

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 31 May, 1985.

Time — 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. J. Walding: Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

INTRODUCTION OF GUESTS

MR. SPEAKER: Prior to Oral Questions, may I direct the attention of honourable members to the gallery. We have 21 students of Grade 5 standing from the St. Alphonsus Elementary School. They are under the direction of Miss Dziedzic. This school is in the constituency of the Honourable Member for Elmwood.

There are 15 students of Grade 9 standing from the Inglis Elementary School under the direction of Mr. C. Lazaruk and Miss Beelaert. This school is in the constituency of the Honourable Member for Roblin-Russell.

There are 28 students of Grade 5 standing from the Robert Andrews School under the direction of Mrs. Cameron. This school is in the constituency of the Honourable Minister of Municipal Affairs.

There are 12 students of Grade 6 standing from the Mountbatten School under the direction of Mr. Isaacs. This school is in the constituency of the Honourable Member for Niakwa.

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

ORAL QUESTIONS

Elections - vote re landed immigrants

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, my question is to the First Minister. The NDP Chairman of the Winnipeg School Board, who is also I believe an appointment of this administration to the Human Rights Commission, Mr. Mario Santos, has proposed that landed immigrants be permitted to vote in elections governed under The Local Authorities Elections Act. I wonder if that is a proposal that is going to be brought forward by this administration.

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, I believe the Attorney-General can respond to that question.

MR. SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: Members will recall, Sir, that in the amendments made to The Provincial Elections Act a

short time ago, a year-and-a-half ago, we stipulated that the right to vote will have to be an attribute of citizenship and that will be the basic qualification and that is effective July 1, 1986.

There was a previous provision which allowed a British subject the same right as a Canadian citizen and there were many difficulties with that, not the least of which it would clearly be discriminatory, certainly after the coming into force of the equality rights section of the Charter just a few months ago.

I have indicated to Mr. Santos that I could see no reason why that general policy which we applied to The Provincial Elections Act ought not to apply to the local authorities election act and that is still my view.

Adoption practices - religious factor

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

MR. G. MERCIER: Mr. Speaker, I have a question for the Minister of Community Services. I wonder if she could indicate whether religious faith is a factor in adoptions. That is, for example, if a Roman Catholic mother places a baby for adoption and indicates that she wishes that child to be adopted by a Roman Catholic family, will that wish and will that indication of religious faith be a factor in the adoption of that child?

MR. SPEAKER: The Honourable Minister of Community Services.

HON. M. SMITH: Mr. Speaker, I'd like to take that question as notice.

I know that used to be a determining factor. I'm not just sure at the moment how it appears in the wording; whether it is a factor to be considered or whether it's not referred to specifically. I'd rather take it as notice.

Adoption practices - families versus single persons

MR. G. MERCIER: Mr. Speaker, I wonder if the Minister of Community Services, in taking that matter as notice, could also indicate whether preference is given to adoptions by families over single persons, and whether that is a factor in placing children for adoption.

HON. M. SMITH: I'll take that as notice, Mr. Speaker.

Adoption practices - new Child and Family Services Act

MR. G. MERCIER: Mr. Speaker, I raise these two issues because of concerns expressed in the Province of Ontario who have reviewed their adoption practices in view of the Charter of Rights. I would ask the Minister, in considering these matters, whether she has had the new Child and Family Services Act that she's introduced

into the Legislature reviewed, so as to indicate whether or not it complies with the provisions of the Charter of Rights Act.

HON. M. SMITH: Yes, Mr. Speaker, we have been getting legal advice as we've been drafting the act. We were informed yesterday of the move in Ontario and we have asked for further information and opinion on it. So we have that under active review.

Manfor - Paul Desmarais re payroll

MR. SPEAKER: The Honourable Member for Swan River.

MR. D. GOURLAY: Thank you, Mr. Speaker. I direct a question to the Minister responsible for Manfor. Although the Minister would not provide the House with the information, he has advised some members of the media with details that would suggest Mr. Sweeney will remain on the payroll at Manfor until February 1986 at a salary of \$13,500 per month, plus other considerations.

While Mr. Balmer is now in place at Manfor at a salary in excess of \$12,000 per month, my question to the Minister is: can he now advise the House if Mr. Desmarais, who was fired from Manfor last October, is still on the payroll?

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: Mr. Speaker, first of all, Mr. Desmarais is not on the payroll and has not been on the payroll since December of 1984.

Manfor - CEO replacement

HON. J. STORIE: Secondly, Mr. Speaker, with respect to the relationship between Mr. Sweeney and Mr. Balmer, part of the problem that we had in attracting a candidate to take over the responsibility of chief executive officer in Manfor was the fact that there is no one in Manitoba, no one familiar with the circumstances of Manfor. It is extremely difficult for an individual to come into an organization, such as Manfor, and assume responsibility without some kind of a training period.

When Mr. Sweeney was hired, part of his responsibility was to find someone to act as his replacement. Mr. Sweeney took on a heavy responsibility in a period when the province and the corporation were undergoing extensive modernization, an important task. Mr. Sweeney also undertook to find someone to replace him. Mr. Sweeney, who will be 65 years of age, took on the task for a two-year period. Certainly, the responsibilities of Mr. Sweeney to find a replacement is an important one.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. J. STORIE: Mr. Speaker, I have answered the question with respect to Mr. Desmarais for the information of the Member for Lakeside. Mr. Speaker, the Member for Swan River, in his trivial pursuit, fails to understand the real serious implications of not dealing with the management of Manfor in a serious and . . .

MR. SPEAKER: Order please, order please. Order please. The answer to a question should not be a speech.

Manfor - Severance pay for Paul Desmarais

MR. SPEAKER: The Honourable Member for Swan River.

MR. D. GOURLAY: Mr. Speaker, a question to the same Minister. Can the Minister give us details on Desmarais' severance pay?

HON. J. STORIE: Mr. Speaker, I know that Mr. Desmarais will be dealt with fairly. As I indicated to the House, the final details . . .

MR. H. ENNS: What have you got against fairness?

MR. SPEAKER: Order please.

HON. J. STORIE: Mr. Speaker, I don't know what the honourable member has against fairness.

The board of directors, Mr. Speaker, endeavoured to do their job, which includes - and I have said this many times - reorganizing the management of Manfor.

Mr. Speaker, I put on the record a number of times that the previous government chose not to deal with any of the serious problems of Manfor other than by way of selling it off, which the Leader of the Opposition has already indicated that he is prepared to do, to look at again.

Mr. Speaker, we have consistently said that if we are going to make Crown corporations work we have to create an environment, an organizational environment, a management environment which is sound. There are going to be changes; there have been changes; there will be changes in the future.

Mr. Speaker, I will say again and I will put on the record that the previous government could not make decisions that were in the best interests of either Manfor or the taxpayers of Manitoba.

Manfor - Annual Report re Mr. Sweeney

MR. D. GOURLAY: To the same speaker - to the same Minister, pardon me.

Will Mr. Sweeney be available at the time the legislative committee meets to examine the Annual Report of Manfor?

HON. J. STORIE: I am sorry, Mr. Speaker, I did not catch the first part of the member's question.

MR. D. GOURLAY: To repeat the question, I asked the Minister if Mr. Sweeney will be available at the time

the legislative committee meets to review the Annual Report of Manfor?

HON. J. STORIE: Mr. Speaker, I am sure that Mr. Sweeney will be there at the standing committee to answer the questions to outline that the operating losses have dropped by \$14 million; that there has been a reduction of costs by \$3 million. The fact that we are taking seriously our cost reduction exercises, that we intend to put Manfor on a solid footing, that we have a commitment to Manfor and the communities in Northern Manitoba, unlike members opposite.

Stonewall - open house re PTH 67

MR. SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, I direct a question to the Minister of Highways. Some two weeks ago, the Minister declined an invitation to attend a public meeting in the community of Stonewall with the question of the allocation of Provincial Trunk Highway No. 67. But he did indicate at that time, by public letter, that he was prepared to open the highway offices in Stonewall to what I believe he described an open house for residents to come in and review the plans. My question is: has he set up that date? Has there been an open house in the Highways Department Branch in Stonewall for residents to review highway plans?

MR. SPEAKER: The Honourable Minister of Highways.

HON. J. PLOHMAN: Mr. Speaker, I don't believe the date or the meeting has actually been held at this time. We have a commitment to have an open house so that the public can have an opportunity to view the plans and see exactly what is going to be taking place on Highway 67 when it is upgraded as is required.

I think we had a thorough discussion during Estimates with the Member for Lakeside on this issue. He's aware of what the Highways Department is intending to do there, and we want to make sure that all members of the public, particularly those who are affected, know in detail exactly what is going to be done and why.

MR. H. ENNS Just a supplement request, Mr. Speaker, can I ask the Minister: has he held off activity with respect to the acquisition of additional property involving the relocation until such time that these meetings can take place?

HON. J. PLOHMAN: Mr. Speaker, there has been extensive consultation on this issue over the last several years, and after looking at all of the alternatives and reviewing them very carefully, and reviewing the input from all of the groups concerned and all of the municipal governments and local jurisdictions that are concerned and individuals, we have arrived at the decision that we must upgrade Highway 67 at its present location as a first priority. At the same time, we have to then move forward, because we have made that decision with regard to the acquisition of property and that is moving forward at this time.

What we intend to do with the open house is to clearly communicate with the public who will be affected,

exactly what is going to happen. There are only going to be 15 feet of property required on the south side where most of the residents are affected and we have to point that out clearly so they know they are not going to be disrupted as they've been saying they would be, Mr. Speaker.

MR. H. ENNS: I want to make sure that the members of my constituency understand. The Department of Highways has made their decision and now you're going to have an open house to consult with the people. Is that right?

HON. J. PLOHMAN: Mr. Speaker, there are many reasons to have an open house with regard to projects in the Highways Department. In some cases, they are held in order to receive input before the decision is made. In this case, there has been extensive consultation over a number of years, as a matter of fact, as long as 15 years that this has been considered already. And no Minister in the past, in the previous administration, has made a decision on this issue. They have waffled back and forth.

