can start and all of the jobs that will be generated by that start, and that this great regional concept of the Western Inter-Tie will become part of the integrated hydro-electric system of Canada?

MR. SPEAKER: The Honourable Minister of Energy and Mines.

HON. W. PARASIUK: Mr. Speaker, I will be meeting with Mr. Lalonde in Ottawa within the next two weeks, I will certainly communicate that to him. Indeed, I must say that was one of the initiatives undertaken by the First Minister and myself at the First Ministers' Conference in Ottawa earlier this year. We impressed upon the Federal Government that the Western Inter-Tie development was of benefit not only to the three prairie provinces, but indeed to the entire nation in terms of providing a transmission link for our renewable source of energy between three provinces. We felt that this would be a great breakthrough for Canada and we felt that since there are front-end costs associated with this, that the Federal Government should give consideration to financial support.

We believe that a development of this nature is at least as important as an Alsands development. In fact,

we were encouraged by the recent statement by the Minister of Energy, federally, who says now that they will include electrical energy in their discussions, their calculations of national energy policy, and that the Federal Government will indeed give serious consideration to our request for financial support. We believe that is a very good step in terms of a good result, frankly, of co-operative federalism over the course of the last six months. I think that response from them was a rather expeditious response in terms of past responses to other requests for assistance. Hopefully they'll proceed very quickly over the course of the next short while to ensure that commitment is a firm one.

MR. SPEAKER: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Speaker, my question is to the First Minister. Yesterday the Manitoba Federation of Labour urged the government to undertake the immediate construction of Hydro generating facilities in the absence of assured sales. Mr. Speaker, in view of the fact that the Public Utilities and Natural Resources Committee of this Legislature has recently been advised by the Minister, Chairman, Chief Executive Officer and staff of Hydro, that to undertake construction without assured sales would be financially ruinous to Hydro, can the First Minister advise whether or not he has informed the Manitoba Federation of Labour of the fact that it would be ruinous to Hydro to proceed prior to conclusion of projects such as an agreement with Alcan for the development of a smelter in Manitoba, or to conclude the Western Power Grid or Inter-Tie? Has he advised him of that or has he indeed continued to lead them to believe that it would be possible to fulfill the campaign promise and develop Limestone without assured sales?

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, it is not Alcan that would trigger the development, it would be the Western Inter-Tie Agreement, when it is completed, that would necessitate the early resumption. As the honourable member knows, there is presently under way now, orderly steps toward a resumption of Limestone.

MR. B. RANSOM: Mr. Speaker, my question was, what answer did he give to the Manitoba Federation of Labour? Did he tell the Manitoba Federation of Labour that, according to the staff of Hydro and the Chairman and through the Minister, it would be financially ruinous to Hydro to undertake construction of Limestone without having assured sales for the power?

HON. H. PAWLEY: Mr. Speaker, our position is quite clear on record. It has been clear during the committee hearings, it has been made clear in this House, the reference to Hydro construction was one of many, many items that was raised by the MFL in their brief. The MFL is quite conscious of the position that we have been taking in this Legislature.

MR. B. RANSOM: Mr. Speaker, the Manitoba Federation of Labour brief not only calls upon the govern-

ment to undertake immediate construction, but makes the point that it is wiser to undertake immediate construction without sales, than it is to have the sales prior to undertaking the construction.

My question to the First Minister remains, what was his response to the Federation of Labour? Did he inform them of the realities which this House has been informed of through the testimony of Hydro officials at the Utilities and Natural Resources Committee?

HON. H. PAWLEY: Mr. Speaker, we were there to listen to the brief. We discussed aspects of their brief with the Manitoba Federation of Labour. The Manitoba Federation of Labour is very conscious of the position that we have taken. Mr. Speaker, we were not there to argue various points in the brief; we were there to listen. That seems to be a subject matter that escapes the minds of members across the way because they did so little listening during their four years that they were in government. Mr. Speaker, we were there to listen, we heard and the Federation of Labour is very conscious of the position that has been taken by the government in this Legislature pertaining to Hydro construction. If the honourable member wants to argue with the Manitoba Federation of Labour, he can do so on his own time.

MR. B. RANSOM: Mr. Speaker, does the First Minister intend to respond to the brief of the Manitoba Federation of Labour?

HON. H. PAWLEY: Mr. Speaker, we have received the entire brief which deals with many, many subjects. I must, by the way, mention it was a well presented and very well articulated brief, very comprehensive in nature. It is one that will be responded to by this government, point by point, insofar as the many many areas that were covered in that brief dealing with matters of the economy, dealing with matters of labour relations and other aspects.

MR. SPEAKER: The Honourable Member for Emerson.

MR. A. DRIEDGER: Thank you, Mr. Speaker, to the Minister of Natural Resources. It would appear that the Army Corps of Engineers from our neighbours to the south, namely, the USA, the United States, are again promoting the Roseau River Channel Improvement Project. This is creating concern and anxiety to the councillors and residents of the southeast. Could the Minister indicate where the project is at and what involvement his department has had to date regarding this matter in the last few weeks?

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. A. MACKLING: Mr. Speaker, I first of all thank the honourable member for giving me notice of this question. The proposal is a channel improvement on the Roseau River in the United States and the proposed cost of that was \$25 million, but contrary to some current rumour, it is not being initiated at the present time. Although it's recommended by the Army Corps of Engineers the benefit cost ratio, when they established it at rates of 3.75 percent interest, was

barely 1.1. At current rates of interest the re-evaluation now in progress will give a much lower cost benefit ratio.

Another difficulty for that development will be the requirement of a local contribution from the Water Management District of \$1.2 million. At best, as we see it, these matters would not likely be resolved before the fall of 1983. In any case, we expect of the Department of State and our External Affairs Department to negotiate an agreement because there would be an impact on Canada if that were to proceed. Departmental staff are going to be meeting, I think, next week with representatives of the RM of Franklin to confirm the facts that we have.

Mr. Speaker, while I have the floor, I would like to answer a question the Honourable Member for Roblin had asked me in connection with the development of the Grandview Reservoir. I might say, Mr. Speaker, that in addition to the Honourable Member for Roblin, the Honourable Member for Dauphin has been urging me to review the concerns of the Town of Grandview in respect to the reservoir. I have had telephone communication with the Mayor of Grandview, Mr. Olsen, this morning and I confirmed to him the commencement of the reservoir. I have indicated to him that we are notifying PFRA to immediately initiate the tendering process. The construction is expected to be completed during this fiscal year.

Mr. Speaker, there were concerns about the cleanup of the river channel as a possible alternative. My department will continue to examine the concerns about the river channel but we're satisfied that the reservoir will meet the requirements of the town's supply so, therefore, we've given it an urgent go-ahead. I think we will continue to study the causes of flooding upstream of the town without reference to what is obviously a needed dependable source of water supply for the town.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Speaker. I have a question for the Minister in charge of Co-operative Development. I would ask him if the negotiations with the Credit Union and Caisses Populaires movement in the province with regard to the \$29.5 million loan, have been completed?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. A. ADAM: Mr. Speaker, in response to that question, the negotiations have not been completed at this point in time, but I believe that they are nearing completion.

MR. R. BANMAN: A supplementary question, Mr. Speaker. I wonder if the Minister could inform the House when he expects the monies will be advanced to the two systems.

HON. A. ADAM: That would depend on how soon we can finalize the negotiations with the systems out there and how soon we can get the Capital Supply Bill through the Legislature.

MR. R. BANMAN: A question to the Minister of Finance. I wonder if the Minister of Finance could inform the House whether or not his department or any people in his office are studying the possibilities of the province opening up their own banking system?

MR. SPEAKER: The Honourable Minister of Finance.

HON. V. SCHROEDER: I don't know of anyone in my department who is looking at setting up our own banking system.

MR. R. BANMAN: Mr. Speaker, I see the Minister of Natural Resources said they should have done it 20 years ago, but I would ask the Minister of Finance whether or not, in light of the urgings from the Manitoba Federation of Labour in the brief in which they urged the government to open up their own lending institutions, and in light of the fact that we are now already in the position of helping out the credit union system, I wonder if the Minister could inform the House whether or not he will be responding to the Manitoba Federation of Labour and telling them that he does not intend to open any banking institutions, provincially owned.

HON. V. SCHROEDER: Mr. Speaker, the member indicated that it should have been done 20 years ago. I guess one of the problems was that 20 years ago we weren't in office. It had been done earlier than that in the Province of Alberta and I believe with some considerable success. I would quite frankly question whether in the 1980s the same circumstances apply, so that is why there is no one currently studying that question in the Department of Finance, I suppose.

MR. SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, I have a question for the Attorney-General. I wonder, Mr. Speaker, if the Attorney-General could assure this House that in the event of a strike by the City of Winnipeg Police Force, something which no member of this House or I'm sure no member of City Council would desire to see happen, but in that unfortunate event, can he assure this House and the citizens of the City of Winnipeg that he will exercise his right and responsibility under the RCMP contract to call in members of the RCMP to provide emergency police services?

MR. SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: Mr. Speaker, I am of course aware of my responsibilities in this area and I think it would be doing a disservice to the ongoing negotiations albeit they're at a standstill during these few days, I hope few days, to make any premature announcement.

What would have to happen would be a complete breakdown of negotiations followed by a strike that created a problem such that the City Council, through its Police Commission, thought that it needed assistance to maintain order on the streets and a request from the City Council to myself at that time. Discussions would be held between myself on behalf of the government, the Assistant Commissioner of the RCMP

and city officials to discuss the situation in light of the situation that then pertained.

I do assure the Member for St. Norbert that I'm fully aware of my responsibilities, that I have kept abreast of the situation, that I have discussed in general the situation with the representatives from the RCMP at my regular meetings and that in the event of a request from the City of Winnipeg as I've just outlined, that request will be dealt with at that time.

MR. G. MERCIER: Mr. Speaker, I wonder if the Attorney-General could be a little more reassuring to the residents of this city who - again, I don't want to see a police strike and I don't think anybody else in the city does - but in the event that there is one, can he not assure this House and the residents of this city that he will call in the RCMP to provide the emergency police services that are required?

HON. R. PENNER: Mr. Speaker, I hope that the Member for St. Norbert and the members opposite will understand if I do not care to go beyond the statement that I have made. I really am quite sincere in saying that it is my view that if I were to make any more definitive a statement in anticipation of what might be the case, that it could seriously impair bargaining. For example, if I were to say categorically that in the event of some job action on the part of the City of Winnipeg police, that the RCMP detachment would be called in in some force, then it might greatly weaken the situation at the table in terms of bargaining. It might be seen as an improper intrusion in a situation which is still that of bargaining albeit with some difficulty. Let's just wait and see.

MR. G. MERCIER: Mr. Speaker, what I am concerned about is a proper intrusion to protect the public interest and the lives and safety of the citizens of the City of Winnipeg. Is the Attorney-General saying that there is a possibility that if there is a City of Winnipeg police strike, he will not call in the RCMP to provide emergency police services?

HON. R. PENNER: Mr. Speaker, I made a very guarded and careful statement. I will not be provoked by improper questions into going beyond that. I do not want to interfere with the bargaining situation. I don't think that my ability to act as Attorney-General need be called into question in terms of the safety of the citizens of the City of Winnipeg, but I am leaving it to what I hope is the good sense of those at the bargaining table to come to an early conclusion on their bargaining responsibilities.

MR. SPEAKER: The Honourable Member for Tuxedo.

MR. G. FILMON: Thank you, Mr. Speaker. My question is for the Honourable Minister responsible for Housing. In view of the fact that news reports yesterday indicated that single family housing starts in Winnipeg for the first five months of this year are down 76 percent over the first five months of last year, and in view of the opinion expressed by the Manitoba Home Builders Association and the Multi Family Residential Council of the Housing and Urban Development Association of Manitoba that recently announced

provincial rent controls will make new residential construction uneconomical, will the Minister be recommending to his colleague, the Minister of Consumer and Corporate Affairs, that the ill-conceived provisions in the rent control bill recently announced be amended to prevent a serious loss of construction jobs and economic development in Manitoba?

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. A. MACKLING: Mr. Speaker, it is now public knowledge that contained within the Budget is provision for housing stimulus in this province and that is appropriate, given the circumstances that the honourable member has outlined, confirming the facts that the Builders Association have commented on publicly, but the question of the impact on rent legislation I do not agree with. There's no question but that with a shortage of housing there will be pressure on rents and it is very timely that we have moved to provide rent control contrary to what the honourable member's suggesting.

MR. G. FILMON: Is the Minister now telling us, Mr. Speaker, that in order to make up for the adverse effects of the rent control program, that the government and the people of Manitoba are now going to have to subsidize developers to construct rental housing in this province at total public cost, which would not be the case if it were not for the ill-conceived provisions in the rent control bill?

HON. A. MACKLING: Mr. Speaker, the role of the Opposition is to present constructive argument and constructive questions. What is indicated in his question is that we have created a climate that has reduced construction. That is basically false. The honourable member knows that during their period, construction withered and nothing was done in Winnipeg in respect to development. No public housing units were built at all during their term of office that I'm aware of. The only impetus was in respect to elderly persons' housing. There is not a critical shortage in that area, but there certainly is in housing. There was a tremendous slowdown in the economy of this province and that was occasioned by the deliberate protracted restraint of the previous government. The housing problem that we have in this province today is directly attributed to the negligence on the part of the previous administration. We are moving to address that problem, but I will not accept any criticism of this government that's been in office for barely not quite six months in respect to the lack of construction in this province.

MR. G. FILMON: I'm surprised that the Minister didn't bring in President Reagan's economic policies as well when he addressed the answer, because he obviously is groping for a problem.

Mr. Speaker, is the Minister saying that the effect of the 6 percent vacancy rate had nothing to do with the lack of construction and the effects of the federal dry-up in section 43, loan money had nothing to do with the things that have occurred in the past couple of years?

HON. A. MACKLING: Mr. Speaker, the honourable member now recognizes that he must be on the defensive. Nothing was done significantly in respect to construction during the term of their office, and the fact that he is now alleging that rent controls that were deemed necessary because of the difficult vacancy rates are a cause of the difficulty is just being dishonest, Mr. Speaker.