What we have done, Mr. Speaker, is looked at all of those options; we have considered what the municipalities have to say, what the Town of Stonewall has had to say. I think the honourable member is suggesting, it seems obvious, that we should be going against the wishes of the local governments in that area, Mr. Speaker.

We have consulted with them and there is not a total consensus but a general consensus that the action we are taking is needed, regardless of what might happen in the past, with regard to other access or other roads connecting Highway 67, or extending Highway 67 to No. 7. That is something that can be considered in the future. Right now we have to look at the top priority, and that is to improve that road, improve the alignment, improve the shoulders, improve the vertical alignment so that there will be a safe highway there. I think the member is familiar with the situation and he knows it's necessary.

PTHs - speed limits, raising of

MR. H. ENNS: Mr. Speaker, a question on another subject to the same Minister. Recently, the Minister announced increased highway speeds on Manitoba's provincial trunk highways. — (Interjection) — Yes, he did. Mr. Speaker, I am wondering on what data has the Minister come to this conclusion. What studies, what particular information has he relied upon?

HON. J. PLOHMAN: Mr. Speaker, the Member for Lakeside has obviously got his information twisted again. It's similar to the way that he was quoted on television the other night of saying that the province was going to 110 miles per hour on the speeds in the Province of Manitoba. It's obvious, Mr. Speaker, that he does not pay attention to the facts.

The facts are that there are a number of highways in this province that are at 100 kilometres an hour, a number that are 90, and I said I believe this should be rationalized and there should be some basis for consistency with regard to speed limits on the provincial trunk highways.

So I am reviewing data and have information, a report on safety, on the conservation of energy and the effects it would have on the need to have consistent speed limits. That's what we're doing at the present time, Mr. Speaker.

Careerstart Program - appeal re process

MR. SPEAKER: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: A question for the Minister of Employment Services, Mr. Speaker. Can the Minister tell us how long it takes to process an appeal under the Careerstart Program?

MR. SPEAKER: The Honourable Minister of Employment Services.

HON. L. EVANS: If I heard the member correctly, he asked how long it takes to process an appeal under the Careerstart Program. Okay. Well, to be very precise and accurate about this, I will take the question as notice and come back with the information.

Careerstart Program - Applications, status of

MR. B. RANSOM: Would the Minister also undertake, Mr. Speaker, to find out what percentage of applications in the agricultural area have been accepted under the Careerstart Program, and what percentage has been declined?

HON. L. EVANS: Well, Mr. Speaker, we can do that, although I have indicated in answers to that before, and I would remind members that our Estimates are coming up very shortly, and members are at liberty to ask many of these questions during that process.

Highways Department - contractors re cutoff level

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. D. BLAKE: Thank you, Mr. Speaker. My question is directed to the Minister of Highways. I wonder if he could tell the House if it is government policy now to limit the smaller machine operators to do subcontract work on roads or for maintenance work on roads if they are limited now to a maximum of \$10,000 - dollar value on the work performed.

MR. SPEAKER: The Honourable Minister of Highways.

HON. J. PLOHMAN: No, they're not limited in total to that, Mr. Speaker. The \$10,000 figure is just the cutoff for when construction orders are required or limited tenders are required for any jobs larger than that. For jobs below \$10,000, they can be done on an hourly basis.

We outlined the parameters and steps and safeguards that were built into the system, but there is no limit to

what we hoped to do under this system. There will be a fair distribution of work among equipment operators and owners in a particular area, so that there is a process of rotation, so they all have an opportunity throughout the year to be engaged for some work and have an opportunity to get some work from the Department of Highways rather than just having perhaps two or three getting all of the work and the others being ignored, as has been the case in some situations.

MR. D. BLAKE: I thank the Minister for that answer. It's obvious now he'll have all the contractors going broke instead of just a few.

I thank the Minister for that answer, and I think probably he should clarify that policy with his departmental people because it's been brought to my attention that one operator has completed \$10,000 worth of work and told that's it, he can't have any more, he has to move down to another location, complete his \$10,000 worth of work there and that's it. He has just bought a \$75,000 backhoe. How on earth is he ever going to pay for it if he can only get \$10,000 worth of work from the Highways Department? Even the Minister's own officials say it's ridiculous the way it . . .

MR. SPEAKER: Order please, order please.

MR. D. BLAKE: . . . I wonder if he can clarify.

MR. SPEAKER: Order please.

Oral Questions is a time for seeking information, not for giving it. If the honourable member has a question, would he please pose it.

The Honourable Member for Minnedosa.

MR. D. BLAKE: I thank you for that admonishment, Mr. Speaker, and I will try and ask a short question, and I hope the members opposite will provide short answers as they have been doing in the past.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. D. BLAKE: Would he clarify the government policy with the officials in his department? Because that's not the impression that is being given to the small contractors out there, and they are agreeing with the Highways Department officials that it is ridiculous, this spreading the work around so that they can all go broke.

HON. J. PLOHMAN: I think that's incredible, Mr. Speaker, that the Member for Minnedosa would suggest that it is not a fair system to enable all of the local operators in an area to have equal opportunity to the work that is available on an hourly basis. What the member seems to be suggesting is that all of the work should be given to two or three people and the rest should go without. I can't understand that.

What I would say, Mr. Speaker, is this: there will be some misunderstanding and confusion from time to time until everyone is fully aware of what the new system is to introduce fairness into the contracting and hiring of local operators throughout the districts. Mr. Speaker, we are going to be monitoring that very closely and ensuring that through the Deputy Minister's office and

the senior staff in the department that they are working closely with the districts to ensure there is good communication and that any misunderstandings are straightened out as quickly as possible.

If the Member for Minnedosa has a specific situation that he is referring to, he should give me that information and we'll get on and make sure it's clarified as quickly as possible, Mr. Speaker.

MR. D. BLAKE: That contractor . . . Mr. Speaker, I wonder if the Minister could confirm that this policy was initiated as a result of the suspension of fraud charges laid in the Carman area some months past.

HON. J. PLOHMAN: Mr. Speaker, I have tabled in the Legislature the Auditor's Report and the reaction that the department had to each of the proposals made by the Internal Auditor and the Provincial Auditor as a result of the allegations that were made at Carman.

However, with regard to the levels for tendering, that was a process that we had initiated some time before and it came on stream, the recommendations from the department after consultation with district engineers over the last six to eight months and it came on stream about the same time. That's dealing with the cutoff levels for tendering and \$10,000 is the figure that they arrived at as being fair and reasonable and workable. Anything above that should be tendered. Anything below could be done on an hourly basis with certain monitoring procedures that we're putting in place.

But all of this was not as a direct result of the allegations at Carman; parts of the new system were as a result of it.

Elk, granting of permits

MR. SPEAKER: The Honourable Member for Emerson.

MR. A. DRIEDGER: Mr. Speaker, my question is to the Minister of Natural Resources. Eighteen additional elk were killed in the province because of the potential bluetongue disease and, because the province isn't compensating them, has allowed the individual a permit to capture 18 Manitoba elk. Will this privilege be extended to other Manitobans who wish to get involved in this kind of an enterprise?

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. S. USKIW: Mr. Speaker, as I had indicated in the Estimates discussions, I don't have any particular objection to the concept of game ranching, and that it may very well be considered.

MR. A. DRIEDGER: Mr. Speaker, there are various operators in Manitoba in this kind of an enterprise. Is the Minister saying if they have a desire to capture elk, that if they apply they would be allowed to get a permit to capture elk in Manitoba?

MR. SPEAKER: Order please. The question is hypothetical.

HON. S. USKIW: Mr. Speaker, I would like to remind my honourable friend that . . .

MR. SPEAKER: Order please. The question is hypothetical.

The Honourable Member for Emerson.

MR. A. DRIEDGER: My question is: if wildlife operators apply for a permit, will they be allowed to get a permit to capture elk?

MR. SPEAKER: That is the same question. It is also hypothetical.

The Honourable Member for Emerson.

MR. A. DRIEDGER: Well, Mr. Speaker, I'll try again. Is the Minister granting permits for operators to catch elk in Manitoba?

HON. S. USKIW: Yes, Mr. Speaker.

Manfor - Prendville timber rights

MR. SPEAKER: The Honourable Member for Swan River.

MR. D. GOURLAY: Yes, I have a further question to the Minister responsible for Manfor. I would ask the Minister if he can advise the House if Manfor has recently paid .75 million for the Prendville timber rights in the Cranberry Portage area?

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: While not being able to confirm the actual price the member quoted, it is true that Manfor has purchased the timber rights from Prendville. Again, as part of any good management practice, there was an assessment of the value to Manfor. It was an extremely advantageous purchase and was done some time ago, Mr. Speaker.

MR. D. GOURLAY: I wonder if the Minister responsible for Manfor, perhaps the Minister of Natural Resources, can advise the House that those timber rights were about to lapse shortly. Could it have reverted back to the province or to the Crown?

HON. J. STORIE: Mr. Speaker, I do not know whether that is an accurate reflection of the fact or not. I will certainly take that question as notice.

Again, Mr. Speaker, I express my frustration at having to answer piecemeal questions on Manfor which can be dealt with at standing committee. Mr. Speaker, I have been admonished by yourself a number of times not to make speeches in this House.

Mr. Speaker, the member continues with his trivial pursuit, asking small . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. J. STORIE: Mr. Speaker, trivial in the sense that I cannot provide a full explanation which outlines the difference between management that is taking place in Manfor now and the kind of neglect that was evident when they were in government.

**Manfor -
Committee re Annual Report**

MR. D. GOURLAY: Mr. Speaker, I direct a question to the Government House Leader and ask the House Leader when will the committee be called to review the Annual Report of Manfor?

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. I can advise honourable members that I will be discussing with the Opposition House Leader the remaining items to go before the standing committees, discussions of Crowns, i.e., McKenzie Seeds, Manfor and I believe there is one other after we finish the Manitoba Energy Authority and Hydro.

I would expect those committee meetings would be held immediately following the hearings that are scheduled for next week on the 4th and 6th of June and possibly, if necessary, on the 11th of June. I would suggest, therefore, the earliest date would probably be Thursday, the 13th of June. That, of course, depends on the completion of the work that has already been assigned to the committees.