Obviously, we have a construction problem. That problem is not unique to Manitoba. It's occasioned by high interest rates that were supported by the previous administration, and I don't raise the spectre of Ronald Reagan in this province, but the honourable member does. Some of the honourable member's colleagues went down to applaud the installation of Ronald Reagan as the President of the United States and they welcomed the high interest rates that Ronald Reagan represents and that their Conservative Party represented in Ottawa.

MR. SPEAKER: The Honourable Leader of the Opposition.

HON. S. LYON: Mr. Speaker, in view of the rather odd attitudes of the honourable member about his version of the traveling habits of members of the previous administration, I was the one who, Sir, went to the Republican National Convention and saw Ronald Reagan nominated for the Presidency, which he subsequently won.

Would my honourable friend think that is a reprehensible thing to do or did he think it was equally reprehensible when his leader went to the Socialist International Meeting in Vancouver with a bunch of left-wing kooks and participated in that meeting?

HON. A. MACKLING: Mr. Speaker, the Honourable Leader of the Opposition has not only been proud to be associated with Reaganomics, he was proud to be associated with that other pleading government in Canada, the Conservative Government. We heard people from overtheretalking that the Crosbie Budget that was a tough budget, high interest budget, didn't go far enough. That's the kind of attitude they represent.

HON. S. LYON: Mr. Speaker, now that we know, Sir, in the mind of the Minister of Resources, his relative value as to meetings that politicians should attend, may I direct a question to the Minister of Finance?

Yesterday he took as notice a question I asked him as to the cost of implementing the agreement which still is subject to ratification with the MGEA by the taxpayers of Manitoba. He said he would take the question for notice and indicate to the House what the figure will be for that proposed settlement. Could he tell the House today what that figure is please?

MR. SPEAKER: The Honourable Minister of Finance.

HON. V. SCHROEDER: No, Mr. Speaker, I don't have a definitive figure as of today yet. I expect to have it as soon as my department has time to work out the figure.

HON. S. LYON: Then, Mr. Speaker, I must direct a

question to the same Minister in his capacity as Minister of Labour. Is he telling this House that he is authorizing the Civil Service Commission of Manitoba, the negotiating team, to make an offer to the MGEA of Manitoba without knowing what the cost of that offer is going to be to the taxpayers of Manitoba?

MR. SPEAKER: The Honourable Minister of Labour.

HON. V. SCHROEDER: Mr. Speaker, I had indicated yesterday that the cost, as I understood it, because of the fact that in every year there are a number of civil servants who retire, who quit, are promoted and therefore there are a large number of vacancies and large periods of time in the year in which there are vacancies in job positions, the cost isn't a simple matter of a multiplication of the number of civil servants at a specific time plus the average settlement of just under 13 percent; rather the total cost would come out to somewhere in the neighbourhood of \$16 million, under \$20 million. I had indicated to the Leader of the Opposition yesterday that I would try to get a more definitive number for him.

I would remind the Leader of the Opposition, however, that last year his government entered into an agreement with the physicians in this province that yielded a 15 percent, more than a 15 percent increase, 15.8 percent increase, to people earning a significant sum of money and certainly that settlement had an impact on what the members of the Civil Service expected to get this year. Mr. Speaker, these kinds of backgrounds - the physicians' settlement, the Autopac settlement, other government settlements, teachers' settlements - are things that were in the air when we were negotiating with the MGEA. We were not negotiating an a vacuum. We were negotiating in a historical perspective where there were people with high incomes who had received significantly above inflation increases in the immediately preceding year.

HON. S. LYON: Mr. Speaker, after listening to the circumlocutions of the Minister of Labour and/or Minister of Finance, I believe we are all becoming better aware of where the vacuum exists. But, Sir, I want to ask the Minister that as and when he obtains this illusive figure, which he should have known before he offered this amount as a final settlement, will he be bringing this figure in as part of the Supplementary Supply which I expect this House will be getting very shortly? Do you suppose that he could work himself into a position to let the House know what that figure is before we receive it in printed form as part of the Supplementary Supply or, indeed, is he aware of the fact that it is customary to bring it in as Supplementary Supply while the House is sitting?

HON. V. SCHROEDER: Mr. Speaker, I had indicated to the Leader of the Opposition, just yesterday, that we still don't have an agreement. We won't have an agreement until after it is ratified by the MGEA and the Cabinet and I would hope that the Leader of the Opposition could wait until we do have an agreement in order that we can tell him exactly what will transpire from that point on. But I can assure him that what will transpire is what is customary.

HON. S. LYON: Mr. Speaker, for the information of the Minister of Finance, the Leader of the Opposition will not wait until the Minister of Finance gets around to it in his own incompetent way. The question that is being put to the Minister of Finance, Mr. Speaker, is very simply this, he and his colleagues made an offer to the Manitoba Government Employees Association for a two-year settlement. That offer is still subject to ratification; we all admit that. What is the cost of the offer to the taxpayers of Manitoba that he has proffered to the MGEA? He surely knows that. If he doesn't know it, he should get into another portfolio.

HON. V. SCHROEDER: Mr. Speaker, last year, under that incompetent former First Minister of this province, we were required to come forward with \$80 million in Special Warrants because of miscalculations by that government, that former government, in terms of its spending. I have stood here and said that it is approximately \$16 million we are talking about; it is somewhere under \$20 million. What we are talking about is an area that is not going to be exactly to the dollar. He well knows that, but it is not going to be \$80 million out, the way his incompetent government was last year.

HON. S. LYON: Mr. Speaker, I'll try to make the question simple for the better understanding of the Minister of Finance. Mr. Speaker, we're beginning to understand that we've got to go right back to alphabet terms. Is it true, to the Minister of Finance, that he has provided \$10 million in the current Estimates for the increase in salary to be provided to the civil servants of Manitoba this year? Very simple. Is there \$10 million in the current Estimates?

HON. V. SCHROEDER: Mr. Speaker, there is \$10 million in the current Estimates. I'm surprised that the Leader of the Opposition doesn't know that without asking the question again. It is the exact amount that was in the Estimates two years ago, when there was a situation that is similar to what we have today, where there wasn't an agreement with the MGEA. So there's nothing unusual about that particular amount.

HON. S. LYON: Mr. Speaker, now go to letter "B" in the alphabet, is it true, to the Minister of Finance, that the total cost of the offer that his government has made to the MGEA for the first year of the two-year agreement will be \$16 million approximately - we realize that there will be variations, a fool realizes that or is that \$16 million plus the \$10 million that he has in the Estimates?

HON. V. SCHROEDER: Mr. Speaker, I didn't say that it was exactly \$16 million, I said it was somewhere under \$20 million and that amount is the total amount. It is not an amount in addition to the \$10 million and the reason for that is, as I had said yesterday, that we expect with the normal attrition rates that we experience in the Civil Service that this is the amount of extra cost that we will be incurring in addition to what is in the Estimates.

HON. S. LYON: Mr. Speaker, just to make certainty double sure, to the Minister of Labour, can we take it

for granted that the 400 additional civil servants which this government is hiring in these Estimates this year, when all other governments are trying to put a lid on hiring, is it true that the expenses for those 400 civil servants are not built in to the increase in salary but are rather to be found throughout the Estimates in the various departments in which these people will be hired?

HON. V. SCHROEDER: Mr. Speaker, those costs are built into the Estimates of the various departments in which those individuals are found, but I should say to the Leader of the Opposition that a number of those hirings are simply replacements of people on contract from the outside so that there is not double numbers; that there is a considerable number, I believe, close to 40 percent of the number he refers to; and secondly, there is a significant number of people hired in order to take care of the Rent Control Program. So there are very good and logical reasons for some of those hirings. I should also say that, in terms of Civil Service per population, we are fairly low in the country, as we were in 1977.

MR. SPEAKER: Order please. The time for Oral Questions having expired, Orders of the Day.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable Government House Leader.

HON. R. PENNER: Mr. Speaker, would you please call the adjourned debate on Second Reading on Bill Nos. 2, 23, 32 and 36?

ADJOURNED DEBATES SECOND READING - PUBLIC BILLS

BILL NO. 2 - THE RESIDENTIAL RENT REGULATION ACT

MR. SPEAKER: On the proposed motion of the Honourable Minister of Consumer and Corporate Affairs, Bill No. 2, standing in the name of the Honourable Member for Fort Garry.

MR. L. SHERMAN: I am pleased to have the opportunity, Mr. Speaker, to address a few comments to the House in connection with Bill 2, The Residential Rent Regulation Act. At the outset, Mr. Speaker, I want to say that the subject is one that is extremely difficult to address in a political arena, or a political atmosphere, in any way that could be described as being essentially objective because the whole subject of rent control has become such an emotional issue and has become a consideration that is surrounded by so much emotionalism and subjective feeling from all sides of virtually all components in the community.

As a consequence, it becomes difficult to debate the advantages or disadvantages of specific approaches in conceptual terms and in legislative terms to this subject and succeed in delivering realistic messages and meaningful messages that are properly conveyed to the public and are properly understood by the public. That really is one of the difficulties that the Pro-

gressive Conservative Caucus faces with respect to this legislation in this current Session, and that any caucus and any party faces in dealing with the subject of rent control at any time, when there is a specific political thrust coming from one direction for recognizable rent control legislation that meets any kind of ideological or political objective.

In this case, there is a thrust coming for a recognizable form of rent control legislation that meets a political ideological objective. That objective is held and pursued by the government of the day, by the New Democratic Party, and is a follow-up of positions taken by the NDP during the past eighteen months, when they were in Opposition and the Progressive Conservative Party was in government, and particularly to positions espoused and promises delivered by the NDP during the recent provincial election campaign. So it has become an ideological political thrust aimed at an identifiable conclusion to which the NDP and its supporters can point, Sir, and say, aha, there it is, there is what we promised you, rent control.

Thus, as I have said, it becomes difficult for any component, whether it be the Progressive Conservative Party or whatever group in society, any component in society to stand up and analyze, assess and evaluate that thrust and that objective in terms that will guarantee delivery of a sensible, meaningful, realistic message to the public because the attempt will be obscured under the ideological and political pressures that have been brought into play, and will be obscured by the emotionalism that surrounds the issue since it was a central fact and central feature of the new government's election campaign. Further to that, the economic conditions of the day and the social conditions that flow from today's troubled economic conditions, intensify the emotionalism associated with the issue.

Many people look upon rent control as a panacea for many of our ills. Many of us have not looked very profoundly beyond the superficial terminology of the language itself; have not perhaps evaluated all the ramifications of something like rent control as fully as they need to be evaluated; and hence have come to the conclusion in our own minds, and I think this can be said of many of us, Mr. Speaker, have come to the conclusion in our own minds that one of the major bogeymen of the day, one of the major evils of the day is to be found in the levels of rentals being charged for rented residential accommodation in our society and the frequency with which those rental levels rise and the degree by which they rise and that, Sir, a great many of our problems would be resolved, a great many of our difficulties would disappear if we only had rent control. Rent control is the magic phrase, the magic answer to much of the frustration, much of the fear and anxiety in an economic and financial sense that burdens us today.

So those two factors, the fact that a promise of rent control was a central feature of an election campaign that emphasized rather clearly and heavily some specific ideological points and specific ideological ambitions and the fact that all of us live in troubled economic times and have come to embrace, to some degree, panaceas like rent control, or wage and price control, or various other forms of regulation as the possible potential answers to some of our problems,

have combined to make a truly objective, truly reasonable and productive debate about rent control and its merits are very very difficult.

But the Progressive Conservative Party has attempted in the debate held up to this point in time, on Bill No. 2 at this stage, Second Reading stage, to identify some of those concerns relative to rent control, that must be addressed by the legislators in this Chamber and that must be recognized by the people of Manitoba, the taxpayers of Manitoba and more fundamentally, the renters of Manitoba before this legislation or anything akin to it is given complete passage through the House because there are ramifications, there are developments, there is fallout from legislation of this kind.

There is in this particular bill, we feel, a package of potential weaknesses and difficulties that could produce a situation, Mr. Speaker, where those who embrace the concept of rent control as the salvation for their or our problems could find themselves inheriting under certain types of rent control legislation a far more onerous burden and a far more difficult rental environment, certainly a far more difficult shelter and accommodation environment than either is the case at the present time or was the case in the province before there was any form of rent regulation or rent control whatsoever.

So it's been important for members in Opposition to try to point out to the government and through the government, to and through the media and through the community, to the renters beyond, Mr. Speaker, what some of the pitfalls and difficulties are. We certainly feel strongly that a number of weaknesses and difficulties can be identified in this legislation as it appears at the present time and we intend at committee stage, with the aid of those spokesmen from the general public and the public representations that will be made, to examine the legislation in detail in an attempt to reinforce it as fully as possible to make it workable, to make it acceptable, to make it work and insofar as it's possible, to make it good.

Mr. Speaker, a number of my colleagues have spoken on the bill and it's not my intention to review or reiterate their conclusions or redefine the difficulties that they identified and placed on the record where this legislation is concerned. Suffice it to say that we see a considerable number of difficulties and they range across a spectrum of subjects that includes the built-in implication of a vastly expanded and expensive bureaucracy to administer and police this legislation, a bureaucracy reflected in the concept, for example, of the rent regulation officers, rent appeal panels and the central registry, all of which are provided for in the bill before us.

In addition to that, we see difficulties with the 9 percent threshold and considerable reference has been made to that. I know the Minister has had that brought to his attention, Mr. Speaker. We fear that 9 percent threshold will turn out to be more a floor than a ceiling. We have difficulties with the provisions relative to the pass-through that's being permitted the landlord where his mortgage related costs are concerned under the legislation as it's presently drafted. We have concern for the impact on the development of shelter accommodation, new shelter accommodation, the investment in new shelter accommodation

and the improvement and upgrading of existing shelter accommodation is concerned. Over and above all that, Mr. Speaker, I think our primary concern is with the low income renter, the lower income renter in the community. We feel sincerely and strongly that many aspects of this legislation will militate against the best interests of the lower income renter in Manitoba and he or she should be put on their guard with respect to those implicit difficulties.

Those concerns, Sir, lie at the root of a very great deal of what my colleagues have had to say about this legislation. We believe that in its present form, it possesses the capacity and the potential to be harmful to low income renters in Manitoba and to be harmful and disadvantageous to the development of new, and the improvement of existing shelter accommodations throughout the province. In fact, Sir, it appears that this bill has been produced as the result of a rather desperate developmental drive by the government in order to fulfill an election promise.