But that will be discussed as normal with the Opposition House Leader to confirm that those dates are acceptable and that staff are available. But I can advise the member that would be the approximate date; if not, perhaps immediately the following week.

**Manfor -
Alan Bourgeois, status of**

MR. D. GOURLAY: A further question to the Minister responsible for Manfor. Can the Minister advise the House whether Alan Bourgeois, who is employed by Manfor, works out of the Manfor office here in Winnipeg? Does he carry on private practice out of the Manfor office here on Broadway?

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: Mr. Speaker, I can only say that Mr. Bourgeois provides Manfor with exemplary service as its marketing director. I know that this individual, despite the insinuations continually repeated by the Member for Swan River in his own inimical style, continues to offer the best service, dedication to Manfor and to the people of this province, and to the corporation and I do resent the continual implication that somehow the people who are working for Manfor are not working in the best interests of Manitobans.

Mr. Speaker, they are, and the continued kind of innuendo and allegations that are made do no good for anyone, certainly not for Manfor. If the member thinks that they are doing him some political good, he is also wrong about that.

MR. D. GOURLAY: I direct a question to the Minister of Energy. Can the Minister of Energy advise the House if Mr. Bourgeois, who is a director of Mineral Resources, does he get compensation for serving as a director?

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

HON. W. PARASIUK: Mr. Speaker, that question was answered in committee yesterday, and I'm surprised it wasn't passed on. He does not get compensation for serving as a director.

MR. D. GOURLAY: Mr. Speaker, a further question to the same Minister. The answer given was that one director gets paid that serves as a director. Can the Minister tell the House which director gets paid?

HON. W. PARASIUK: Yes, it's Dr. Ryan, a Professor of Geography at the University of Winnipeg who is a duly appointed member of the board and he gets his fees as a director.

**Horse Racing Commission -
contemplated changes**

MR. SPEAKER: The Honourable Member for Virden.

MR. H. GRAHAM: Thank you very much, Mr. Speaker. Last week, the Minister of Natural Resources took some questions as notice for the Minister responsible for Manfor who I presume was at home taking a crash course on Manfor. Could the Minister now answer the questions that were taken regarding the operations of the Racing Commission?

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: Mr. Speaker, I would hope the Honourable Member for Virden would read Hansard when he is not here. Pardon me, I apologize. I should not refer to a member's absence. But I would suggest that the member read Hansard and he will find that I did answer the questions he posed.

Taxation re fair share

MR. SPEAKER: The Honourable Member for Inkster.

MR. D. SCOTT: Thank you Mr. Speaker. Yesterday the Federal Minister of Finance, in addressing a group of economists in Montreal, stated that the problem with Canada and the budget deficit in Canada is a problem because we have, in his words, an acute shortage of rich people. Mr. Speaker, my question to the Minister of Finance: does Manitoba have an acute shortage of rich people?

MR. SPEAKER: Order please. The question seeks an opinion. Would the honourable member wish to seek information?

The Honourable Member for Inkster.

MR. D. SCOTT: Mr. Speaker, I'm asking the Minister of Finance whether or not Manitoba has an acute shortage of wealthy people in this province in relation to other provinces and in relation to Canada? it's a statement of fact as to whether or not we, in this

province, have an acute shortage of wealthy people who will be paying their fair share of taxes.

MR. SPEAKER: The Honourable Minister of Finance.

HON. V. SCHROEDER: Thank you, Mr. Speaker. What I must say to the member, unfortunately, is that as a result of this budget which transfers hundreds of millions of dollars from poor Canadian families and pensioners to people who are taking advantage of capital gains breaks and RRSP breaks, we are going to have, unfortunately, an acute overabundance of poor people in this province.

Federal Budget re home construction

MR. D. SCOTT: Then a question to the Minister of Housing, Mr. Speaker, has he done any research to find out what kind of impact the federal Budget will have on the price of a new home construction for Manitobans?

MR. SPEAKER: The Honourable Minister of Housing.

HON. J. BUCKLASCHUK: Mr. Speaker, we have done a preliminary estimate of the increase in costs of housing. It would appear that we foresee an immediate increase of some \$400, and as a result of staged increases we can foresee an increase of at least \$800 after the beginning of the new year.

MR. D. SCOTT: Mr. Speaker, a supplementary question to follow-up on that answer from the Minister of Housing, to the Minister of Finance. Does the Minister of Finance have any additional information with regard to detrimental impacts that the federal Budget will have on the cost of housing for ordinary Manitobans?

HON. V. SCHROEDER: Mr. Speaker, it's the view of this government, along with tax experts across the country and along with a review by the Department of Finance federally, that the result of the elimination of the capital gains provisions for people for up to \$500,000 will mean that there will be very significant additional costs in terms of the land for housing.

Land speculation is predicted by tax experts to be the only fruit, the only benefits - the only people who are going to get a benefit out of that capital gains provision will be the speculators on real estate. They will cause the price of housing to go up because the price of lots - and I've been speaking with people in the real estate industry within the last few days - there is a pressure upwards already on the price of lots.

Finance Minister re Montreal Gazette

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, my question is for the Minister of Finance and it is with reference to an article which was written subject to a discussion with the Minister of Finance, by a Mr. Hugh Anderson in the Montreal Gazette, in which he refers to the Minister as

having the opinion that, "Spending comes more naturally to social democratic politicians than austerity." Is that an accurate reflection of his view?

HON. R. PENNER: Yes, we'll take that over austerity any time.

MR. SPEAKER: The Honourable Minister of Finance.

HON. V. SCHROEDER: Mr. Speaker, I'm certainly going to take a very close look at the article and see exactly what Mr. Anderson said.

What I will say is that every social program instituted in this country has come as a result of people from the CCF and the New Democratic Party pushing, pulling and shoving, whether it is Medicare, whether it is pension, whether it is unemployment insurance, it is help for the little guy, for the people who have less than has come from this group. And it is that group that has traditionally pulled back; it is that group, that when it looks for tax changes, helps the wealthy as they have in this budget which could only have been dreamed up by a corporate tax lawyer and a person from the industrial community as his Finance Minister, only those people could have stolen so much from the poor to give to the rich.

Elk, granting of permits

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Speaker. I have a question to the Minister of Natural Resources. In view of his answer that there were permits now being allocated for the capture of elk and elk ranching in the province, what would be the process to apply for an application? As I have many constituents who are interested in the elk ranching business, what would be the process to get permission to capture elk and produce them in Manitoba?

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. S. USKIW: Mr. Speaker, I believe I responded to a series of questions, one of which was the disposition of the two ranchers with which we had some difficulty relating to bluetongue. I also indicated that it does not preclude others from applying and it is a policy that we are prepared to consider.

We have not developed a method through which we would undertake such a program that will have to be developed because there are some obvious problems related to that question. But in principle we are not objecting to it.

MR. J. DOWNEY: I just request of the Minister, Mr. Speaker, and would ask him to respond, but I would hope he would treat all Manitobans fairly and the only way that you would be a prerequisite to getting a permit would be to have brought animals in from the United States and caused the problem, that it would be opportunities for Manitobans who haven't caused problems to get a permit as well.

MR. SPEAKER: Order please. I heard a statement there; I didn't hear a question.

The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Speaker, the question basically is: I would hope that all Manitobans are treated fairly and would ask the Minister if he will treat them fairly when it comes to the permitting of elk ranching and permits to capture them in Manitoba and not have a prerequisite that you would have to bring animals in from the United States that are suspected of having bluetongue?

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. S. USKIW: Mr. Speaker, it's quite obvious that when the policy is finally evolved, or announced, that there will be a method through which applications will be considered. But one has to agree with the point that the honourable member makes and that is, it would not be the method that we would want to employ; that there ought to be an opportunity if we decide there is an option here that is worthwhile from an economic development point of view. We have to develop some strategy through which we don't deplete the natural herd that is out there, and in that context I think it can be considered.

MR. SPEAKER: Order please.

The time for Oral Questions has expired.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. Would you please call Bills 36 and 43 which appear on the Order Paper for second reading in that order, Sir, and then the adjourned debates on second reading on Bills 12, 14, 26 and 34, in the order in which they appear.

SECOND READINGS

BILL NO. 36 - THE MORTGAGE DEALERS ACT

HON. R. PENNER presented, by leave, Bill No. 36, The Mortgage Dealers Act; Loi sur les courtiers d'hypothèques, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: Mr. Speaker, this bill, along with the bill to amend The Mortgage Act, which will be introduced shortly, will result in a regulatory scheme for certain mortgage transactions in Manitoba, which scheme we think will be a substantial improvement over the existing scheme under existing legislation.

Before dealing with certain principles of this specific regulatory scheme introduced through this bill, I wish to trace the history of the bill which I'm pleased to say is the culmination of a lengthy process of consultation and co-operation between the Manitoba Securities

Commission and the various constituencies directly and indirectly affected by the bill.

I'm sure that all members of the Assembly are aware of the fact that during the past 10 years there have been several instances both in this province and elsewhere in which investors in mortgages suffered substantial financial losses as a result of such investments, including investments in syndicated mortgage investments.

While investors in such cases must of course assume the normal risks of default by a mortgagor or mortgagors and the result in losses, an event against which no legislation obviously can totally protect, it became evident that some of these losses were not solely or even primarily the result of ordinary mortgage defaults, but were the result of questionable practices being engaged in by a small but significant minority of mortgage syndicators.

It also became evident through the investigations and criminal prosecutions that followed one such financial collapse, that of Winnipeg Mortgage Exchange in Manitoba, that current legislation in Manitoba was not as strong as it could be to deal with mortgage investing, particularly the developing business practice of mortgage syndications. It was in this context that a decision was made to draft a new Mortgage Dealers Act to replace the current Mortgage Brokers and Mortgage Dealers Act.

It was decided, Sir, that the new act should be directed largely to the protection of persons investing in mortgages through mortgage dealers since this is where enforcement problems most often arose. At the same time, it was decided that the provisions of the current Mortgage Brokers and Mortgage Dealers Act relating to the protection of borrowers, that is, persons borrowing money and mortgaging their property as security for the loans, were largely self-policing and did not require enforcement by a regulatory agent such as the Securities Commission.

Hence a decision was made to move those particular provisions, that is, those relating to the single transaction of a borrower borrowing on the security of his or her property to The Mortgage Act where they more properly belong, and accordingly there will be a companion bill brought in amending The Mortgage Act and that will be tabled shortly.

This government's intention to enact a new Mortgage Dealers Act and to amend The Mortgage Act was announced in this House when the Honourable John Bucklaschuk tabled a draft of The Mortgage Dealers Act and an explanatory statement of the principles of that draft act in August of 1983.

It was made clear at that time that the purpose in tabling the draft of the proposed act was to invite comments from this Assembly and from interested members of the public. Those comments were delivered to the Manitoba Securities Commission by the fixed date of November of 1983.

I'm pleased to say, Sir, that the Securities Commission received numerous letters, nearly all of them supportive of the general thrusts of the proposal. As might be expected, questions were raised as to certain technical aspects. As a result of such comments, a second draft was prepared. At my direction, that draft was distributed by the Securities Commission in November of '84 with a request for further comments.

Additional comments were received whereupon commission staff, at my request, engaged in a further consultative process with various commentators. All of this, I think a very healthy kind of action and interaction process, resulted in suggestions for further modifications, almost all of a technical nature, to the amended draft and these are now reflected in the bill being introduced today.

In concluding my remarks on the history of the preparation of the bill, Mr. Speaker, I wish to emphasize again that this bill is the culmination of a lengthy and time-consuming process of consultation and results in a regulatory scheme for mortgage dealers which marks a considerable advance in this field.

I extend my thanks to those members of the public and of the industry who have participated in this process and provided many helpful commentaries.

With those works of background, Sir, let me now outline the basic thrust of the bill. As indicated previously, its main objective is to protect persons who invest their savings in mortgages. The provisions relating to disclosure, for the protection of borrowers, formerly contained in the existing act will be covered by the amendments to which I have referred in The Mortgage Act.

Let me make clear that the basic framework of the regulatory scheme contained in this bill for the protection of persons investing in mortgages has not changed substantially from that provided in the draft tabled in this House on August 18, 1983, by the now Minister of Housing when he occupied the portfolio of Minister of Consumer and Corporate Affairs.

The protection for investors, as outlined in the speech accompanying the tabling of the exposure draft, continues to be provided through the following:

- The requirement that mortgage dealers, brokers and syndicators register;

- that provision for comprehensive documentation be supplied to investors;

- the holding of all investors' mortgages in trust separate and apart from other assets of the broker. Now there can be no intermingling of assets so that those particular trust assets are at risk because of certain other assets or investments.

- Specified minimum capital requirements and bonding;

- the filing of audited financial statements including auditors certificates in respect of trust assets and accounts; and

- the imposition of both penal sanctions and civil liability for any fraudulent or improper dealings by mortgage dealers.

The changes from the original draft to this bill, the exposure draft, are to a large extent matters which I might describe as being technical in nature, although in some cases they have a substantive effect in the applications of the basic regulatory schemes.

Let me provide, Sir, one example to illustrate the evolution which has taken place. The example I have chosen is the definition of mortgage dealer and the exemptions from registration. The target group which the definition of mortgage dealer was intended to encompass was, as I have indicated, of course, persons who arrange for the investment by other persons in mortgage or mortgages or in the syndicated mortgage,

and who then administer on behalf of the investor those mortgages for the investors.

It was intended that persons, as I have noted, who lend their own money on mortgages, or simply bring lenders and borrowers together on a particular transaction, would not be subject to the registrations under the act. But after further examination of the problems that it seemed to bring to life, it was determined that the original definition might allow some who should be registered to continue in business without registration.

As a result of that process, the definition of mortgage dealer was expanded, but at the same time the exemption provisions were correspondingly expanded so as to exclude certain specified persons in very particular activities from registration requirements. This is just an example, albeit technical in nature, of having examined comments and the practices in the industry, certain changes were made in a definition section. These exemptions to which I have just referred will be further supplemented in the regulations.

The overall effect of all of that will be that this bill will apply to substantially the same target group as the original draft, but the essential difference is that the method of delineating and defining that group will have changed somewhat. A substantially similar explanation applies to various other changes that have been made to the original draft. These are matters technical in nature which can be considered at committee stage.

Mr. Speaker, let me now very briefly explain the organization of the bill and its principal features. The first two parts to the bill before you deal with the various registration provisions are relative to mortgage dealers, and to the regulation of the authorized officials and salespersons of such dealers.

Part 3 is the heart of the bill and has no counterpart in our existing Mortgage Brokers and Mortgage Dealers Act, and it sets out a course of conduct that must be followed by registered dealers who accept money from persons for the purposes of investing in a mortgage or mortgages, whether by selling a person an existing mortgage, or purchasing for that person a specific mortgage, or effecting a mortgage loan on behalf of that other person or, as is sometimes the case involving that person as part of a group in a syndicated mortgage. The principles of that part can be summarized as follows, and this probably is the most important aspect of the bill.

No mortgage dealer will be permitted to receive deposits from the public unless they are received in trust and for the specific purposes permitted. There must be a written agreement acknowledging the trust and setting out the conditions upon which the trust monies are received.

Before a mortgage dealer invests money from his trust account on the security of a mortgage, the dealer must inform the investor in writing of all the salient information relative to the particular mortgage investment. After the mortgage transaction has been effected, the dealer must provide the investor with particulars of the finalized transaction. The particulars to be provided will be prescribed in the regulations. What we are saying there, Sir, it's not enough to say here is what I propose to do for you; following the transaction, there must be a verification of exactly what has been done.

Where a person has advanced monies in respect of a mortgage which is intended to be registered in the dealer's name - and that will sometimes be a bona fide transaction and, of course, covered by the act we hope it will always be a bona fide transaction - or where a dealer administers a mortgage for other persons, specific trust requirements are imposed by the bill to ensure that the trust assets are maintained separate and apart from the dealer's own assets.

These trust requirements will be supplemented by provisions to be enacted in the regulations with the result that the trust assets of the dealer will necessarily be held subject to written trust agreements entered into with the investors. Registered mortgage dealers will be required to file annually a trust compliance report and annually, audit financial statements.

These provisions which I have just enunciated, Sir, are designed to ensure that persons acquiring mortgages or interests in mortgages through a registered dealer are fully informed at all times as to the attributes of the mortgage they are purchasing and to ensure, so far as is practicable, that the dealer cannot improperly deal with mortgages that are held in trust.

Although the Manitoba Securities Commission will have a substantial role in the enforcement of the provisions of this bill, the bill also provides further safeguards to investors through the imposition of statutory liability on mortgage dealers and their officers for any fraud or misrepresentation stemming from the written agreements that a mortgage dealer must provide to a mortgage investor.

The powers of the commission and the statutory liabilities of a mortgage dealer for a violation of the provisions of the bill are set out in the latter parts of the bill.

In conclusion, Sir, this bill is designed to facilitate the availability of mortgage funds, while at the same time providing maximum public protection for persons investing in mortgages through registered mortgage dealers.

Mr. Speaker, reference has been made to the regulations to be drafted pursuant to the provisions of this act. I have advised members of the industry, of the Manitoba Bar and other interested parties that just as we consulted with respect to the provisions of the act, we will consult with respect to the provisions of the regulations.

I commend this bill to the House.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. C. BIRT: Thank you, Mr. Speaker. A couple of questions of clarification to the Minister before I deal with the bill. The Minister made reference in the opening stages of his presentation to consultations starting back in 1983. I am wondering if the Minister could advise what groups were consulted and received information back.

HON. R. PENNER: I think I can give the member a very partial list at the moment. The real estate section of the Manitoba Bar, the secretary-treasurer and council of the Mortgage Loans Association - the Mortgage Loans Association which is the principal industry group

- individual members of the Bar, certain individual companies dealing in mortgages, I will provide a further list either later in second reading debate or at committee stage, but the principal ones have been the Bar section and the industry spokes-organization, the Mortgage Loans, an association of Manitoba represented by Mr. Frank Szivkovitch (phonetic).

MR. C. BIRT: A further question of clarification. On Page 6 of the Minister's presentation, relating to paragraphs 2 and 3 it says, "The investor shall be provided in writing all salient information relative to the particular mortgage investment," and then paragraph 3 deals with, "Certain things will be outlined in the regulations." Is it the intention here that the type of information that is to be provided will be set out in the regulations?

HON. R. PENNER: There are, as suggested by the second and third points, two stages to the dealing. The investor comes in to see the dealer and says that he has X number of dollars to invest on the security of mortgages. There is a discussion as to what the investor is looking for. Prior to an investment being made there is a duty on the dealer to say, well, I have the following proposition for you, and to set it out and receive authorization to proceed on that transaction.

It will normally be the case that the end result is identical to that which was the subject of the agreement to proceed; but because sometimes there are variations there will be a specified form that will delineate in the regulation which will set out such things as the location of the property and its legal description, its general description, whether it's been the subject of a recent evaluation, local market prices, things of that kind. I think we all recall, that when the Winnipeg Mortgage Exchange went belly-up, the biggest losses were suffered because of investments in what were held out to be attractive properties in B.C. which turned out to be wasteland. There was no way in which the relatively unsophisticated investors - and substantially those are the ones who get caught in this kind of a net - are able, without at least being provided with something to evaluate whether what has been done is what they want done.

MR. C. BIRT: Thank you, Mr. Speaker. I move, seconded by the Member for Assiniboia, that debate on this bill be adjourned.

MOTION presented and carried.

BILL NO. 43 - AN ACT TO AMEND THE HOUSING AND RENEWAL CORPORATION ACT

HON. J. BUCKLASCHUK presented, by leave, Bill No. 43, An Act to amend The Housing and Renewal Corporation Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

HON. J. BUCKLASCHUK: Thank you, Mr. Speaker. The purpose of the amendments put forward before the House may be summarized as follows:

To streamline the administration of the affairs of the province in respect of those matters under the responsibility of The Housing and Renewal Corporation Act and, in particular, to enhance its effectiveness as a fiscally responsible instrument for the implementation of government housing policy;

To facilitate the formation of housing authorities in our Northern and remote housing communities, to ensure a greater degree of local involvement in the administration of rental stock;

to remove the arbitrary ceiling set on loan guarantee amounts as at the time of the act's original passage in 1967;

to update the act to reflect changes which have occurred in the operational environment since its original passage.