On the surface of the legislation as it is presently constituted, there would appear to have been some rather hasty work done, notwithstanding the fact that many of us in Manitoba awaited the appearance of the bill for some considerable time following the government's original promise. But I can't resist or avoid the conclusion as I study the legislation and discuss it with the members of the community, Mr. Speaker, that it really represents simply a formalized response to, or a formalized follow-through on an election promise by a government that seized on this issue, as I have said, a highly emotional issue, as one that provided it with considerable election campaign ammunition. Having gone into the election saying that they would deliver rent controls for Manitobans, that they would protect Manitoba renters against the demon landlord, they had to deliver.

It was a promise and although it's been pointed out in the House from time to time since the Session got under way that many of their promises have not been fulfilled, I must say that I think credit and recognition must be given the government to some degree in that area, Mr. Speaker, because they have acted and attempted to move on some of their campaign promises and this was one of them. The Minister of Consumer and Corporate Affairs, the Minister responsible for Manitoba Housing and Renewal Corporation, obviously possesses sufficient clout and sufficient influence with his Cabinet and caucus colleagues to ensure that one of the promises related to his department was certainly going to be one that the new government was going to deliver on and I give him credit for that. But I think that the bill as it's constituted at the moment represents a pretty hasty attempt to meet that promise, to meet that pledge. I don't think it has been fully or carefully thought through. It simply, as I say, provides the government with the opportunity of saying, well we promised you rent control; we promised you protection against the demon landlord; here it is.

Mr. Speaker, under this legislation, renters in Manitoba are going to expect that their rents are not going to rise. In fact, as a consequence of the position taken by the NDP when it was in Opposition during the last year-and-a-half or two years of the Progressive Conservative Government's tenure of office, and as a consequence of the specific things said in the election

campaign last October and November by NDP candidates, Manitoba renters expect, as one of my colleagues has suggested in debate, that their rents are not going to rise in the foreseeable future; there is certainly not going to be any significant increase in rents for Manitoba renters during the next one, two, three, four years. That is the conclusion to which Manitoba renters were invited to come, by the position taken and the promises made by the new government of the day, the government opposite, and the government of the day is going to have to live with that, Mr. Speaker.

They have raised hopes; they have raised expectations I think, falsely, and they're going to have to live with that and this legislation certainly is not going to enable them to deliver on that promise. So one of the weaknesses in it is a weakness that will redound upon the Minister himself and his colleagues themselves, the clear and vivid demonstration in a very short period of time, that the promise was hollow and false and cannot be kept.

Mr. Speaker, having said all that, I wish to advise the Minister and the House and you, Sir, that it is not the intention of my caucus colleagues, or me, to stand in the way of constructive and intensive examination and evaluation of what the Minister is proposing in Bill 2. We have deliberated at some length, during the past two weeks or more, on the content and nature of the legislation. We have difficulty with some of the aspects of the content and nature of the legislation but we do not, Sir, have difficulty with the principle of the bill, the principle being the protection of the renter in Manitoba against unfair or unreasonable rent increases, against hardship rent increases.

There is no question that many among us are suffering real hardship today in the renter market. There is no argument with a suggestion, or with the point that there are examples of true hardship among renters in Manitoba today, as there are similar examples among renters all over North America, probably all over the world. There is no question either that there is some real hardship, measurable, demonstrable, seen every day, caused by general economic conditions for renters, for persons who rent their shelter and their housing accommodation.

Worse than that, Mr. Speaker, there is perceived hardship; there is the fear of hardship; there is the anxiety and the tension and the fear in the hearts and minds of many renters that even though their rent perhaps didn't go up significantly or substantially last year, or the year before, the danger is always there that their rents are going to go up to a degree which they can't accommodate, which they can't handle and they're going to find themselves on the street looking for new accommodation. I know that fear, that thought, troubles many a Manitoba renter. Speaking for and with my party, I want to say to him and her, Mr. Speaker, that Manitoba renter, that we're aware of that fear, that anxiety, that perception and in some cases, that very reality.

We share the ambitions of all, whether inside or outside this Chamber, to reinforce the safety net for the Manitoba renter; to guarantee him or her protection against unfair, unreasonable hardship rent increases. For that reason, Sir, we find ourselves aligned with the principle contained in Bill 2. We're

very anxious to hear the representations that will be forthcoming from the public and others at Law Amendments Committee or whatever committee finds itself charged with the responsibility of clause-by-clause examination of this bill because there will be specific suggestions emanating in that process for the strengthening and improvement of Bill 2. We believe that it may well be possible that Bill 2 will turn out to be an acceptable piece of legislation with certain reinforcements and improvements and refinements; with certain modifications with some of that strengthening which I've suggested is necessary.

So we do want to move the bill on to that stage and listen to the public representations that will be made, and the expert professional representations that will be made and, in particular, the perspective that will be brought to that course of the legislative process by renters themselves, by those who are most directly affected, along with the landlords, of course, of Bill 2. At that point in time I submit, Mr. Speaker, there will be some, and not a few perhaps on our side, who will be offering and proposing improvements to the legislation themselves.

Mr. Speaker, finally, I would just like to add the observation that in the end what's at issue here is the long-range best interest of the Manitoba renter; that obviously is a combination of a number of things, an improved economy for one thing, improved security in terms of job opportunities for another, but also, Sir, it's a combination, both of protection against unfair or hardship rent increases and a guarantee of a wide, attractive choice of housing and accommodation. In dealing with any issues such as rent control, governments and oppositions, legislators and public, the people they represent, have to be very careful, very careful, I submit, Mr. Speaker, not to move so emphatically on one side of the spectrum, or one side of the equation as to damage irreparably the other side.

The other side of the spectrum in this case, being the establishment of a climate that is conducive to the development of attractive options, reasonably available options and alternatives, in the shelter and accommodation field; for no renter, no matter what his anxiety or fear, or her anxiety or fear today, with respect to the current rate of rent that he or she is paying, wants willingly to be boxed into a situation where there is no alternative, there is no option, there is no way out, where he or she is trapped. So we had to preserve that freedom and flexibility of option and movement and this bill, while attempting to guarantee and reinforce the safety net for the renter, must also attempt to guarantee and reinforce his and her options for freedom and flexibility in choice now and in the future. So we will be focusing on some of those aspects of the legislation, Mr. Speaker, and looking forward to close examination of the bill in clause-by-clause form at the committee stage. On that basis and on the basis of the comments that have already been contributed in this debate by my colleagues I can advise you, Sir, at this juncture that the Progressive Conservative Caucus supports the principle of Bill 2 and wishes to see it move on to committee study.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs will be closing debate.

The Honourable Minister.

HON. E. KOSTYRA: Yes, Mr. Speaker, if no other members desire to speak, I'd like to conclude debate on Second Reading.

Mr. Speaker, first of all, I'd like to just recognize the assistance that I had in preparing this bill for debate in the House, the assistance that I received from the Member for Ellice who was the Legislative Assistant working with me. He spent long hours with me assisting me in the actual drafting of the bill, consulting with various organizations and groups, and I would like to compliment him and thank him for his involvement which I found very productive in the drafting of the legislation.

Mr. Speaker, when I had introduced Bill 2 for debate on Second Reading, I had invited some constructive suggestions from members opposite on the contents of the bill and the general approach. Unfortunately, Mr. Speaker, outside of, quite frankly, the last comments from the Member for Fort Garry, I saw none of that in the debate that took place in the House, especially from Members opposite.

What we saw in debate was a rerun of what was heard during the last election campaign. Over and over again, members opposite said that we really did have a rent control program in effect, a rent control program in place for the last number of years in Manitoba and that the New Democratic Party was not suggesting anything new, that there was a program in place that was serving Manitobans well. They claimed that experts also agreed with them that there was an effective rent control program in Manitoba. Well, whether or not some so-called experts agreed that there was some form of rent control in the Province of Manitoba, it was clear by what we heard prior and during the election campaign, and indeed in the results of the election campaign, that the people of Manitoba, the tenants in Manitoba, knew and did not believe that there was a rent control program in place in the Province of Manitoba, an effective rent control program in place and operating in the Province of Manitoba for the last two years.

The Member for Sturgeon Creek, in discussing the fact that there was an effective program in place, talked about the kind of good it did for tenants in his constituency. Well, it was just recently, Mr. Speaker, back last January that results of an arbitration decision with respect to a major block in his constituency was made known where the increases allowed by the Arbitration Board were some 34 percent increase and it was a reduction from, I believe it was 36 percent - a reduction of 2 percent. In fact, there was a recent decision rendered in the same apartment complex that upheld the increases requested by the landlord. So for him to argue that the program was working, the facts of the matter are simply the opposite.

The program didn't work, Mr. Speaker, because of two main facts: one is that all of the onus for the program was on the tenants. The tenant had to initiate the complaint. All of the onus was on the tenant and the tenant could only complain and his case could only be heard on the basis of how his proposed rent compared with other rents in the same area. So if, Mr. Speaker, there were artificially high rents in that particular area and the particular landlord who that tenant had to pay rent to asked for increases to bring it up to that already artificially high level, he had no

case; not whether or not the increase was fair or was needed for the actual operating costs of that building or to keep that building in repair, that had no relationship to what the increase was going to be and what would be determined under the legislation.

The other part of it was that it was on the basis of comparable properties and on the availability of other rental accommodation. We now know that the present situation with availability is considerably different than it was last fall, than it was a year ago, that we've now got a vacancy rate as latest reported from CMHC of only 2 percent overall in the City of Winnipeg.

I'd like now to spend a few minutes, Mr. Speaker, discussing a few of the areas that were touched upon by some of the members opposite during debate. There was some discussion, some debate that rent controls would allow units to get into disrepair, that maintenance wouldn't be done on rental units in the Province of Manitoba.

Well, first of all, Mr. Speaker, the allowable increases that will be allowed under The Residential Rent Regulation Act will allow for landlords and owners to maintain their properties, will allow them to have increases in order to pay for the ongoing operating costs, maintenance costs and repair costs of keeping their premises in repair.

Second, we have within the legislation a new and innovative section that to my knowledge does not exist or has not existed in any other rent regulation or rent control legislation in any jurisdiction in Canada, or in the United States for that matter, where we are going to allow exemptions from rent controls, from The Rent Regulation Act for units that undergo total rehabilitation.

I can say that there is a great deal of interest in this section, Mr. Speaker. In fact, just last week, I met with a Calgary developer who is in the process of buying a number of units of apartment buildings in Winnipeg and wanted to discuss with us how that section would impact on it because he wants to totally rehabilitate those units, and they are units that I am informed are in the process of being closed down and demolished if something is not done. This developer recognizes that he can, through the provisions that will be in the Act and the regulations, have an exemption and is going ahead, as I understand it, in proceeding to buy those properties.

So I don't accept the argument that we're going to see rental units in the province deteriorate or be demolished. We have given landlords and developers the opportunity with the legislation, with the new section, to take on major rehabilitative projects with respect to rental accommodation in the City of Winnipeg, in the province, because there are a number of apartment buildings that are at the stage where they need extensive renovations, and I believe this section will facilitate and will allow developers to seize on that opportunity and keep some of that much needed rental housing units on the market.

There was also comment in debate with respect to the new provision for a registry. It was stated by the Member for Tuxedo that here we're going to have government keeping track and keeping lists of every renter in the province and where he moves and when he moves. That's simply not true, Mr. Speaker. The purpose of the registry is, for the first time in the

Province of Manitoba, to have an effective catalogue, an effective base data bank of rental accommodation in the province because only one small part or one part of the rental units are under survey right now through CMHC, but there is no actual statistics dealing with all rental accommodations in the Province of Manitoba. That is the sole purpose of that registry, Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Order please. If I might interrupt the Honourable Minister for a moment to direct the attention of honourable members to the gallery where we have 60 students of Grade 8 standing from the Virden Junior High School. They are under the direction of Mr. Plaisier and they are from the constituency of the Honourable Member for Virden.

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

ADJOURNED DEBATES (Cont'd)

MR. SPEAKER: The Honourable Minister.

HON. E. KOSTYRA: Thank you, Mr. Speaker. The concept of having a registry, of having information available to government with respect to rental housing is not new. That is done in many other sectors of our economy so that government can better plan with respect to particular industries or particular sectors of our economy. I think it'll be useful for us to have that information and to be in a better position to respond to the needs of the rental housing industry and to tenants in the Province of Manitoba by having the actual information with respect to rental accommodations in the Province of Manitoba.

There was also a great deal of discussion in fact as late as Question Period today, Mr. Speaker, on the effect of new construction. There is, as previously indicated in the legislation, an exemption period for new construction for newly constructed units. I'm informed by developers that the average rental period for apartment blocks has been at the most a four-year period and that was when vacancy rates were at a higher level than they are today. So it would be fair to assume that new units, if they were to be constructed, to be rented up in a shorter period of time given the low vacancy rates that exist in the province at the present time, that would give developers the opportunity to rent up their buildings so that they could achieve near or full occupancy, but also allow them to establish rent levels at a level that they would feel is sufficient to meet their requirements with respect to financing the building and then would allow those buildings to be again controlled after that initial period.

The problem with the lack of new construction, and I think it would be recognized by members opposite though they would care not to say it, and it certainly has been stated to me by the many developers that we have met with, is that the major problem is the high interest rates that exist in the country at the present time. That is the greatest deterrent to any development, including the development of further residential rental units in the Province of Manitoba and indeed all

across Canada, and until high interest rates come down, that we are going to see very little construction in Manitoba or in other parts of the country.

The other factor that has a great impact on that is the lack and the removal of the federal incentives that existed for rental housing construction throughout the country. There was a flurry of building when there was a number of federal incentive programs available for developers. It's certainly true that rent controls, rent regulation has some impact on it, but to suggest that's the sole reason that there isn't going to be any and hasn't been any construction of new units in the province is simply not true, Mr. Speaker. In fact, over the last two years when there was no real effective rent controls, there was very little construction. In fact, if one looks back over a period of time when we last had rent controls in the Province of Manitoba, we had in excess of 4,000 units of rental housing construction being constructed during a period of rent control, of pretty restrictive rent controls, far more restrictive than what is contained in this legislation.

The last area I wanted to comment on, Mr. Speaker, that was mentioned in debate and was mentioned by the Honourable Member for Sturgeon Creek with respect to statements reportedly made by myself to the media with respect to possible changes in the legislation, and suggesting that I was not open and was not prepared to consult with interested people, individuals and organizations in the province with respect to the legislation. —(Interjection)—

Well, first of all, Mr. Speaker, I can tell you that with the assistance of the Member for Ellice as my Legislative Assistant and myself, we have consulted extensively with many people throughout the province on this legislation. When we first assumed office we met with many of the groups and continued that through to the present day. I have met on at least four occasions with the Executive of the Manitoba Landlords Association and had extensive meetings with them and have met with their general membership on two occasions, Mr. Speaker; I have met with the Manitoba Home Builders Association on three different occasions dealing specifically with this legislation; I have had meetings with six of the major developers in the Province of Manitoba who are active in this area; I've met with many individual landlords, tenants and solicitors who act on behalf of both tenants and landlords.

So I have been very open to listen to the points raised by many that are interested in this legislation. We've been receptive, Mr. Speaker, to the suggestions that have been put forward and I have found them particularly helpful as we've developed this legislation, as we've gone through the onerous job of drafting the legislation, and many of those concerns that were raised have been embodied in the legislation. So for him to suggest that I'm not open, I take great offence to.

My comments were in relation to the last meeting that I had with the Manitoba Landlords Association. They asked me if the government would be proposing major changes to the basic policies contained in the Act. I responded, Mr. Speaker, that no, I did not believe that the government would be making major changes to the legislation, that I did not indicate I would not be open to public representation and indeed the representations that would be made in

committee by members opposite to particular sections of the bill. In that regard, I was quite heartened to hear the positive and constructive comments for the first time from the member opposite, the Member for Fort Garry, with respect to the Opposition's attitude to this legislation. He was the first member that spoke that way but I'm not going to leave any false expectations to the Manitoba landlords.

We are going to make major changes. We have discussed over and over again those points with them, but we have been open with them, we have been sincere with them, outlining the provisions to the bill and have taken into account their many representations. I might add, Mr. Speaker, that some of those groups in meeting with us have told me that it is much easier to see members of this government than it has been in the past to meet members opposite when they were in government, that they had a much more difficult time even if they could get into meet and discuss issues. So we have been very open, Mr. Speaker, to —(Interjection)— if the member wants figures, I will give him individuals who told me that, if he would like, but those are the facts and I will stand by those statements. Mr. Speaker, I will conclude shortly so that we can get into committee and discuss section by section of the Act.

I think though, generally, we have to look at housing and this legislation in a particular fashion. Housing is not the same as other commodities in the marketplace. Housing is affected in a different way with respect to supply and demand. It's not like when someone goes to buy a commodity at the grocery store, be it a bar of soap, and if the price goes up, the person can either try to buy a cheaper bar of soap or indeed use less. That is the same with other commodities. Housing is different, Mr. Speaker, it is not that easy to suddenly move into another apartment block. There is the cost of moving; there is the disruption to children who may be in school and the thought of being thrust out of one neighbourhood into another. So there is need to have some controls on this sector of the economy more so than others, particularly when you get situations where there is little competition in the marketplace as we have at the present time with vacancy rates at a low level.

It does and it has been proven over time, Mr. Speaker, that rent increases move up and we have seen that happening over the past year, increases well in excess of the cost of living, in excess of the cost of operating those complexes. I made mention of the increases of 34 percent in one apartment block in the Member for Sturgeon Creek's constituency. I've had calls of increases of 45 and 50 percent that are taking place over the past six months to a year. So we are seeing a situation that is unique to the housing sector that doesn't exist in other marketplaces where people don't have the opportunity and there isn't the competition that exists in other marketplaces, so there is no question that there is a need for the government to take the kind of action that is being taken by the introduction of this legislation.

In closing, Mr. Speaker, I would hope, given the last comments of the Member for Fort Garry, that we will have some as we get into clause-by-clause consideration of the bill, some constructive suggestions from the Opposition with respect to particular sections of

the bill, so that we can have the best legislation that's possible, the best that can be operated and administered for the betterment of both tenants and landlords in the Province of Manitoba.

Thank you, Mr. Speaker.

QUESTION put, MOTION carried.

BILL NO. 23 - THE LEGAL AID SERVICES SOCIETY OF MANITOBA ACT

MR. SPEAKER: On Bill No. 23, the proposed motion of the Honourable Attorney-General, an Act to amend The Legal Aid Services Society of Manitoba Act, standing in the name of the Honourable Member for Virden.

MR. H. GRAHAM: Thank you very much, Mr. Speaker. I have had the opportunity to peruse the Hansard which carried the remarks of the Honourable Attorney-General when he introduced this bill to the House. I also had the opportunity of sitting in Committee of Supply where we discussed to some extent some of the ramifications that are quite apparent by a change such as that that is proposed in this particular bill.

One of the things that causes me a fair degree of concern is the power that is granted to the Legal Aid Society to investigate and make their decision on whether or not a certificate is issued and the ramifications that are inherent in that investigation. It seems quite clear and the intent of the legislation is to give the society the power of investigation, to look at a group in society to determine the individual financial status of members of that group and whether or not they have sufficient funds to pay the legal costs in respect to the application that is submitted. That is quite clearly spelled out in the legislation proposed. I want you to think for a minute, Mr. Speaker, of the implications that are involved and what it might do to society.

There are certain people, I am sure, that would love to be involved in a proposal say, for example, an environmental study on the hazards of a cement plant in the city, but they know that if they joined that group, because of their financial status, that it might affect detrimentally the objective of the group that are applying for legal aid. Probably the Attorney-General hadn't considered that when he brought forward this legislation. It could prevent people with some financial means from taking an active part in a type of program which obviously the Attorney-General is thinking it would be in the interest of the public to have those groups active.

It also, by its very nature, by having an investigation into the financial affairs of each and every member of that group, comes dangerously close to an invasion of privacy. Now I realize that when you were asking for assistance from the state, the state has a right to that kind of investigation and that's why I say it comes dangerously close. But the thing that concerned me was the detrimental effect that it could have if, say, there was one wealthy person involved, the Society and its committee could say, "Well, there's a man that's got the bucks; he could afford it." Does that deny the rest of the members in that group the right

to Legal Aid?

I suggest to you, Mr. Speaker, that if this goes through, you are going to be creating quite a nightmare for the members of the Legal Aid Society in determining whether or not any particular group qualifies for Legal Aid. I ask you, Mr. Speaker, do we really want to create that kind of nightmare or is it better that we confine the activities of Legal Aid to helping individuals? Obviously, the Attorney-General has considered that problem. I'm sure he must have considered that problem before he decided to bring in this legislation but I'm not convinced in my own mind that he has chosen a wise course.

It's quite conceivable that the harm that could eventually grow through society in having some groups eligible for funding and some groups not eligible because of the appearance of a certain name in that group, may do more harm to public action than it would ever do good. It places on the shoulders of the members of the Legal Aid Committee, who are studying all applications for certificates, a very particular onus to try and be fair, because I can tell you, Sir, that in very few cases is society unanimous in the particular direction it wants to go, on a consumer point of view, or an environmental point of view. Those are the two fields that the Minister is attempting to control at this time.

If a committee grants Legal Aid to one group and refuses to grant Legal Aid to another group, then it could be construed that there was the intention of the government only to fund those that were trying to influence public opinion in a certain direction. I suggest to the Honourable Attorney-General that if he persists in carrying through with this type of legislation, those kinds of charges can be laid and those kinds of attempts might very legitimately be employed. I would think it would not be in the interests of all Manitobans should that occur.

Mr. Speaker, the more I look at this bill, the more concerned I become about the intention of the Attorney-General when he brought this in. I know his history of intimate relationship with Legal Aid; I know his activities in the start-up of Legal Aid in this province. I would like to ask the Attorney-General if his intentions were as strong at the very start of Legal Aid to fund certain groups in society for public legal activity or has that belief grown later on.

Mr. Speaker, I have been somewhat critical of Legal Aid in the past but I have never really opposed the concept in totality. One of the fields that I think is probably building a "Cadillac" out of the Legal Aid system is expanding it into this field of public sector support. I think it's quite valid if a group in society wants to take legal action in any particular direction, that they should have a responsibility amongst themselves to fund it. I think that's an admirable cause and on top of that, when a person digs into their own pocket, they become more convinced that they are actively taking part in what is occurring. But if you go to any shopping centre, hang up a petition and get a whole bunch of signatures on it and say, "This is the group that wants to oppose a certain thing and now we're applying for Legal Aid," how much commitment and involvement is there in the total number of people who have signed that petition? I suggest to you very little and it's only a self-interested few, a half-dozen or

so that are behind the whole thing, that really have an interest at heart.

So, Mr. Speaker, I suggest to you that this bill in particular in my opinion does not move Legal Aid in a direction which I would like to see it go and I would hope that members would have somber second thoughts before we pass this legislation.

MR. DEPUTY SPEAKER, J. Storie: The Honourable Attorney-General.

HON. R. PENNER: If there are no other members rising to . . .

MR. DEPUTY SPEAKER: The Honourable Leader of the Opposition.

HON. S. LYON: Mr. Speaker, I beg to move, seconded by the Honourable Member for Lakeside, that the debate be adjourned.

MOTION presented and carried.

MR. DEPUTY SPEAKER: On the proposed motion of the Honourable Minister of Municipal Affairs, Bill No. 32, an Act to amend The Municipal Act, that stands in the name of the Honourable Member for Swan River. (Stand)

The Honourable Government House Leader.

HON. R. PENNER: Yes, it had been my intention to have you call Bill No. 36. I noticed that it is standing in the name of the Honourable Member for Pembina and he is not available to speak on that motion this afternoon.

I would ask you to call Second Reading on Bill No. 21.

SECOND READING - GOVERNMENT BILLS

BILL NO. 21 - THE COMMUNITY CHILD DAY CARE STANDARDS ACT

HON. L. EVANS presented Bill No. 21, The Community Child Day Care Standards Act, for second reading.

MOTION presented.

MR. DEPUTY SPEAKER: The Honourable Minister of Community Services.

HON. L. EVANS: Thank you, Mr. Speaker. This particular Bill No. 21, The Community Child Day Care Standards Act, is a fulfillment of a policy thrust indicated in the Speech from the Throne earlier this year and it's part of the government's thrust to develop and ensure high standards of child day care in the Province of Manitoba. There are some very specific reasons for this legislation coming forth at this time.

One, of course, is to clear up some public confusion which has resulted from the involvement of both Provincial Governments as well as Municipal Governments in the licencing of day care facilities.

Secondly, the licencing jurisdiction split that I referred to has resulted in different terminology and standards applied in different parts of the Province

of Manitoba.

Thirdly, the municipal and provincial licensing requirements currently used in the day care program regulations were developed back in the mid-1950s and do, in our opinion, require updating to recognize new developments and monitoring and enforcement of needs.

So therefore, Mr. Speaker, the Act has been to develop, to define clearly what day care is, who needs a licence to provide that service and who is responsible for the administration of the legislation.

I'd like to take this opportunity to outline the main features of the Act for the members of the Legislature. I would begin by referring to the categories of day care facilities which will require licences to operate. There are four types of facilities:

(1) a day care centre is defined as a facility for more than eight children or to more than five children, all of whom are less than six years old, or to more than three children who are less than two years old;

(2) family day care homes are for up to eight children in a private home of whom no more than five are less than six years old and not more than three are less than two years old;

(3) group day care homes for eight to twelve children in a private home of whom not more than three are less than two years old;

(4) occasional day care centres or a day care centre providing intermittent or casual day care services.

These categories and licensing requirements, Mr. Speaker, will apply to both nonprofit and to the commercial day care centres that now operate in the province or may operate in the future. A licence to operate will be optional in a private home where up to four children are receiving care, including the children of the operator and other children of whom not more than two are under two years of age. The provisions of the Act will not apply to care provided to children by relatives, by public schools or Sunday schools, by hospitals, by recreation programs or in summer camp programs.

The Act states clearly that the Provincial Government is the sole licensing authority for the day care services in the province and in addition sets out general conditions governing the issuing of licences and provides the authority to pass detailed regulations for staffing, health, nutrition and program activity standards. The Act also provides for the refusal, suspension and relocation of licences if licensing requirements are not met and outlines the right of appeal for licensing and subsidy decisions to the Social Services Advisory Committee. Where a licence has expired or has been revoked and where day care services may be withdrawn, the Minister may appoint an administrator to operate the centre for up to 90 days while other arrangements are made.

Another feature of the legislation, Mr. Speaker, in direct response to the needs of the day care community, a nine member Staff Qualifications Review Committee will advise the Minister on staffing matters and will act as an appeal body for day care staff who disagree with departmental qualification decisions.

The last point I would make in terms of the essence of the bill, the Act authorizes grants to nonprofit day care centres and licenced family and group day care homes and the payment of subsidies on behalf of

families using nonprofit day care services.

Mr. Speaker, there has been a great deal of interest expressed in this proposed legislation by the community at large and particularly by the many many child day care associations that exist in the province. I have spoken to many individuals myself in my travels around the province and I know there are great expectations being held up for this particular legislation. I think generally the community at large in Manitoba welcomes this thrust on the part of the government. They welcome our concern about providing adequate child day care provisions and in this day and age, where more than one member of the family happens to be working, there seems to be an increasing need for this type of service and I think it's incumbent upon government at this point to ensure that we have nothing but the best standards in the Province of Manitoba.

So I'm confident, Mr. Speaker, that this Community Child Day Care Standards Act, together with this year's budgetary provisions, where we increased the monies available for day care substantially, these together will make day care in Manitoba among the best to be found anywhere in Canada. Thank you.

MR. DEPUTY SPEAKER: The Honourable Member for La Verendrye.

MR. R. BANMAN: Mr. Speaker, I move, seconded by the Member for Tuxedo that debate be adjourned.

MOTION presented and carried.

ADJOURNED DEBATE - CROW RATE

MR. DEPUTY SPEAKER: The Honourable Government House Leader.

HON. L. DESJARDINS: Mr. Speaker, I understand that the members of the Opposition are willing and anxious to take part in the debate on the Crow Rate so would you call that. We wouldn't want them to wait any longer, if they shut up we can call it right away.