Before addressing the substance of these changes, Mr. Speaker, I would first like to reference the amendment proposed to the section dealing generally with the purposes and objects of the corporation. Members will note that this section has been considerably altered and expanded to reflect the significant changes in the scope of the province's activity in the housing sector as it has evolved since 1967.

At that time, MHRC was set up essentially as an entity for the administration of the first major post-war public housing projects, some 700 units developed in the mid-'60s in the Burrows-Keewatin and Lord Selkirk Park urban renewal areas of Winnipeg. Since that time, some 14,000 additional units of low-income housing have been developed throughout Manitoba with an excess of 100 local housing authorities formed for their administration.

However, beyond the provision of low-income housing for our needy families and elderly, the scope of the corporation's involvements have broadened considerably over the years. Initiatives have also been undertaken and expanded to meet the special needs of particular disadvantaged groups such as the physically handicapped and to provide shelter to victims of family violence.

A major new area of activity in more recent years has been large-scale involvement in mortgage financing through the highly successful Homes in Manitoba Program, introduced in 1982 in response to the tremendous downturn in the residential construction industry and the persistence of high interest rates. This was programming the objectives which were primarily economic as opposed to social.

Accordingly, it was felt that this broadening of scope should be made explicit and reflected in the act's statement of Purposes and Objects. This increased scope and complexity has made it essential that the organization of delivery mechanisms be overhauled to ensure optimum effectiveness of delivery, responsiveness to government policy and fiscal accountability. The administrative changes proposed vest direct responsibility for the affairs of MHRC under the Minister responsible, and ensure that the complex matters under its jurisdiction come clearly under the purview of professional civil servants and not part-time political appointees. In this respect, in fact, the operating overhead associated is reduced as these public servants receive no remuneration other than their normal salaries as officers of the Department of Housing.

Insofar as there may be concern that this reorganization represents some form of politicization

of a Crown corporation, I would simply point out that MHRC neither is, nor ever has been, a true Crown corporation in that it is wholly dependent on government for the generation of its operating requirements. As a consequence, all activities of any significance require the approval of central government agencies in any case, as with a line department.

The difficulty with MHRC was that, as executive authority was vested in the board, this in fact created the necessity for a two-tiered approval system which was both tremendously wasteful and time-consuming, and resulted in a constant confusion over where authority lay for decisions as between board and government. This situation may have been tolerable had there been at least a reasonable degree of budgetary control being exercised as a result. In fact, over virtually the entire history of MHRC's existence, the Provincial Auditor has commented consistently in the negative in respect of the corporation's financial administration.

Clearly the problems experienced by MHRC had to be structural in nature, rather than purely a reflection of the specific Ministers and managers responsible over such a long period of time. Members may note that the responsibility for employees of the corporation has been removed, and that services to the corporation are to be provided by staff of the Department of Housing. Effective April 1, 1984, all corporation staff were transferred to the Department of Housing by Order-in-Council.

I would point out that these changes are not being pursued in isolation of trends with respect to housing agencies elsewhere for essentially the same reasons. The Province of Ontario transferred the bulk of its Crown corporation staff to a department several years ago. In a related respect, I would also note that in its recently formed Cabinet, Ontario has also placed responsibility for the rent regulation administration in with Housing, a move made by our government almost three years ago. The Province of British Columbia evolved its housing corporation into a Ministry in the late 1970s. The Department of Housing was also devolved from a Crown agency in New Brunswick in 1984 and, currently, the Province of Alberta is reviewing the tightening up of its organizational arrangements as between its department and Crown corporations.

Of course, the organizational future of Canada Mortgage and Housing Corporation itself is currently under close scrutiny with departmentalization in part or whole certainly one of the options under consideration.

In respect of the effectiveness of these changes, Mr. Speaker, I would emphasize to members that since the formation of the Department of Housing in 1982 and more particularly the reconstitution of the MHRC Board in 1983, program delivery effectiveness has significantly increased while financial and administration controls have been substantially improved. As evidence of the latter, I would reference the observations contained in the Provincial Auditor's Report for 1983-84 to the effect that improvements had been made in the development of appropriate budgeting and accountability procedures and contrast that with the previous years laments over the lack of proper control functions.

I would also stress that these changes result in the added benefit of greater accountability to the

Legislature as represented by the fact that operating budget activities formerly subsumed under a single MHRC line in the printed Estimates are now fully broken out under departmental headings for the opposition's review. These amendments will therefore serve to consolidate the administrative streamlining process while preserving the flexibility of MHRC as a delivery instrument.

A further major change included in the bill is the removal on the ceiling of loan guarantees, again to reflect changes in program activity since 1967 and specifically that the current limit of \$5.0 million has been reached.

In recent year's activity under the Mobile Home Loan Guarantee Program which was introduced under the previous administration has significantly increased. This is a program which facilitates a form of affordable housing to low and moderate income Manitobans by enabling lenders to finance purchases of these units on terms comparable to conventional mortgage financing arrangements. As well, the program results in an appreciable amount of manufactured home construction in Manitoba. As at year end, it was necessary to close the program because the legislative guarantee limit had been reached.

In the interim, an evaluation of the program has been under way in terms of both its effectiveness in relation to the original objectives and in respect of the prospects for continued solvency of the fund.

Pending finalization of the review and the passage of the amendment, we should be in a position to reintroduce the program in the near future.

This amendment is important also in order to provide the province with increased flexibility in the mortgage guarantee field generally, particularly vis-a-vis recent and possible future changes in CMHC's role in the area.

CMHC has recently substantially hiked mortgage insurance premiums on a Canada-wide basis and this is a matter of some concern to our local housing industry. These increases have occurred across the board nationwide despite the fact, attested to by CMHC officials, that the Manitoba portion of their mortgage insurance fund has, on its own, been operating in the black. These premium increases are of particular detriment in our rural centres where CMHC is less willing to insure for values reflecting project costs.

Under the First RentalStart Program, it was necessary as a consequence for the province to provide additional guarantees to full value for the difference over their recognized insurable amounts.

In discussion of this problem with my colleague, the Honourable Bill McKnight, the Minister responsible for CMHC, he indicated his willingness to enter into a possible federal-provincial program of mortgage co-insurance to facility development in our rural areas on an equal partnership basis.

I might add here that these areas are of no interest to private insurers such as the Mortgage Insurance Corporation of Canada, whose activities are focused almost exclusively in the Winnipeg area. In order to further pursue the possibility of these arrangements, it is essential that current legislative guarantee limit be lifted.

Another major change contained in the proposed amendments relates to the creation of special rural and northern housing authorities to enable local

communities in our more remote areas to have greater input in the administration of local housing stock. Currently, these units are administered directly by regional officers in Thompson and The Pas. The changes proposed are the result of consultation processes initiated by our government in early 1983. The proposed composition of these authorities directly result from these consultations.

The purpose of these changes should be readily apparent in terms of fostering a stronger sense of local identification and responsibility for their housing stock in our remote communities, as is the case with housing authorities in our other communities.

Initially, it is intended to proceed with the formation of these authorities on a pilot basis in several communities when strong interest exists taking on the related responsibilities. These new authorities would be monitored closely in terms of budgetary accountability and management practices. It is of course the long-term intent that as many of these remote communities as possible take on responsibilities as fully fledged authorities.

This concludes my remarks and the main features of the proposed amendments contained in Bill 43, Mr. Speaker.

MR. SPEAKER: Are you ready for the question?
The Honourable Member for Assiniboia.

MR. R. NORDMAN: Mr. Speaker, I move, seconded by the Member for Sturgeon Creek, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: On the proposed motion of the Honourable Minister of Community Services, Bill No. 12, the Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, we beg to have the matter stand.

MR. SPEAKER: Stand.

On the proposed motion of the Honourable Minister of Community Services, Bill No. 14 - the Honourable Member for Emerson.

MR. A. DRIEDGER: Stand, Mr. Speaker.

MR. SPEAKER: Stand.

On the proposed motion of the Honourable Minister of Education, Bill No. 26 - the Honourable Member for Morris.

MR. C. MANNES: Stand, Mr. Speaker.

MR. SPEAKER: On the proposed motion of the Honourable Attorney-General, Bill No. 34 - the Honourable Member for St. Norbert.

MR. G. MERCIER: Stand, Mr. Speaker.

MR. SPEAKER: Stand.

The Honourable Government House Leader

HON. A. ANSTETT: Thank you, Mr. Speaker. I beg to move, seconded by the Honourable Minister of Labour, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

MOTION presented

MATTER OF GRIEVANCE

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

MR. G. MERCIER: Thank you, Mr. Speaker. I wish to use this opportunity in order to speak with respect to my grievance, that once in a Session opportunity, Mr. Speaker.

My grievance, Mr. Speaker, is the myth that this government has attempted to create with respect to jobs and the economy in Manitoba as compared to the reality in Manitoba.

Now, Mr. Speaker, we heard the day before yesterday from the Minister of Co-operative Development that this government was interested in nothing but jobs, jobs, jobs. Yesterday the Minister of Employment Services and Security said this government has made a massive commitment to jobs. The Premier went on and on yesterday, Mr. Speaker, with respect to the success of this government in job creation in Manitoba.

I want to deal with what is the reality in Manitoba, Mr. Speaker. I would have hoped to have spoken yesterday after the questions I asked in question period, but obviously that was impossible to do. But I want to deal firstly, Mr. Speaker, with the Labour Market Information Bulletin for April, 1985, issued by the Manitoba Employment Services and Economic Security.