MR. DEPUTY SPEAKER: On the proposed motion of the Honourable Minister of Highways and Transportation; the motion is standing in the name of the Honourable Member for Virden.

The Honourable Member for Virden.

MR. H. GRAHAM: Mr. Speaker, I adjourned this debate for my leader.

HON. S. LYON: Mr. Speaker, I'm happy to see that the members of the government have finally screwed up their courage and have called this item again even though, Mr. Speaker, we have not heard anything from them on the Crow since the late, and by them only, lamented demise of the Socialist Government of Saskatchewan. I think that the Member for Virden, Mr. Speaker, did the House a singular service yesterday by using up his grievance on the motion to go into Supply, to bring to the attention of this government and to bring to the attention of the people of Manitoba, the depth of sincerity that was attached to this motion when it was brought in by the Minister of Transporta-

tion some two or three months ago. The urgency that was attached to it by the First Minister who was, only a matter of five or six weeks ago, goading the Opposition about not speaking on the issue and then of course he, Mr. Speaker, taking the fugitive's role and striking for cover himself once the real purpose of the resolution, which had been to serve the partisan interests of the Premier of Saskatchewan, had been defaulted by the people of Saskatchewan. So, Mr. Speaker, all I can say is that the sincerity of the honourable members with respect to this motion, is clear for everyone in Manitoba to see, particularly the farm community.

I intend, Mr. Speaker, to take some time today to talk, not so much about the history of grain transportation in Canada because that is available in tomes that are freely accessible to all members of the House. Suffice it to say that these historical pieces do exist and they are extremely valuable for the insight into the totality of the problem of grain transportation which they provide. I would suggest, not only to members on the far side of the House but to all of us, including myself from time to time, that we do ourselves, we do the public of Manitoba a service if we go back to review the well springs of how the grain transportation system started in western Canada.

If we recount, as we should as citizens of Manitoba, that on the walls of this very building there exists a bronze plaque commemorating the first export of grain from western Canada, from this Province of Manitoba late in the final quarter of the 19th Century, in 1876 or thereabouts. That historic perspective, Sir, I think is something that all of us need to be reminded of from time to time, and in the context of that historic perspective we come to deduce the reason for the statutory rate, we can see as well some of the benefits which are certainly measurable and some of the disadvantages which have flowed from it over the years. All of us need this refreshing of memory from time to time lest all of us, including myself, get carried away with some of the mythology and some of the emotion that builds up necessarily, from time to time, on an issue so subject to both.

But it is not my intention at this portion of the debate, Sir, to rehearse all of the earlier history of this topic but rather to confine my remarks today to the more recent past and, more particularly, what is of interest to the farming community in western Canada, the future. Where are we going to be in the future?

So, Mr. Speaker, in dealing with the recent past I think it is evident from what has transpired in the last three to four years, that the statutory rate is only one of a broad system of interrelated problems which form part of the challenge that faces the farm community in western Canada and it is something that we must acknowledge, namely, that the statutory rate, while being an important part of this array of problems, is not the whole problem in itself.

It is my intention, Mr. Speaker, to move at the conclusion of my remarks today a substantive amendment which we have attempted, Mr. Speaker, to couch in terms that we hope will be noncontroversial, even to my honourable controversial friends opposite, and terms which we hope, Sir, can broaden the approach that is taken in the amendment that we are presently faced with and will broaden the spectrum of view so

that hopefully we can gain support from all sides of the House for the amendment that I will be proposing.

Mr. Speaker, in dealing with the recent past I start, first of all, with the First Ministers Economic Conference in November of 1978 and I must say, Sir, that on Manitoba's initiative there was added to the communique that emerged from that First Ministers Conference in November of 1978, a summary of conclusions, one of which was as follows - I quote for the record. "The First Ministers," that is the Prime Minister and the ten Premiers of Canada as they then were, "agreed that there should be a meeting at the earliest practical date to discuss the grain transportation and handling system. Participants would include the First Ministers of the four western provinces, the Federal Minister responsible for the Wheat Board, the Federal Minister of Agriculture, the Presidents of C.P. Rail and Canadian National Railways.

Well, Mr. Speaker, following upon that agreement, which was part of the communique issued from that conference which by the way, Sir, was one of the most positive economic conferences that had been held up to that time and I must say, even having regard to the conference that the First Minister participated in, in February of this year, I think it was a more productive conference than even that because there were a number of initiatives that were dealt with at that conference.

Well, following upon that agreement between the Federal and the 10 Provincial Governments or the Provincial Governments involved, Manitoba took the lead in convening a national conference on grain handling and transportation here in Winnipeg to which a wide cross section of people were invited, all of whom were related to the grain industry.

Mr. Speaker, those attending that conference that took place in this building on January 8th and 9th, 1979, were the Premiers of Manitoba, Saskatchewan and Alberta; the British Columbia Minister of Agriculture representing the Premier of British Columbia; the Federal Minister responsible for the Canadian Wheat Board; the major grain companies - that includes, of course, the Pools, the United Grain Growers, the private companies as well; the Canadian Wheat Board; the Canadian Labour Congress, who were there to discuss grain handling and transportation. On the second day, we were joined by the Federal Minister of Labour, as well as representatives of shipping firms, transport firms, the Great Lakes Shipping Association and so on. It was about as wide a conference, in terms of its representation, as had ever been convened in the history of our country to deal with grain handling and transportation in Manitoba or in Canada.

I was pleased, privileged and counted as certainly something of which I am personally proud, that I was able to co-chair that meeting with the then Minister of Transport, the Honourable Otto Lang, and to participate in a cooperative venture, which was unique in terms of the results that were able to be obtained when all parties were able to sit around the table and to discuss the problems and the opportunities that were facing the agricultural industry in Canada at that time and which continued in some measure to face the agricultural industry in Canada today.

Mr. Speaker, I take the liberty of reading a few words from the opening statement that Manitoba made at

that conference on January 8th, 1979, because I think that the words spoken then bear some close relevance to the resolution under discussion and to the problems which are still in some measure before us. And I quote, Mr. Speaker, from the statement of opening remarks that I made to that conference on behalf of the Government of Manitoba at that time. This by the way is a public document; it's filed in the House and it's a Sessional Paper of the House, No. 68 of 1979, and it can be referred to by anyone who wishes to see the full text.

"The situation we are facing today is not tolerable. We have a rapidly expanding market waiting to buy our grain. We have the grain on our farms but we can't sell it because of our inability to move the grain to export positions. Hundreds of millions of dollars have been lost to our prairie farmers and our hard-earned reputation as a supplier is deteriorating because of our failure to meet our export commitments. We now run the risk of losing valuable customers. From experience we know that once a market is lost it is difficult to re-establish a place in that market. I doubt that we would tolerate a similar situation facing any other Canadian industry.

"The problems we are facing in grain transportation are complex and interrelated and no single element of the grain transportation system is responsible for our present dilemma. Rather, problems exist in the operations and capacity of the physical system with the institutional framework and in the basic financial considerations associated with grain transportation."

Mr. Speaker, one could go on to quote other excerpts from that, but I think that those brief quotes will indicate to you the parameters of the problem as they were being described at that time by me, representing the Government of Manitoba and, indeed, after that opening statement we proceeded into a two-day conference where, I think, very measurable results came from it.

The communique that was issued at the conclusion of that conference in grain handling and transportation - and this was a communique which carried with it the approval of the participants, even though it was given in the name of the five governments attending - went on to note the importance of the great western grain industry to the national economy, the grain industry being the third largest earner of foreign exchange for the nation, with exports often surpassing \$3 billion per year. Some 20 million tonnes are currently in 1979 being exported, and the Canadian Wheat Board estimates that the world demand for Canadian grains may increase substantially. In fact, the estimate given at that time, if my memory is correct, was 30 million tonnes by 1985, and 1985 is now three years closer to us than it was then.

Mr. Speaker, a number of interesting and cooperative suggestions were made. It's not my intention to detail all of the results, but I read from the - again continuing from the communique that issued from that meeting - "Adequate facilities at Prince Rupert . . ." was said in the communique to be ". . . essential and the key to unlocking the present congestion that we have. While Vancouver will continue to be a major port on the West Coast, a second port is urgently required to provide the grain industry with a viable alternative. The exchange of grain cars between

C.N. and C.P. is essential to ensure an adequate flow of grain."

Mr. Speaker, I digress to say, listen to this - listen to what the communique said: "And the Presidents of the two railroads, together with the Federal Minister of Transport, agreed that the necessary arrangements would be made." And that agreement took place, Mr. Speaker, around the table. It hasn't always worked to the complete satisfaction since of everyone and there are improvements still to be made, but it was possible to have the President of the C.P., the President of the C.N. and the Minister of Transportation one table, unique in the history of this country to have that kind of discussion take place.

"Optimization of Churchill and Thunder Bay are also important on the overall plan for maximizing Canada's grain exports." And the communique went on to talk about the constraints that were apparent in the operational areas and it went on to talk about the appointment proposals that were made at that meeting, Mr. Speaker, for a special transportation coordinator. That is the meeting out of which there emerged a consensus that there should be a special transportation coordinator and subsequently, Dr. Hugh Horner, then the Deputy Premier of Alberta, was appointed to that position and in his brief term of office of about a year, year-and-a-half, headquartered here in the City of Winnipeg in Manitoba, he made measurable improvements through his coordinating activities in the delivery and the efficiency of delivery of grain in Canada.

One could go on to talk about other things that emerged from that conference. It was at that conference, Mr. Speaker, that the Premier of Alberta reported that out of the Heritage Fund of Alberta, the Government of Alberta was prepared to do the financing for the consortium that was at that stage working upon ideas for the expansion of the port facilities at Prince Rupert. Subsequent to that conference, I can mention that at the Western Premiers Conference in Prince George some three months later, all of the premiers, I think save the Premier of Alberta, were able to travel to Prince Rupert at the initiative of the four premiers with the B.C. Government acting as host. We toured the harbour area, saw the existing facilities, saw Ridley Island, which was subsequently earmarked as the site for the development of the port area, and went on to see measurable improvements take place and measurable activities result from that conference.

As I said, it is not my purpose, Mr. Speaker, to rehearse old history, but it is my purpose, to some members, to bring up-to-date some of the recent occurrences which have taken place in grain handling and transportation because these were breakthrough initiatives that were being accomplished. Since that time, Mr. Speaker, further improvements have continued to be made; improvements, such as, in the hopper car fleet, the Provinces of Alberta and Saskatchewan actually committed many millions of dollars to augmenting that fleet. The Province of Manitoba for one year committed something like \$2 million to the rental of extra hopper cars which increased the amount of rolling stock which, in turn, had a beneficial effect upon increased deliveries in the following years. Mr. Speaker, there was announced by the two railways, boxcar improvement programs which caused

extra jobs to be created here in Manitoba. Boxcars being used, for instance, on stretches of rail line such as the Churchill line which cannot handle the large hopper cars.

There was a general agreement, as I mentioned from the communique, on car exchanges between C.P. and C.N., something that they previously had thought couldn't be done, but that started to be done as well. There was general agreement among all of the participants that the aim and the object of getting our grain to market was too big to founder on any narrow partisan concern, to founder on any narrow concern of any of the grain companies or any of the farm organizations or any of the other transport companies or the Wheat Board or anybody else concerned.

I can say, Sir, without fear of contradiction and I know others including the former Premier of Saskatchewan will corroborate this, I am sure, that there was a spirit of cooperation at that meeting that is perhaps unusual in the annals of Canadian discussions on problems of this national magnitude. If I may say so, Sir, that is what must be rekindled among the four western provinces, that spirit of cooperation. This was not a case - my honourable friends opposite want to talk about Fed bashing on this, that and the other thing and so on - this was a case, Mr. Speaker, where a Provincial Premier and a Federal Minister, who were certainly no partisan political friends, sat and co-chaired at a fundamentally important meeting for the future of the agricultural industry in Canada and results were obtained. There was no Fed bash.

So my plea is that we should not be putting forward resolutions which have a narrow tunnelvision view to them, but rather we should be dealing with resolutions in this House that will lead the farm community of Manitoba to understand that same vision which animated that conference in 1979 and that same spirit of cooperation -(Interjection)-Mr. Speaker, I hear mutterings from the Member for Ste. Rose. The Member for Ste. Rose, Mr. Speaker, was one of those few who didn't understand what was going on at that time with respect to this meeting, doesn't understand it now, and for that matter, Mr. Speaker, never will understand it.

Mr. Speaker, notwithstanding the rather unintelligible interruptions by the Member for Ste. Rose, I want to say to the First Minister who is in the House, because this is something that should involve the attention of the Premier of Manitoba because it affects the largest industry in Manitoba - agriculture - with all of the processing of primary products that are related to it, this is an issue that is not much given to narrow partisan advantage. It's not an issue on which a party temporarily in office should try to take narrow partisan advantage. It's much too important, Mr. Speaker, to the future of our agricultural industry and should be treated by those who are temporarily in office as premiers or as Ministers of Agriculture or whatever in a spirit of cooperation with all of the different parties who were involved because upon it hinges the future of agriculture, hinges the future of the family farm, hinges the future of young farmers starting out today who are the most efficient farmers on the face of the earth. Thank God they are. They are the most efficient and the farm community of this province and indeed of Western Canada needs no instruction from any

government as to how to produce grain, how to produce oilseeds and so on efficiently. We are amongst the most efficient in this country, and let me say, Mr. Speaker, one of the reasons we're the most efficient is that private ownership has helped us be that way. It is the great stimulator. Private ownership of land has been the great stimulator to that cost efficiency in production.

So, Mr. Speaker, Manitoba, I say to the First Minister, has traditionally taken the lead, not only in federal-provincial conferences but at the Western Premiers Conference with respect to grain handling and transportation. I would hope that lead and that initiative which appeared to be lost last fall and moved over temporarily to the Province of Saskatchewan where the then Premier, Mr. Blakeney, tried to call a conference. Unfortunately, nobody came. He brought his harp to the party and nobody asked him to play, but that lead is Manitoba's lead. That is not a lead that should reside with the Province of Saskatchewan. Manitoba is in a unique position to recapture that lead, and I say sincerely to my honourable friend, the First Minister, that I hope that he will not abandon that lead as appeared to be the case last fall; that Manitoba will again be speaking with a voice of cooperation, of reason and of common sense on behalf of the total agricultural community of this province.

Now, Mr. Speaker, we understand that my honourable friends don't represent a very large portion of the agricultural community of this province, and this party does, but as government they must speak on behalf of the total farm community, not on behalf just of the Manitoba Farmers Union, not just on behalf of the Pool, not just on behalf of the Farm Bureau, but the total farm community, and they cannot become the captive of just their political friends in the NFU who only represent a small sliver of the farm community in Manitoba or, indeed, in Canada. So I issue that appeal sincerely to the First Minister, that he take the lead, that he grasp the lead which seemed to drop from his hands last fall, and that some signal be given again by Manitoba that it is prepared to act as the coordinator and as the one who will initiate further discussions of this kind because we must, Mr. Speaker, in the interest of the industry, keep moving on all fronts, at all times. If there is any slacking off then this goal that has been set of 30 million tonnes cannot be reached and that will reflect adversely upon the economic future, not only of this region but, more particularly, of individual farmers in this region. We have concerns, of course, that the Crow cannot be looked at in isolation, we know that. All problems, as I've said before, and as I quoted from earlier comments, are interrelated.

We acknowledge that since 1979, as I've said earlier, many improvements have been made; turnaround time has improved and so on. But, Mr. Speaker, we also have to acknowledge in the course of this debate that hundreds of millions of dollars of taxpayers' money, and at least \$100 million of producers' money - and there are only 150,000 producers in Canada - \$100 million of their money has gone in recent years into direct and indirect support of rail transportation in Canada, the buying of hopper cars by the Wheat Board, the buying of hopper cars by the Government of Canada, the Branch Line Support System by the Government of Canada into which hundreds of mil-

lions of dollars was put and so on.

So, Mr. Speaker, if we're dealing with this topic as we must as part of the overall problem in grain handling and transportation, we must acknowledge that the statutory rate is being eroded as we sit here today and has been eroded for many years and in some ways has become part of the mythology of Western Canada because, while that rate is only being charged to the farmer, the farmer, his pocket, is being picked on the other hand by the Government of Canada, by the Canadian Board, to pay for rolling stock, to pay for line improvements and other payments that are being taken out of his other pocket while some would try to tell him that the statutory rate is still in place. Mr. Speaker, one would have to be an ostrich; one, Sir, would have to be a dinosaur not to know of such facts. Those facts are clearly apparent to anybody who has done any study on this topic.

The statutory rate is being subsidized by the taxpayers and the producers in Canada today. Service, that is efficient service, has not yet been achieved and that's what we want to achieve on behalf of the farming community in Western Canada. We've got to get that product to market and we've still got holes in that system, we've still got clamps in the system, which prevent that desirable situation from coming about.

So, Mr. Speaker, I repeat, the Crow cannot be dealt with in isolation; it's got to be dealt with as one of a number of interrelated problems that face the western farm producers. Mr. Speaker, farm organizations right across Canada and particularly in Western Canada - I must say particularly since that national meeting on transportation held here in Winnipeg - farm organizations, the major ones who represent the productive farm community in Canada, have taken a lead in bringing this issue to the table for discussion. They did it of their own initiative and, Mr. Speaker, I admit there is no unanimity. I don't know for whom the present Minister of Agriculture speaks, but I know this, that if he doesn't speak for the farm community of Manitoba on grain transportation any better than he speaks for the beef producers on beef production and compulsory beef marketing, then he'd better keep quiet and listen because he may learn something.

Mr. Speaker, I know that there is no unanimity of view among farm organizations but it is significant, Mr. Speaker, that the Manitoba Pool, the United Grain Growers, the Manitoba Farm Bureau, the Western Agricultural Conference, have all agreed on the need for the statutory rate to be reviewed as part of the overall problem.

The role of government, Mr. Speaker - and one shouldn't have to give lessons to a government about this - is to participate, not to act as an ostrich, not to take a position that is carved in stone and say, we won't listen to any evidence because this is part of our ideology because the NFU tells us it is and so on. But it is the role of government, Mr. Speaker, to have some vision for the future opportunities that are available to the farm community in Manitoba and in Western Canada.

Mr. Speaker, I don't know what will result from the Gilson Report. It's going to be one of a series of reports that have looked in this and other grain transportation related matters over the years; it's the latest only of many studies and we can't prejudge what it's

going to say. But I caution, Sir, again, that Manitoba should be taking the lead after that report becomes public and Manitoba can't take the lead if it's got its head buried in the sand like an ostrich and says, but we can't talk about this or we can't talk about that. The NFU position is not the position of the farm community of Manitoba and it can't afford, in the public interest, to be the position of any government of Manitoba.

Well, Mr. Speaker, the Government of Manitoba, this Legislature, has got to guard the public interest, not the interest of any narrow sliver farm organization which offers partisan support from time to time to a transient government. Mr. Speaker, I would think that this government, more than any government, should perhaps have seen the folly of trying to predetermine the farmers' will in Manitoba. We remember, Mr. Speaker, the success of this government trying to impose some of their kooky marketing plans on the dairy industry; their kooky marketing plans with respect to beef stabilization; their \$45 million boondoggle on the beef industry that they perpetrated in the last years of the Schreyer Administration. We know, Mr. Speaker, that they tried to predetermine the will of farmers with respect to the Crow rate and they can't do that because their meetings have been a disaster.

So I say, Mr. Speaker, my honourable friends should learn on this issue, should learn to listen a bit to the farm community as the current Minister of Agriculture is having to do because of the political pressure that we and others have brought upon him. If they do that, Mr. Speaker, their programs and policies will be a darn sight better than anything we've seen thus far.

So, I thank my colleague, the Member for Virden, for doing the service that he has done to the House in bringing this matter to the floor again and, Mr. Speaker, in order to put this matter in proper perspective, Sir, I'm pleased to move, seconded by the Honourable Member for Virden;

THAT the resolution be amended by striking out all the words after the word "whereas" in the first line and substituting therefore the following:

Canada's grain producers are among the world's most efficient and have developed export markets for grain which can provide increasing economic benefits for themselves, their region and the nation; and

WHEREAS the major restricting factor preventing our grain producers from maintaining and expanding the nation's reputation as a reliable exporter of grains is the inability of our integrated handling and transportation system to move increasing volumes of grain into export positions; and

WHEREAS the problems associated with grain transportation and rates have led to a range of challenges to be overcome, including in part (a) a deteriorated railway branch line system; (b) a declining and aging boxcar fleet; (c) mainline capacity restraints; (d) cost anomalies related to the movement of processed agricultural goods versus grain and oil seeds; and (e) port development including the underutilization of Churchill and, indirectly, the uncertainty of Prince Rupert expansion; and

WHEREAS labour-management disputes centred primarily at the major ports and at times within the railways, have threatened or caused economic losses

to Manitoba grain producers; and

WHEREAS Canada's declining share of growing world trade in all grains and oil seeds will continue, unless all of the above interrelated problems are addressed and resolved with dispatch; and

WHEREAS the Government of Canada is presently negotiating the question of the statutory grain rate, an integral part of the history of grain transportation which has benefited Western producers; and

WHEREAS in recent years the Canadian Wheat Board and governments, Federal and Provincial, have subsidized rail transportation from taxpayers' and producers' funds, thereby eroding the original protection afforded by the statutory rate; and

WHEREAS the Legislative Assembly considers the financial security of Manitoba farmers and the economic prosperity of rural communities to be of the utmost importance;

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge that the Government of Canada, in its negotiation to resolve the Crow Rate issue, be guided by the principles of (a) protecting Manitoba's grain producers by assuring that the historic benefits of the Crow Rate are maintained; and (b) ensuring that all Manitoba grain produced can be transported to market.

MR. SPEAKER: The Honourable Government House Leader.

HON.R. PENNER: Yes, I notice that the time is 4:30. I simply wanted to state for the record that we are reserving the right to raise the question of whether or not the amendment is in order but not to speak to that question today. We will speak to that question at the next sitting of the House.

MR. SPEAKER: Members will note that the question has not yet been put to the House. I note that the proposed amendment was seconded by the Honourable Member for Virden, who has already spoken. I presume the Opposition has some other name to replace it with.

The Honourable Leader of the Opposition.

HON. S. LYON: Mr. Speaker, the Member for Virden gave his place to me but the Member for Fort Garry will second the motion. Thank you, Sir.

MR. SPEAKER: With that change, it being Private Members' Hour, I will look this proposed amendment over before this next reaches the floor.

IN SESSION

PRIVATE MEMBERS' HOUR

MR. SPEAKER: Under Private Members' Hour for today we have reached the proposed resolution of the Honourable Member for Elmwood, Resolution No. 6. The resolution is open.

RES. NO. 6 - CPR LAND TAX ASSESSMENT

MR. SPEAKER: The Honourable Member for River East.

MR. P. EYLER: Thank you, Mr. Speaker. I would like to say a few words in support of this resolution. I suppose most people know I've spent a great deal of time in my previous career as an historian and I suppose one of my personal quirks is that I tend to look at things in terms of their historical background; how they've evolved; how the situation has arrived at the state of today's affairs.

Mr. Speaker, I would like to support this resolution, not only because the tax exemptions for the CPR, the reduced taxes for the CPR in Winnipeg, are an anachronism in today's world, but also because it's a constant reminder of a sordid and very unsavoury chapter in Manitoba's past history. It's a chapter I think we should be ashamed of but I don't think we should bury it and forget it.

Mr. Speaker, in speaking about the events which brought about the development of Winnipeg as the metropolitan centre of Western Canada, and by that I mean the events which lead to the location of the CPR mainline bridge in Winnipeg and the establishment of the shops and depot here.

Mr. Speaker, between 1873 and 1878, the Liberal Government took on the construction of the Pacific Railway as a public works. During the Crow debate several weeks ago, one of the members opposite stood up and said that it proceeded very slowly, but I would say that it proceeded at the rate that the government found the money to build it. I think more important is the approach that the Liberal Government took to building this railroad. They planned to build it in the national interest, not in the interest of a few people but in the national interest and, because of that, when it came to choosing the crossing of the Red River they looked at the flood situation at Winnipeg and they looked at the flood situation at Selkirk and, based on strict engineering studies, they decided that they would cross the Red River at Selkirk.

Mr. Speaker, the people of Winnipeg weren't very happy about that and they continually lobbied with the Federal Government to change that location but the Liberals constantly refused. However, in 1878 when the Conservative Government under Sir John A. came back into power, the CPR syndicate was set up and the crossing of the Red River was changed to Winnipeg. Why? Well, Mr. Speaker, it's because there were a lot of people who had vested interests. It wasn't an engineering decision, it was a matter of private interest. One of the major factors was the Hudson's Bay Company.

The Hudson's Bay Company had 1,750 acres of land in Winnipeg. That parcel of land which lies south of Notre Dame and north of the Assiniboine, from the Legislature to the Red River, and they realized that if the CPR crossed the Red River in Winnipeg that the metropolis would develop here and not in Selkirk and in Selkirk they didn't have any land. So obviously they wanted a city here where they could speculate on the land and make a lot of money, so what they did was they had agents in Winnipeg, based on their long experience in this country, write letters to the government stating that the flood problems weren't nearly as bad as other people were saying. The flood record wasn't that bad; they lied to the Federal Government, Mr. Speaker. That was one of the vested interests.

Another vested interest was J. H. Ashdown, one of

the major hardware dealers in Winnipeg. He wanted his business to grow; he was located here. He was also the Mayor of Winnipeg, Mr. Speaker, and while he was Mayor of Winnipeg, he initiated in City Council a resolution which would give the CPR \$300,000 to build a bridge across the Red River at Winnipeg. He didn't get it carried through; his term expired and the next Minister was Alexander Logan, who also had a major vested interest. He was the third largest private real estate owner in Winnipeg, Mr. Speaker; he was a multimillionaire; he had large parcels of land in Point Douglas and during his administration the bridge that the City of Winnipeg built was located on Point Douglas, the mainline of the CPR ran through his landholdings. He didn't stop there. Mr. Speaker, after getting the bridge he went in 1880 to City Council and had them pass another memorial which stated "Should the government or the Canadian Pacific Railway Syndicate decide to build such shops and depots in Winnipeg we are willing to exempt all such railway buildings and grounds from civic taxation for an extended number of years."

Well, Mr. Speaker, the CPR knew a sucker when they saw it; they didn't accept that offer. They went back and they demanded a \$200,000 cash bonus; free land on which to build a passenger station; and tax exemption forever on all lands which were owned then, or in the future, in the City of Winnipeg; and for the kicker, Mr. Speaker, if the city didn't agree they would build their shops in Selkirk - blackmail, Mr. Speaker.

In 1881, the city agreed and the \$200,000 bond which the city issued to pay for those shops, Mr. Speaker, added 4.4 mills to the city tax rate for the next 20 years.

So we're not just talking about the elimination of taxes in Winnipeg, property taxes on the CPR, we're talking about an increase in taxes because the CPR came here. So to review that, Mr. Speaker, the metropolis grew up at Winnipeg, not because of any logical government planning, any assessment of the situation that existed and where would be the best place to put a city, it grew up here because of individual greed, the greed of property owners and businessmen, it grew up here because of the political corruption of the municipal politicians in Winnipeg, and it grew up here because of CPR blackmail.

Mr. Speaker, it's the government's responsibility to plan for the development of our economy, and it's the responsibility of government to do this with an eye to the greatest good for the greatest number. What we had is a classic example of private intervention in the public sector. It's also an excellent example illustrating the inherent inefficiencies of the private interest, the philosophy that the private interest, those who seek it, will in some way lead to the greatest social good for society. Clearly, Mr. Speaker, it was not in the interests of the people who live in this city, that they should live here on a floodplain rather than in a metropolis located at Selkirk.

Mr. Speaker, I support this resolution because I feel that the tax benefits to the CPR are an offence to present day morality. I don't think that we can compromise between the morality of today and the corruption of yesterday. That's what happened in 1965 when we had a sliding scale, whereby the CPR agreed

on its own that it would pay a little bit more in taxes every year. I don't think that we can compromise on morality. This is the last vestige of our corrupt past and I think it should be removed as soon as possible.