That indicates on Page 1 of the highlights as set out in that report that Manitoba's actual unemployment rate is up 0.5 percentage points from April of 1984, and that Manitoba ranked eighth-best of all provinces in terms of percentage points over the year. At the same time, Mr. Speaker, Canada's actual unemployment rate was down 0.6 percentage points from April of 1984 and that is the reality, Mr. Speaker, the disturbing reality about what is going on in Manitoba as a result of this government's policies; that our actual unemployment is going up while at the same time the national unemployment rate is going down, Mr. Speaker, and we are ranked eighth-best.

Mr. Speaker, it's interesting to note that these percentage changes are occurring in Manitoba where the labour force only increased by .2 percent higher than in April of 1984 while the Canadian labour force grew by 2.6 between April of 1984 and April of 1985. So, Mr. Speaker, it's evident that the Canadian national unemployment rate going down while there is a 2.6 percent increase in the labour force, a significantly larger increase in the labour force than Manitoba where it is .2 percent and, whilst Manitoba only has that .2 percent increase in the labour force in the last year, the unemployment rate is going up in Manitoba. That makes the Manitoba comparison with the Canadian comparison that much worse.

We're going up. Canada's going down, while at the same time our labour force is hardly increasing, .2

percent compared to a 2.6 percent increase in the amount of the national labour force, Mr. Speaker. That makes our situation in Manitoba much much worse because with that slight increase in the Manitoba labour force, our unemployment rate should have been dropping in the same way as Canada's.

Then, Mr. Speaker, on Page 2 of the Labour Market Informational Bulletin report, it states that Manitoba had the ninth-fastest rate of employment growth - the ninth-fastest - between April, 1984 and April, 1985 and along with the Province of Newfoundland, was one of only two provinces with employment declines over the force. Mr. Speaker, that is a very dismal record for the Province of Manitoba.

At the same time, this is the reality compared to the myth and the smoke and mirror statements of members of the government about we care for Manitobans. A top priority of the NDP is jobs. Mr. Speaker, these are the facts. Whilst they spend millions of dollars on government advertising at taxpayers' expense to attempt to improve the image of this government, the reality of the situation is that for the past year, now that they have been in power for almost four years, the effects of their policies are becoming evident - the second-worst job creation record in Canada over the last year - our unemployment rate going up, Canada's national rate going down. That is the effect of their policies but they attempt to create this myth that Manitoba job creation record is so wonderful under the New Democratic Party. It is simply not so, Mr. Speaker.

There are 46,000 unemployed people in Manitoba, 20,000 more than when they took office and, Mr. Speaker, that's up 3,000 from April of 1984. During this past year while we've had this great splurge in advertising for the Jobs Fund, millions and millions of dollars spent on the Jobs Fund, millions of dollars spent on extra political aides and communicators, when the reality in Manitoba is that there were 3,000 more unemployed during the past year up to 46,000 while, at the same time, the number of unemployed in Canada decreased by 109,000 during the past year. The number of unemployed decreased in Canada by 109,000.

Mr. Speaker, I go back. That's why Manitoba's labour force only increased .2 percent, and the Canadian labour force increased by 2.6 percent. We're going up. Canada is going down. Canada's got many more workers. We have hardly any more workers. Mr. Speaker, that is a dismal record for the Province of Manitoba.

The report also goes on to point out there have been employment declines in manufacturing during the past year. On Page 10 of this report it indicates that employment in manufacturing has gone down during the past year, from April of '84 to April of '85, from 56,000 to 55,000 people. But the interesting statistics, Mr. Speaker, is to compare it to November of 1981. In November of 1981 - and I have that Labour Market Informational Bulletin issued in December for the month of November, 1981 - in November of 1981 there were 66,000 people employed in manufacturing in Manitoba, and that had risen from 60,000 in November of 1981. The percentage change there was 6.1 percent increase over the year, whilst the Canadian average increase in employment in manufacturing was 1.3 percent. In November of 1981, we had increased employment in

manufacturing 6.1 percent, whilst the national average was only 1.3 percent, Mr. Speaker.

What has this government done to manufacturing in Manitoba? It's now down to 55,000 people, 11,000 people fewer employed in manufacturing in Manitoba than were employed in November of 1981. The reports that have been issued have indicated that manufacturing has increased in every other province up to and past, in many cases, the pre-recession levels, Mr. Speaker, but not in Manitoba, just 55,000 people employed in manufacturing whereas in November of 1981 there were 66,000. That's a result, Mr. Speaker, of the policies of this government, and I'll deal with that later.

Dealing just with one further aspect of this report at this particular time, on Page 13 of this report, it indicates how many jobs were created in Manitoba. These are the Manitoba Labour Market annual averages, 1970-1974. They indicate from 1977 to 1981, the labour force increased by 35,000 and the number of employed persons increased by 33,000; 35,000 people came into the job market and 33,000 jobs were created.

Under the New Democratic Party from 1981-1984, only 25,000 people came into the labour force, only 25,000. We hear on a regular basis from the Minister of Employment Services, Mr. Speaker, about the increase in population. That's fine with me; that's great.

But only 25,000 people came into the labour force in three years. And how many jobs were created? What was the increase in employment? Eleven thousand in three years. That's right in the report, I say to the Government House Leader. A 25,000 increase in the labour force and only an 11,000 increase in employment, Mr. Speaker, and unemployment up to 46,000. That compares from 1977 to 1981, an increase in the labour force of 35,000. All we hear from them is that there was an out-migration, fewer people in Manitoba, but the labour force went up 35,000 people and 33,000 jobs were created, an additional 33,000. In the last three years, only 25,000 people have come into the labour force and only 11,000 additional employed people, Mr. Speaker.

At the same time, Mr. Speaker, and I have to laugh for a moment when I read a few weeks ago that the Minister of Education would not be pushed or pulled or sucked into training people for jobs. That is the approach of this government. We won't be pushed or pulled or sucked into just training people for jobs with this kind of a record: Manitoba's unemployment rate going up, Canada's going down; a minute increase in the labour force, .2 percent in Manitoba over the last year at the same time as a 2.6 percent increase in the Canadian labour force; and the second worst job creation record in Canada. That's the record; that's the reality, Mr. Speaker.

But it does not coincide with the myth that this government has attempted to create through their statements of exaggeration in this Legislature and their government advertising and the political propaganda that they are putting out to the people of Manitoba. This is a result, Mr. Speaker, I suggest, of New Democratic Party maladministration of the affairs of the Province of Manitoba.

Mr. Speaker, Manitoba must be able to compete with other provinces and other countries if we are going to provide permanent jobs in Manitoba. We now have,

Mr. Speaker, the Premier talking about free trade, advocating free trade. That's terrific, Mr. Speaker, but at the same time as he is talking about that, this government is increasing the cost of doing business in Manitoba which makes it extremely difficult for this province to compete with other provinces, to compete with other countries or to attract investment and development in this province. Significantly also, Mr. Speaker, the climate for doing business in this province has been adversely affected by this government.

Mr. Speaker, these are important issues because virtually everyone in Canada realizes now that permanent jobs are only created by small business. In fact, over the past few years, and the statistics are everywhere, the vast majority of the jobs that have been created in the past number of years have been created in small business. But what does small business face in this province, Mr. Speaker?

Well, Mr. Speaker, they face a payroll tax, one of two provinces in this country to have a tax on employment, a disincentive to adding employees - 1.5 percent of payroll. This is a disincentive to anyone who wants to invest in a business. How does the Minister of Industry attempt to attract businesses to Manitoba by telling them, well, come to Manitoba, we have a payroll tax of 1.5 percent? That is no incentive to the investment in Manitoba, to development of business, to the adding of new employees in this province.

Mr. Speaker, we have a government that, in addition, has increased the sales tax by 6 percent. I am going to refer to a number of these items, Mr. Speaker.

Members opposite may very well say as they have said in the past, if they speak to one of the issues, one of the items, that's only 1 percent there, that's only 1.5 percent there and that's so much percent there, Mr. Speaker, but we have to add them all up. We have to show the cumulative effect on the cost of doing business in Manitoba because while small business may well be able to afford one of these items, when you accumulate them all, they have placed a very large increase on the cost of doing business.

When I'm through this, Mr. Speaker, I would anticipate the Minister of Finance might say, well, we have done some studies that show, you know, we compare perhaps relatively well. We are not that high or we are not that low; we are in the middle. But, Mr. Speaker, Manitoba is in the centre of Canada. We have large transportation. We have to transport goods over long distances. We have to be able to compete. We have to be lower in Manitoba, Mr. Speaker. We simply have to be lower in Manitoba to be able to compete with other provinces and with other countries.

So, as well, Mr. Speaker, as the payroll tax, we have the sales tax increase of 1 percent which adds to the cost of doing business in Manitoba. Mr. Speaker, this government took off the hydro rate freeze and they have increased hydro rates by 23 percent in three years. That's a cost of doing business as well as the sales tax increase, as well as the payroll tax increase.

Mr. Speaker, we have had, under this government, large municipal tax increases which affect businesses, whether they own their own property or whether they rent, because in either case they pay the taxes.

I have referred, Mr. Speaker, in the past to the increases in taxes on homeowners, which is something like 4.5 times the amount of the increase which the

Conservative Government imposed in four years in power from 1977 to 1981. But the commercial increase is always higher than the increase on the homeowners, Mr. Speaker. So as well the payroll tax, the sales tax increase, the lifting of the hydro freeze and increasing hydro rates by 23 percent, we have large municipal tax increases by this government.

Mr. Speaker, we have the Workers Compensation Board increase - 9 percent in 1983, 20 percent in 1984, 20 percent in 1985. I've gone over, Mr. Speaker, during Estimates with the Minister responsible for the Workers Compensation Board how some classifications, important classifications, have had increases in assessments in three years under this government, as high as 162 percent. Mr. Speaker, in general the Workers Compensation Board assessments have gone from 88 cents per hundred dollars of payroll, to \$1.28 per hundred dollars of payroll. That's in the Workers Compensation Board Report for this year and was dealt with in the Estimates, Mr. Speaker.

Not only that, we have been told by the Minister responsible for the Board, that employers in Manitoba can expect significant increases in the future. So as well as the payroll tax, the sales tax, the lifting of the Hydro rate freeze and Hydro rate increases of 23 percent and large municipal tax increases, we have these very significant increases, Mr. Speaker, in Workers Compensation Board assessments, Mr. Speaker, almost another payroll tax increase.

Now, Mr. Speaker, that is the result — (Interjection) — almost as much as the payroll tax, Mr. Speaker. This is all the result, too, of incompetence in that particular area; 150 percent increase in administrative costs in three years and this government's going to try to tell small business in Manitoba that they're efficient and capable and confident it can handle the affairs of the Province of Manitoba.

Mr. Speaker, we have had large fee increases for Government Services from this government, the system of indirect taxation that they have imposed upon the users of Government Services and we're familiar with those in many, many areas. So as well as the payroll tax, the sales tax increase, the Hydro increases, the municipal tax increases, the Workers Compensation Board increases, the large fee increases for Government Services, Mr. Speaker, we have, for example, in the City of Winnipeg during the past year, consumer-price index increases which are the second worst rate of inflation among 15 major cities that were looked at. The second worst rate of inflation in the last year in the City of Winnipeg among major Canadian cities. And why, Mr. Speaker? It sets out that higher prices are the result of gasoline increases imposed by this government; higher housing charges, because of higher electricity rates on home ownership costs, mainly Land Titles Office fees were doubled by this Attorney-General and this government, Mr. Speaker.

Mr. Speaker, that's what small business has had to contend with under this government and is it any wonder, that with the payroll tax increase, the sales tax increase, the Hydro rate increase, large municipal tax increases, Workers Compensation Board increases, government fee increases, the inflation rate in the City of Winnipeg caused by this government, that small business has not had difficulty operating in Manitoba.

No wonder, Mr. Speaker, our job creation record is the second worst over the last year, because the policies

of this government are taking effect. Our unemployed rate going up; Canada's going down, Mr. Speaker. And why is that? It's because of the policies of this government. Just as importantly, Mr. Speaker, as the cost of doing business is the climate for doing business in the Province of Manitoba. We have had labour legislation introduced and passed at the last session of this Legislature by the Minister of Labour without any consensus between employer and employee groups, which has tilted the balance of labour legislation in favour of the leaders of organized unions, the friends of this particular government, Mr. Speaker.

We are apparently going to deal with labour legislation at this Session of the Legislature and the Minister of Labour refuses to acknowledge in this House that the legislation will only be brought in by consensus of the Labour Management Committee and with the approval of the economic advisory committee to the Minister of Industry, Mr. Speaker. He's saying we know what's best for Manitobans, Mr. Speaker.

Well, the labour legislation that they introduced at the last Session and obviously, they're planning on doing at this Session of the Legislature without any consensus between employee and employer groups will only further tilt the balance of power to their friends who are in lead organized labour in this province and to whom they are indebted for services rendered to them during the election campaign in the fall of 1981, Mr. Speaker, but it will not help Manitobans find jobs in Manitoba because it will only contribute further to our deteriorating job situation in Manitoba under this government as the policies of this government for the last three-and-three-quarter years take effect.

Mr. Speaker, we have a government with an anti-business attitude. Now I just didn't say that, the President of the Canadian Federation of Independent Businessmen, Mr. John Bulloch, said it. He called this government the worst anti-business regime in Canada. Now that comes, Mr. Speaker, from a very important group, that is from the leader of the small business community. That's where the jobs are created; that's where they've been created in Canada; that's where they should be created in Manitoba and he comes to Manitoba and he describes this government as the most anti-business regime in Canada.

And, Mr. Speaker, that comment has been echoed by the Winnipeg Chamber of Commerce, by the Manitoba Chamber of Commerce and you know, I have to point out for the record, the labour unions, we don't expect on this side of the House to get very much support from, from the leaders of the unions. But you know, businessmen, Mr. Speaker, and people in the Chamber of Commerce and people in the Manitoba Chamber of Commerce, always try to get on with the government, whoever is in government. They always try to get on to the government, much to my concern sometimes, because they really don't believe in the philosophy of a Socialist New Democratic Party government. But they try, Mr. Speaker, they go on their committees; they work with the government; they give them their best advice; they go to labour business summits with the government and they try, Mr. Speaker, and they have tried with this government. They tried in the first few years, but this government has rejected them and they have ignored small business; they have acted contrary to the interest of small business and

as a result, Mr. Speaker, they have acted contrary to the hopes and aspirations of the people of this province who want jobs in this province.

Mr. Speaker, what else can I say about the climate for doing business in this province? We have a government that has established a record which will undoubtedly not be broken in the future, it never occurred in the past, two reductions in the credit rating for the Province of Manitoba. Mr. Speaker, business does not like that. Business does not like to come and invest and develop in a province where the government has caused two reductions in the credit rating for the Province of Manitoba. They do not like a government, Mr. Speaker, that increases the debt of this province which was, in the first 112 years of Confederation, general purpose, all-purpose debt was 1.345 billion, and then has increased by almost another \$2 billion in four years. In four years, Mr. Speaker, the socialists have more than doubled the debt of this province that was incurred in the first 112 years of Confederation. That's their record, Mr. Speaker, and that doesn't establish any climate for doing business in Manitoba.

As the Member for Turtle Mountain said, Mr. Speaker, that's their Heritage Fund. That's the difference between the myth and the reality. The Minister of Energy goes out and talks about a Heritage Fund when we know the real heritage this government is leaving to the Province of Manitoba, Mr. Speaker. They added another \$2 billion to the general all-purpose debt of this province, when it was only 1.345 billion in the first 112 years of Confederation, Mr. Speaker.

Mr. Speaker, we see this government paying \$1 million to a Dutch international, multinational company to overcome the labour legislation and the payroll tax to preserve 135 jobs. Not doing any manufacturing in the Province of Manitoba, Mr. Speaker, they had to come up with \$1 million of the taxpayers' money to overcome their policies of the last three and a half years.

We see a company, Mr. Speaker, that had to leave this province because of the laws of this province and the policies of this government, Superior Bus Manufacturing, setting up in the United States, now employing 350 people in manufacturing.

We see, Mr. Speaker, the President of Tan Jay having to come out and say things about having to leave Manitoba because of the hostile environment in this province when they have, interestingly enough, during the past four years created 1,500 jobs outside the Province of Manitoba. But they couldn't get any support, any help, any assistance from this government and the Ministry of Industry. Those jobs could have been in Manitoba, Mr. Speaker. That company didn't have to build in Fort William. That plant should have been built in Winnipeg, in Manitoba, and those extra jobs should have been here.

Do you think that helps the reputation of this province when we see a company that is well established, that has got on well in this province for years and years, supplied many, many jobs to many people in this province, having to make public statements about a hostile environment in Manitoba?

Since this government has been in power, 1,090 businesses have gone bankrupt. That's their heritage, Mr. Speaker, for the Province of Manitoba.

I say to you, Sir, and I say to members of this House that the job statistics that I cited in the earlier part of

my remarks; the fact that Manitoba's employment rate over the past year has gone up while Canada's has gone down; the fact that we have the second-worst job creation record over the past year of any province of Canada except Newfoundland; the fact that we still have 46,000 unemployed people in the Province of Manitoba; the fact that we had 66,000 people employed in manufacturing in November of 1981 and now we only have 55,000 - these are all the results of what this government has done in the way of adding to the cost of doing business in the Province of Manitoba through all of the tax increases that I have cited, and what they have done to the climate of doing business in the Province of Manitoba by establishing the worst anti-business regime in Canada for small business. The statistics are a result of the policies of increasing the cost of doing business in Manitoba and by establishing a hostile environment and an anti-business regime for small business.

Mr. Speaker, when I refer to small business, I do so because they are the people who produce the jobs and it is jobs that members on this side are concerned about. But the state of job creation in Manitoba, the state of the economy, the reality of it is much different from the myth that this government has tried to create. The reality of it is not good for Manitoba. The prospects are not good, because Manitoba's situation is getting worse, while Canada's is getting better. It is the result of the policies of this government, and the policies of this government unfortunately have resulted in this trend which only can continue if this government is allowed to stay in power.

I therefore believe that it is incumbent upon the people of Manitoba to defeat this government in the next election - whenever they choose to call it - so that these trends of Manitoba's unemployment rate going up while Canada's goes down and the second-worst job creation record in Canada can be changed so that we can deal honestly with small business in Manitoba, so that proper jobs can be created in Manitoba, so that these trends established under the New Democratic Party can be reversed, so that more of those 46,000 people who are unemployed today, the 20,000 more than when they took office, that they can receive jobs in small business, and we will not have the worst anti-business regime in Canada.

We'll have a government, Mr. Speaker, that can support small business, that can provide permanent, lasting jobs in Manitoba for the people of Manitoba. We can reverse those trends, and we can have a government that will not develop labour legislation that is anti-business. Small business must be supported. There must be a consensus on these matters and these trends must be reversed.

Mr. Speaker, I thank you for the opportunity of being allowed to use this time to state my grievance for this Session of the Legislature, which I hope will be the last Session of the Legislature, that very shortly, an election will be called and when this Legislature resumes, it can resume under a Progressive Conservative Party Government. We will not create myths, Mr. Speaker. We will deal with the realities. We will reverse those trends. We will support small business, and we will create those jobs that those 46,000 unemployed people in Manitoba need.

Thank you.

MR. SPEAKER: Are you ready for the question?
The Honourable Member for River East.

MR. P. EYLER: Thank you, Mr. Speaker.

I too would like to speak to a grievance, and I think basically it's the same grievance that the Member for St. Norbert was referring to - unemployment. However, I naturally will take a somewhat different approach to it. I believe there are two different approaches in this House. Obviously, two sides will be of two minds.

I believe it was the poet, Milton, who said that "... the mind is its own place and, in itself, can make a heaven of hell, a hell of heaven." I believe that what we have just seen is an honest attempt by the Member for St. Norbert to make a hell of heaven, while we on this side have the unpleasant task of trying to make a heaven from the hell which is being created by the Conservative Party in this country today.

Now the Member for St. Norbert refers constantly to the terrible record for job creation. I would like to deal with some of the statistics. I wasn't quite ready to speak. I didn't have that much time to prepare, but I would like to go through some of the statistics which I do have available on unemployment in Manitoba.