I would note this resolution does not ask for the CPR to give back half-a-million dollars that Winnipeg gave it; it does not ask the CPR to pay back taxes; it does not ask the speculators of the 1880s to pay for the flood damages incurred by the people of Winnipeg; it does not ask the Hudson's Bay Company to pay for the floodway which was necessary because of their speculation.

Mr. Speaker, I would wonder if this agreement which was signed in 1881 is even legally binding today. The CPR demanded free land for a passenger station; their passenger station doesn't exist anymore. Maybe they should give that land back to the city, they aren't using it for the passenger station and, clearly, the city gave that land on its express condition that it be used for a passenger station. So perhaps this isn't even a legally binding contract under today's standards.

But getting back to the property tax concessions, Mr. Speaker, I'd like to look at the context of it. The Federal Government, which set up the charter for the CPR in 1881, exempted the CPR from municipal taxes for 20 years no matter where it was anyway. So when you look at the original agreement, the first offer of an extended period of years for tax exemption was meaningless to the CPR because they already had an extended period of exemption from taxes. This extended all through Manitoba, it wasn't just in Winnipeg, it was also in the rural municipalities.

This caused a great deal of problem and I would like some of the rural members opposite to reflect on the past problems they had with CPR taxes. By 1888 the Manitoba Legislature was responding to the demands of the rural areas to do something about the CPR not paying taxes on the millions of acres of land that it held in Manitoba. Mr. Speaker, the Legislature in 1888 passed a resolution calling on the Federal Government to help pay the municipal legal costs in suing the CPR to get these taxes. The Federal Government did nothing, and the situation continued well into the next century, into this century, Mr. Speaker.

In 1913 the Grain Growers Guide, perhaps some of the members opposite will remember it, they editorialized in 1913, "This exemption was supposed to extend for 20 years but through the carelessness of the people's representatives, and the cleverness of CPR lawyers, it is still effective though the contract was made 32 years ago." Further on they say, "It certainly is not justice that a districts like those mentioned should be made to suffer through a mistake made by Parliament years ago. And it is now the duty of the government, either to pass an amending Act requiring the CPR to pay taxes on their land, the same as other people do, or to make a grant from the Dominion Treasury compensating municipalities, and school districts for their loss of revenue." Well, Mr. Speaker, I wouldn't say today that it's the responsibility of the Federal Government to make a compensatory grant to the City of Winnipeg, but I do say it's the responsibility of the CPR to pay taxes.

The situation was cured in the rural areas, Mr. Speaker, because eventually the CPR sold off all its

lands and taxes were paid. But I would wonder if the rural members opposite would deny the same justice to the City of Winnipeg. They've solved their problem, now it's time for us to solve ours.

The complicating factor is that the city, in its lack of wisdom, signed an agreement in perpetuity and it was amended slightly in 1965, which would provide a sliding scale which would bring the CPR up to 100 percent of its taxes by 2005; but I don't think we should wait 23 years to get the full tax due to the city. Mr. Speaker, eventually the CPR paid its taxes, but why did they make it forever in Winnipeg? Why did Winnipeg City Council sign their agreement forever?

The situation arose in eastern Canada where the CPR was going from town, to town, to town demanding exemptions from property taxes, demanding grants to build shops, to build railway stations, and whenever an agreement expired the railway would come in and say, okay, up the ante or we're going to go to the next town down the line. So the City of Winnipeg, probably realizing the situation would arise in Winnipeg sooner or later, decided on an agreement in perpetuity. However, the problem has changed now, we don't agree to blackmail of this type anymore. The CPR would never get away with that sort of thing today.

Going back to the original rationale also, Mr. Speaker, why was the City of Winnipeg so desperate to get the shops in the first place? I would quote from Tom Naylor's *The History of Canadian Business, 1867-1914*, Volume 2, Page 111, "Car repair shops, and rolling stock, and locomotive manufacturing works with which they were often integrated were eagerly sought by municipalities to generate employment, so much so that when Winnipeg was considering bonusing the rival Manitoba and Southwestern Railway the CPR used the threat of shifting the proposed car shops to Selkirk to stop the bonus."

Mr. Speaker, originally the logic that the city used was to get employment. Now I wonder if the CPR is living up to that today in the light of the layoffs, the downturn in the economy. I don't think that the City of Winnipeg really had in mind the idea of putting tax exemptions on empty buildings.

So, Mr. Speaker, that's why I say the 1965 agreement is just not good enough. We're only getting 70 percent of the municipal taxes due from the CPR today and by 1989 we'll be lucky because we'll be getting 80 percent; by 1997 we'll be getting 90 percent; in 2005 we'll get 100 percent. That's very generous of the CPR, it was nice of them to agree to this sliding scale in 1965 but I think it's time that we reject the past. We aren't calling on a change of the past, we don't want to change it, we want to change the future. That's why we have this resolution before us today, and that's why I've gone into the history to show that it's not just an agreement. It has to be seen in the context of its times, it has to be dealt with in terms of today's morality and recognizing that the background was one of corruption and self-serving profiteering on the part of a few individuals.

So, Mr. Speaker, for the rural members opposite I would hope that they would remember that they solved their problems with the CPR and I would hope they would support us in solving our problems in Winnipeg with the CPR.

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for River Heights.

MR. W. STEEN: I'm pleased to join the debate on this particular resolution, Mr. Speaker, and I was interested in a few of the notes that were delivered by the Member for River East, particularly, when he makes mention of the fact that rural Manitoba is now getting its pound of flesh but we, in the City of Winnipeg, aren't getting our pound of flesh. I would just like to relate a story of my early days on City Council with the then mayor, Mayor Stephen Juba, and Juba was a bit of a rabble-rouser as a mayor in his early days and one thing that Juba used to like to do was take a bash at any big, large firm because it was a popular way to politic in Central and North Winnipeg. The Member for Elmwood obviously likes to follow similar political lines and that is if we got an opportunity to bash a major Canadian corporation let's go out and bash away at them.

I remember Juba used to always say that the railways should pay some taxes and he wanted them, in those days, to pay 100 percent. Well, after Juba met with the railway people on a number of occasions and found out the railways side of the picture, he changed his tune considerably and in the latter years that he was the mayor of Winnipeg I never once heard Juba say that the CP wasn't a good corporate citizen in the City of Winnipeg. What I think people have got to realize, Mr. Speaker, is that the CPR, as a corporate citizen here in Winnipeg, employs over 4,000 people in the City of Winnipeg and I, as a Winnipegger, am glad, as a member of the Winnipeg community and a member of this Legislature representing a Winnipeg constituency.

In the constituency of River Heights, Mr. Speaker, I doubt if there are a dozen CPR employees residing in that area. There would be many many more CNR employees residing in River Heights. Most CPR employees reside in central or in North Winnipeg or in the east part of the city, but there are over 4,000 people employed with the CPR here in the City of Winnipeg and I'm glad they're in Winnipeg and not in Selkirk, as a Winnipegger.

The payroll, as the Member for Minnedosa mentioned, is in excess of \$90 million a year. That's a pay-cheque per person of greater than \$20,000 per year, far above the provincial average, considerably above the provincial average. The CPR as a good corporate citizen makes purchases in the City of Winnipeg. Last year, in the year 1981, they purchased \$18 million worth of goods and services from Winnipeg businesses. So the CPR is not only a big employer and has a large payroll but they also spend money in our community. So far this year, Mr. Speaker, they've spent in excess of 5 million on goods and services from outside sources other than their own people.

So, Mr. Speaker, I think the CPR is a good corporate citizen; it was government of over 100 years ago that made the original arrangements; it was government of that time that induced them and enticed them to come and open up the west and it was the government of 1965, the Roblin Government, that made some changes in those original agreements. The City of Winnipeg

went along with it at that time and the legislation was put into place in 1965 to run for a 40-year period on a sliding scale as the Member for River East has said and by the year 2005 the CPR will be paying full taxes on their property holdings. Last year, Mr. Speaker, the CPR paid in excess of 1,300,000 in realty, business tax, to the City of Winnipeg and this year they'll pay more than that because the assessments are up.

The CPR, as do most private concerns in the Winnipeg community, contributes to the City of Winnipeg in the way of contributions as a corporation, as do their employees to the United Way, the recent Capital Building Fund at the University of Manitoba and to all the arts and other social agencies that run in the City of Winnipeg and that Winnipeggers, indeed, need to have. If it wasn't for people like the CPR and other corporate citizens that are contributing to these things, it would be government that would have to carry the whole load and we would obviously have to raise more taxes.

I mentioned the \$90 million payroll that they have in Winnipeg. Well, this new fancy payroll tax that the Provincial Government has recently introduced is going to cost the CPR \$1.35 million a year. So the Provincial Government is going to get a large share of its proposed new tax revenue from the CPR alone.

The Member for River East mentions about the CPR and the recent layoffs and so on. Well, I might point out to him that both the CN and the CP this year are running at 12 percent less business than they had a year ago. In today's paper it shows you that the trucking industry is down considerably and it's a matter of the economic times that we're in that the CPR is behind. But fortunately, the CPR has confidence in the City of Winnipeg and, as the Member for Elmwood mentioned on May 10 when he spoke introducing his resolution, they are building a \$16 million maintenance facility here in Winnipeg. So the CPR does have confidence in the Winnipeg community and I believe, as I have said, that they are a good corporate citizen.

When we talk about whether it be in discussing the Crow rate or talking about transportation, rail transportation's future in Canada is in Western Canada, Mr. Speaker. The place that we're going to see growth in the rail transportation is between the Pacific coast and Thunder Bay and that is because of potash in Saskatchewan, and hopefully in Manitoba, coal from Saskatchewan and westward, oil from Alberta, Saskatchewan and Manitoba, and of course our many agricultural products that have to be shipped either way. As the Member for Arthur says, and the hauling of lumber. So the future for railroading, Mr. Speaker, is here in Western Canada.

If we take a few moments and we think of the political climate in the Province of Quebec - and it isn't a stable one, and the CPR and the CN both are large employers within that province - and because of the unstable climate, perhaps in the future, Western Canada can obtain more of the railroading facilities to locate in Western Canada, have many of the senior employees that are with the railways moved to Western Canada. Now, if they're going to move to Western Canada, Mr. Speaker, they're going to have a choice between perhaps Calgary and Winnipeg. If we're going to try and attract them to Winnipeg, we've got a few things going for us; we've got the French com-

munity across the Red River in St. Boniface and there are a number of persons employed with both railways in the Province of Quebec that their first speaking language is French. Therefore, hopefully they would locate in Winnipeg rather than Calgary, perhaps because of that French community in St. Boniface.

On the other side of the coin, Mr. Speaker, they will look at the tax position. The fact that Manitoba is, next to Quebec, the second highest tax province and the fact that if they have senior employees that may wish to move out of Quebec, and they are looking at the Province of Alberta, the City of Calgary which is the second largest location for the CPR, for example, in Western Canada, in comparison to the City of Winnipeg, they are going to look at the tax position. I would say to the Member for Elmwood, rather than being a CPR basher all the time, that he perhaps should work along with his deskmate from two seat removed, the Minister of Economic Development, and encourage the Provincial Government to have a tax structure that would encourage the CPR and the CNR to locate more of their employees here in the City of Winnipeg and in the Province of Manitoba. Every new employee that we would be able to attract, Mr. Speaker, into our province are persons that will be paying personal income tax to the Province of Manitoba, the railways will be paying the payroll tax on their behalf, they will be spending money in our community and they will be enhancing our community from the very fact that they will be persons that will attend sporting events, fund the arts and help us, in Manitoba, contribute towards the social life of helping our misfortunate Manitobans.

Mr. Speaker, I would hope that the Member for Elmwood would - and he was part of the Schreyer government from '69 to '77 - they were in office for some eight years, at that time they didn't seem to want to open up the agreement that was struck in '65 by the Roblin government, but all of a sudden now the Member for Elmwood, he is not a front bencher or Cabinet Minister; he now wants to get his government to open up the deal and strike a better, more favourable taxing system for the City of Winnipeg against the CPR railway. Well, I think that the Member for Elmwood would do a greater service to Manitoba and to the Province of Manitoba if he would work hand-in-hand with his Minister of Economic Development and his Minister of Finance and make Manitoba a more tax-competitive province, so that we could compete with the provinces to the west of us, Saskatchewan, Alberta and B.C. and have our share of railroading in Manitoba for the future.

As I mentioned earlier, Mr. Speaker, it's a well-known fact amongst the people that are in the railroading industry that railroading in Western Canada has a great growth potential, far more than it has in Eastern Canada, and that the future of railroading is here in Western Canada. We, as Manitobans, and particularly Winnipeggers want to get our share of new railroading facilities to be located here in Manitoba, we want our share of those employees working in our community, paying taxes in our community and being citizens in our community, and enjoying the City of Winnipeg and the many amenities that the City of Winnipeg and that Manitoba has to offer.

So, as the Member for Virden said when he spoke on

May 10th, he said that perhaps the Member for Elmwood next year will introduce some new ideas, because last year he had this same resolution and he has reintroduced it again this year. I, for one, will stand behind the agreement made by our forefathers and the Mayor and the City Council of 100 years ago, the agreement made by the Roblin Government in '65, which stretches over 40 years, and will bring the railway up to 100 percent taxing position by the year 2005. As I said, Mr. Speaker, the future of railroading is here in Western Canada and we, as Manitobans, should do everything in our power to try and attract more of the railroading facilities and more of their key people to locate here in our province and become taxpayers to the Province of Manitoba.

So, therefore, Mr. Speaker, I will not support this resolution in any way, shape or form because I think that the CPR is a good corporate citizen and that the socialists and the NDP shouldn't always be out to bash away and to prove to Manitobans how much they hate the private sector, because if it wasn't for the private sector we wouldn't have enough taxpayers in order to pay for all of the social schemes that the socialists constantly dream up.

The Member for River East mentioned that the original agreement was bad because of the greed shown at that time by the railway and the political forces, and he mentions the corruption and municipal politics and so on. Well, I can say, Mr. Speaker, that I was in municipal politics for almost six years and I saw Steve Juba, the former Mayor of Winnipeg, start off in his political career as Mayor of Winnipeg bashing away at the CPR and other large corporations. It wasn't long before he learned that private sector is not all bad, and that without the private sector Manitoba or any other province couldn't exist, and that we need the private sector paying taxes and buying goods and services from within our community, from other persons within the private sector.

So, Mr. Speaker, I, for one, will not support this resolution of the Member for Elmwood.

MR. SPEAKER: The Honourable Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Speaker. I rise on this occasion to address this resolution as put forward to us by the Member for Elmwood, and certainly I am going to support the resolution. I find it quite amazing that a Conservative member would stand in this House, knowing full well that the municipal tax load, the property tax load, on so many small businesses, manufacturing concerns, retail outlets - you name it - most of them being quite small, are very high in the City of Winnipeg, not high in relationship necessarily to other jurisdictions but high just in the economic times that we find ourselves in today. Here we are, we get response from the Conservatives towards Canada's largest corporate welfare recipient, the CPR, we see them having received, in the present value of funds, somewhere in the vicinity of \$14 billion or \$15 billion is the value of public monies that have gone to the CPR and their various conglomerates over the years from the public of Canada; through direct grants; through tax concessions; through everything you can imagine under the sun. The members opposite, or I guess they are below me and to the right here

from my position, we have them standing up and saying that the CPR should not be paying a fair tax assessment in the City of Winnipeg; that we should continue with this kind of 19th century subsidy to large corporations to try and attract investment and that these deals that were made back 100 years ago, or nearly 100 years ago now, 80-some years ago, are going to be bound on us for life.

We had a previous Conservative administration that did not recognize that, that moved ahead under Duff Roblin to take away the tax exempt status of the CPR and the City of Winnipeg, and started in 1965 at a 50 percent rate. Now, one little thing here as well, we've got to look at what this rate is. There is a special land classification for the CPR and the City of Winnipeg. It is not a commercial rate, it is not a residential rate, it is a CPR rate, and that rate is significantly lower than it is for other industries in the province. So, what do we have here? If they would have had politicians like me years and years ago, it would have been a public investment from the start and it wouldn't have been subsidized out of the taxpayers' dollars for the 85 years of history on this whole deal.

They had their own former premier, a distinguished premier, and probably the last Progressive Conservative to sit in this House, rather than just a regressive Conservative, Duff Roblin. We had Duff Roblin introduce legislation into this House to do away with this perpetual tax-exempt status and move them towards the real world. Now, the CPR did not have such hatred towards Duff Roblin because he brought taxes upon them that they were going to run away from the City of Winnipeg; for God's sake, when he retired from politics they appointed him as a vice-president of the corporation. So, the CPR is not, Mr. Speaker, the vindictive corporation that the Tories are trying to put upon us today. The CPR is a corporation, recognizing the value of its location in the City of Winnipeg, recognizing the strategic location here for any transcontinental transport by rail and they have justifiably, and with great commonsense, chosen the City of Winnipeg for the expansion of their diesel shops to be able to provide the servicing for the new and the next generation of diesels, the 3,000 horsepower, I believe they are, units. So, they don't have this antipathy that the members of the Conservative Party here seem to try to put onto the CPR.

We had another former Conservative Premier, Walter Weir, in the Manitoba Assessment Review Committee, not quite the Progressive that Duff was, but still, perhaps, he could be considered a Progressive Conservative and in his report under the Manitoba Assessment Review Committee and I'll quote from this, "The City of Winnipeg has recommended to the Committee that legislation which prescribes tax exemptions for the Canadian Pacific Railway until the year 2004 be re-examined with the view towards making all of the company's holdings subject to full taxes on 100 percent of assessment as soon as possible."

So, we have this committee recognizing the demand from the City of Winnipeg, wanting to have changes to this, and yet we have his former colleagues coming back here and saying that we cannot act on this because we've got to maintain subsidies of one degree or another and that this year they're probably about \$350,000.00. If they had the proper assessment

rate, we'd probably be closer to a 1.5 or 2 million - I would just guesstimate on that but I would not be the least bit surprised that the \$300,000 short they are on their present assessment, if they were assessed as commercial property or some other classification other than a CPR specific classification, they'd be paying much higher.

Now, Mr. Speaker, I'd like to move onto another subject in relation to the yards, something that has not really come up here yet in this debate and it's something I think that when we're talking about assessments that we should be showing the CPR, not only our determination, but also our forward thinking for the City of Winnipeg and the future of the City of Winnipeg and to what direction we want this great city to move. Do we want this keystone city to have a decaying central part of the city? We want to keep the main part of the city on their rail yards as they presently are, or should we possibly consider other uses for those yards? Is it possible for the CPR to relocate those yards, to move them outside of the central part of the city?

When we start talking on looking at the public cost, the cost to the citizens of Winnipeg, in particular, usually cost-shared to some degree by the province and by the Federal Government, although we never had any move by the province in the last four years under the Progressive Conservatives to share on anything towards other rail relocation or towards building of new bridges across or repair of existing buildings across the yards. Not a boo came from them.

This is just an idea of what we're looking at in the next few years, within the next decade, to be able to service the residents of the North End, in particular, of Tyndall Park, of Garden Grove, of Garden City; these areas, five constituencies here, represented in this Legislature, the cost that is going to be borne by the taxpayers of the City of Winnipeg in Manitoba to replace and repair the bridges that are there now. I want members to consider this an alternative, whether we should be continually building these bridges, which are going to be have to be rebuilt again in another 50 years, or whether we should consider putting that money, instead, along with the CPR, putting some money towards - and the present head here, a regional vice-president, but now the Executive Vice-President of CPR, Mr. R. Russ Allison, brought this forward some time ago as well; not very public, I will admit, but in conversations with people like D.I. MacDonald, the former City Commissioner, that the CPR would willingly look toward the possibility of rail relocation because they did recognize that if they did relocate they would get railyards attuned to the next generation of railway traffic. In other words, not a yard built for 50 cars and 40 cars as these yards were built for but being built for train lengths of 150 and even up to 200 and 250 cars, which is possible with the new generation of diesels.

So, recognizing the greater efficiencies from their point of view, from the CPR's, and recognizing the tremendous costs of maintaining the yards here in the City of Winnipeg: The Salter Bridge, to go ahead and build a whole new bridge right now we're looking at \$30 million, \$30 million to build a new bridge. This is public money and the Tories laugh at spending public money, I suppose, but they certainly never came for-

ward with any proposals whatsoever in their term of office toward the repairs or replacement of any of the bridges that are there presently. There are some other alternatives toward building a new bridge, one of them for building a bridge that would only last, the city engineers estimate, 20 years, building it to the same weight classifications would be \$15 million and to build a bridge for the same weight classification, again, which is HS2044, would cost for a 10-year bridge \$10 million of additional repairs, but if it was to be restricted, as it presently is, just to bus traffic and using the central lanes and to a six-wheel maximum, and they have to have use the central lanes of the bridge, that they could do it for \$9 million, but then we'd only get 10 years out of the bridge and then we'd have to look at spending another possibly \$30 million, or by that time maybe that's going to be \$50 million, to rebuild the bridge again.

The Arlington Bridge is shut down again now for repairs and repairs will probably give another six or seven or maybe 10 years life under existing use, but it's certainly not going toward a use factor which it was at one point in time of being used for buses and it's caused quite a bit of dislocation in the bus routes.

Now, we come to underpasses - and the Arlington Bridge, by the way, for reconstruction of that in today's terms we're looking at in the vicinity of \$25 million; they're probably spending a couple of million just to get the bridge on another few years at the present time.

We get to the McPhillips underpass, now we presently have an underpass there; there's talk the city would like to expand that to eight lanes. I don't know whether the eight lanes is necessary to go that far or whether the present six could be widened to a more comfortable six and still get away with it - or the present four, I should say. The city is now considering, because building a new underpass would disrupt the switching mechanisms for a matter of about less than a week, but the CPR has admitted that they could schedule around it, that they could make a few modifications and get by while this is going on for the mainline going over the McPhillips overpass, that some interim measures could be taken so that the city could put in an underpass. The underpass would cost in the vicinity of \$4 million to \$6 million. No, they don't want the city to do that, they want the city instead to go ahead with a very expensive overpass which is probably going to exceed \$8 million.

So here, to satisfy the CPR once again we're using another couple of million dollars of taxpayers' money while we are, on the other hand, subsidizing them by letting them get away with not only an unrealistically low assessment but only paying 70 percent of that assessment for another 10 years.

When you move further west you get into the Keewatin crossing, level crossing presently in existence, and also at King Edward. Both of these crossings, because the crossings are there you do not get normal north-south flow of traffic particularly in regard to transit, because transit will not use level crossings, they claim it's because of safety factors. Well they cross a mainline over in Elmwood or Concordia, they cross a mainline there on the surface but they do not want to cross it over in my constituency. The reason I would suggest is not so much a safety factor, but

because the train schedules are so erratic that it would mess up the scheduling of the City of Winnipeg transit schedules dramatically, people just could not count on getting regular service and if you can't get regular service, you're not going to take a bus. So there we're looking at a \$6 million overpass, once again, to accommodate the CPR.

Now, on the McPhillips one; the McPhillips one is actually the responsibility of the CPR for the modification and maintenance of that forever; that was part of the original deal, but the city has come along offering to pay the costs, offering to pay the total cost of the rebuilding of that thing and the CPR are still saying, "Listen, it's not enough, we want you to go up and around us so you don't dislodge us at all." I think that is a very poor example of co-operative responsibility, especially when it should be cooperating with the City of Winnipeg and the City of Winnipeg engineers so that when they go to build the underpass that they'd put in the interim measures and schedule the trains in such a manner so that they can get by. That is what we're looking at; that is the sorts of co-operation that we would like to see from the CPR and the City of Winnipeg.

We just had them laying off here for a month, some 1,100 of their 1,300 workers in the Weston shops, a good number of those people are my constituents; a good number of those people are not going to be coming back, we are expecting that a number of those people will not be coming back, on permanent layoffs. They announced, I think, it was 125 new jobs in a new diesel shop they're building, just a bit over a month ago. Then on May 13th, I got a letter from the Executive Vice-President of C.P. Rail announcing that the following day, on the 14th, they would be closing down the shops and putting out 1,100 workers for a month and that they would also be coming on with another 125 to 175, I believe, permanent layoffs. So they give with one hand creating new jobs, and we appreciate that, and they take from the other hand in permanent layoffs.

So, what we have is a corporation and the neat thing that Ian Sinclair has done - and I certainly respect his abilities as a corporate lawyer, he's certainly one of the finest corporate lawyers this country has ever seen. Whether or not he's acted in the interests of the public is another matter, but he certainly has acted in the interest of C.P. Investments, your C.P. Limited, as they're now known - he's taken the vast subsidies that have been granted to the railway over the years, for operation of the railway, for assisting corporations to get going alongside the railway within the same corporate families, so that they would be able to subsidize some of the real effort and in virtually every country in the world, I might add, railways, national railways, are subsidized, be they privately owned or publicly owned. I was just reading a thing in the Canada Trade Journal, Canada-Japanese Trade Journal, and servicing debts for their railway presently are running in the vicinity of \$4 billion a year losses in the Japanese Rail networks.

So what the Government of Canada has done over the years, is enable the CPR to be our provider of first-rate rail service by giving it corporate rights in the outfits like Cominco, in oil and gas rights, you name it. They've got them and they've turned around; they

separated those entities from the railway entity totally, then saying, we don't want these fellows over here, they're our poor cousins and we want to take off with the lands and create a Marathon Realty, to fly in our own, to use the billions of dollars of taxpayers' assistance that we've got over the year, and to turn around and zoom off onto their own future and basically, to heck with Canada and to heck with the railway.

I think in summing up, and I believe I've only got a minute or two left, Mr. Speaker, is that correct? I've got three minutes left. Good. I shall take the full three minutes.

One other point before I leave is an Act that probably not very many members present here are familiar with, especially members of the Opposition, and that is a Federal Act assented to May 7th, 1974 and it's called The Railway Relocation and Crossings Act. This Act provides for Federal assistance where plans are provided for within the cities and the province and the co-operation between the city and the province, and that's what's been lacking in the past four years of any kind of consultative approach between the two levels of government, to move toward rail relocation.

Now this Act provides for Federal funding of up to 50 percent for a rail relocation. We have already people - not necessarily used this legislation - but in Edmonton, in Regina, it's undergoing now in Saskatoon, in Lethbridge as well, they've had rail relocation.

We have not had even an application, or any pressure from either the City of Winnipeg or the Province of Manitoba at this point in time, to move toward pushing the Federal Government to stand up to their commitments that they have had under the authorities given to the Rail Commission to order relocation. They've had one of the sections here, under Section 5(1), it says that "the Commission may impose on any railway company, effective thereby, any costs and losses greater than the benefits and payments received by the railway company under the plan." So it's providing for railway contributed cost toward the cost of relocation. So the railways don't get off with another free lunch like they have in the past.

There's provision in the Act, Mr. Speaker, for the Minister of Urban Affairs, the Federal Minister of Urban Affairs, the Minister of State for Urban Affairs, when he is satisfied that the Federal programs contemplated for use in the urban development plan forming part of the accepted plan are available and would contribute significantly to the improvement of any urban area within a transportation study, in respect of when the application is made, that the Governor-in-Council is prepared to authorize the allocations of monies appropriated by the Parliament of Canada toward railway relocation.

I would say, Mr. Speaker, in closing - those three minutes went very fast - first of all, that we should start using our provisions under this Act and certainly we should follow the recommendations of the Assessment Committee and end the tax holiday for the CPR.

MR. SPEAKER: Order please. The Honourable Member for Minnedosa.

MR. D. BLAKE: Thank you, Mr. Speaker. After hearing a 100-year-old history lesson from the Member for River East, and God knows what we heard from the

Member for Inkster just now, but before I get into my well-prepared notes, Mr. Speaker, if the House is in agreement I would be prepared to call it 5:30 and take the adjournment.

MR. SPEAKER: The Honourable Member is aware, I am sure, that debate on a resolution cannot be debated in Private Members' Hour. If it is the will of the members present to call it 5:30, the honourable member will be the first one up when we next reach . . .

COMMITTEE CHANGES

MR. D. BLAKE: Mr. Speaker, before the House adjourns, I would like to make a change on the Economic Development Committee. I would like to substitute the Member for Turtle Mountain for the Member for Roblin-Russell.

MR. SPEAKER: If it is the leave of the members, the time being 5:30, the House is accordingly adjourned and will stand adjourned until 2:00 p.m. tomorrow afternoon (Thursday)