Yes, Mr. Speaker, there is absolutely no doubt that unemployment is rising in Manitoba, and that is a true matter for grievance. But let's look at the cause of it; let's look at the real basis of that unemployment growth.

I have some statistics for the jobs by sector in this province from March, 1984 and March, 1985. We find that in the agriculture sector there were 3,000 more jobs in Manitoba year-over-year; in mining, forestry and other resources, there were 2,000 more jobs in 1985 than in 1984; manufacturing, no change - not that good, but not bad; construction, 1,000 more jobs in 1985 over 1984; transportation, communications and utilities, 2,000 more jobs in March, 1985 over March, 1984; trade, 3,000 more jobs in March, 1985 over March, 1984; finance, insurance and real estate, 1,000 more jobs in March, 1985 over March, 1984; the service sector, no change - like manufacturing - not that good, but it's not that bad.

That's 12,000 more jobs year-over-year in those sectors. Accounting for the increase in the labour force, those jobs would have left no change in the unemployment rate between 1984 and 1985. But, in fact, the unemployment rate rose in Manitoba from 9.3 percent to 10.1 percent and that's because in one sector there was a decline of 5,000 jobs, and that sector is public administration.

Now where did those jobs go? I am sure the opposition is going to agree that there was no cut in the provincial spending for the public service. I certainly haven't heard them congratulating us for cutting the Civil Service here. No, Mr. Speaker, those cuts came from the Federal Government. It's cutbacks in Churchill, cutbacks in Gimli, the cutbacks which are taking effect everywhere in this province now from the Federal Budget changes, from the mini-budget in November of last year.

Now Brian Mulroney is travelling all around this nation saying look how many more jobs we've created - and he is taking great pleasure at pointing to the success of his November changes. But when it comes to Manitoba, and we say 5,000 fewer jobs this year than

last year in public administration, the Minister of Finance in Ottawa says, oh well, that's not us; those changes haven't taken effect yet. Well, that's hypocrisy, Mr. Speaker. You can't say that the changes in November have taken effect when jobs are being created, and they haven't taken effect when jobs are being uncreated.

The fact of the matter is, Mr. Speaker, that it's the Federal Government, which is the primary and, in fact, as these statistics show, the sole cause of the increase in unemployment in Manitoba. If the Federal Government had not increased its cutbacks, if they had simply said, let's keep who we've got now on the payroll; if they said let's just keep who we've got, we won't increase, we won't grow, but we won't cut either; if they had done that, there would have been no increase in unemployment in Manitoba. But no, they went in with their hatchets and they started cutting here, cutting there, and they thought they were saving money.

Well, how much money did the Federal Government really save when it cut jobs? They say that the Budget deficit, \$33 billion, \$34 billion is a tremendous problem, and they think that one of the solutions to that problem is to cut government employees. Well, they have identified a problem but they haven't identified the solution. The deficit is a problem, but they aren't going to solve it by cutting employment.

Suppose the Federal Government lays off a \$16,000-a-year secretary or a \$16,000-a-year clerk. How much money has the Federal Government saved? I am sure that the opposition would say they have saved \$16,000 but that's not true. It's not true at all. They haven't saved anywhere near \$16,000, because instead of paying \$16,000 to that clerk or that secretary to work, they are now going to be paying \$8,000 a year in unemployment insurance; they are going to be losing \$350 a year, the uncollected UIC premiums; they are losing \$300 a year on uncollected Canada Pension Plan payments; they are losing \$1,500 a year on uncollected income tax; they are losing \$500 a year in uncollected federal sales tax. Those are pre-budget figures; they would be losing even more the way they have increased the taxes now.

So instead of saving \$16,000 by firing that \$16,000-a-year clerk or secretary, they are saving at the most \$5,350.00. At that rate, if they wanted to cut \$1 billion from their \$33 billion deficit, they would have to fire 200,000 clerks and secretaries, and they haven't got 200,000 clerks and secretaries. They aren't there.

If the Federal Government thinks that it is going to save any money from its Budget deficit by firing civil servants, it's got a lot to learn. How naive can they be? Where have they been? You would think they were born yesterday - or maybe they came down with last night's rain. Where have they been? These solutions are not solutions. They are putting the problem on the backs of the individuals they fire, to whom they do a great individual harm, and they hold out this great promise that somewhere, somehow, their Budget is going to create jobs. They know where the job was lost, those people who were fired, but they have no idea where the job is going to come from to replace it.

Now the Federal Government says their Budget is a tremendous job-creating effort. They say, we are helping small business; we are going to allow the institutions to invest their money in small business. Well,

look a little closer at that; look at some of the changes that were made in the institutional lending regulations. They are allowing the institutions to invest more money outside of Canada. The investment isn't going to be in the local corner grocery store; it's going to be in the real estate development in San Diego. That's where Canadian investment is going to go. That's one of the Budget changes. That's not going to create any jobs in Manitoba. Let's be honest when we talk about job creations. Where are the jobs - in San Diego or Winnipeg?

Mr. Speaker, the Member for St. Norbert talks about the terrible poisoned labour climate that we have created in this province. Everywhere we go, we hear Conservatives say, terrible labour legislation, the labour laws are doing this, the labour laws are doing that, the labour laws, the labour laws, everywhere we go it's the labour laws that are doing all this damage to our economy. But have they ever once said what labour law it is? Have they ever identified what clause, what specific provision in our labour laws is doing so much damage to the investment climate in this province? Have they ever said, well, you shouldn't do this because it's nowhere else in Canada; why should it be here? They have never said that. Can they think of one provision in our labour laws which is not in effect somewhere else in Canada?

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please.

MR. P. EYLER: The Member for Morris seems to be going on about something. I am not sure what he is referring to; I hope he knows.

The question that has to be asked is, what is it in our labour laws which is doing so much damage? We can't rely on innuendo, which is the real substance of the opposition. They rely on the innuendo about the labour laws being so damaging to create the hell of heaven. It's all in the mind, Mr. Speaker. The mind is its own place, and the Tory mind is certainly its own place.

But in reality, we have the best labour relations climate in Canada. In reality, the labour laws are not restricting investment in this province, otherwise we wouldn't have such a good investment record. So where is this problem? What is all this doom and gloom that is coming from the Member for St. Norbert? Unemployment is increasing, yes, but let him take the blame on behalf of his leader in Ottawa. Let him talk to Brian Mulroney and say, "Please, please, don't cut back any more in Manitoba." Let him take some responsibility for what's happening in this province. Don't try to put it on us because we're the ones who are trying to create the Heaven of the Hell which is being created by Brian Mulroney.

Mr. Speaker, the last budget which was just introduced by the Federal Government is going to do even more damage to this province. What do the members opposite think is going to happen to the construction industry in this province when people have to start paying \$1,000; 2,000; 3,000 more for a house now than they did six months ago? What do they think is going to happen?

The budget has just put sales taxes - and these are nice little hidden taxes, you know, when Manitoba has a sales tax, it's up front. You walk into the store and you say: 5 percent or 6 percent. Well, that's an increase. But when the Federal Government does it, they hide it. They hide it so nobody knows it's there. When the Conservatives came to office, they had a 9 percent federal sales tax; then they raised it to 10 last November; now it's 11. Where will it stop? Where will it stop? The Conservatives are always saying, "We are increasing taxes in Manitoba." Let them look at their federal brethren. Let them look at them and let them say, "You are increasing taxes too." Let them be honest.

Has this province increased the price of a house like the Federal Government has? Have we put taxes on energy conservation material? Have we changed the hidden basis on prefab trusses to say the sales tax goes on the final cost of the prefab truss, not the material input? Did we change that? Did we raise taxes like that? Did we really put the burden on the house owner, the house buyer, like that? Have we done anything to improve speculation in land, to increase the value of land, to raise the prices of houses? No, Mr. Speaker.

This government, in fact, has brought in mortgage preferences for people who want to buy new houses. We're doing what we can to make a Heaven of the Conservative Hell. That's what we're doing. We are doing more for the construction industry in this province than 20 years of Conservative improvements, if you can find any.

You take the small contractor in this province. You take him and he has to buy the land from the land assembler, the subdivider and he has to pay the taxes and pass them onto the purchasers. Where is going to be his tax-free capital gains? If he can't sell his houses, if the people can't afford to buy them, he's not going to have those tax-free capital gains. He's not going to have profits.

A MEMBER: It sounds like doom and gloom to me.

MR. P. EYLER: Doom and gloom. Well, I've got to admit the Federal Government's budget is definitely a doom and gloom budget.

Mr. Speaker, what about the ordinary consumer? What about the ordinary Manitoban? What about the elimination of the standard \$100 dollar reduction in income tax for the middle and low income people - a hundred bucks. Well, it's 100 here, 100 there. Maybe it doesn't add up to much. Maybe the opposition doesn't think \$500 a year for an average taxpayer is a lot of a burden, but I do. I do, Mr. Speaker. And what about the senior citizens? What about them? They not only lose their \$100, they lose the income to pay it on. They are the ones who are having their pensions reduced by 3 percent a year as long as the Conservative Government is in power in Ottawa - 3 percent a year, they just whittle away and whittle away.

Mr. Speaker, by 1990-91, pension payments will be more than \$1.6 billion lower than they are today, than they would have been under today's formula because the Federal Government is whittling away. They hope to do it a little bit here, a little bit there and maybe no one will notice. After all, if inflation is 4.5 percent

and you increased the pensioner's pension by 1.5 percent, the pensioner may think: well, I got an increase; I got a little increase; I got something. But the Federal Government knows that they are robbing those pensioners of their right. They know that those pensioners who worked for years to pay into that pension and now find their pensions whittled away to virtually nothing will suffer in the end.

I'll bet the Member for Rupertsland can relate to this. Remember when the treaties were signed and the Indians got \$5.00 a year for treaty payment. Well, \$5.00 a year, that was at least something in 1870. Five dollars a year, that was two to three days work, but what is it today? an hour maybe if you're on low income - an hour's work. That's what is going to happen to pensioners. If you give them 100 years, they'll be done to \$5.00 a year in real terms too. That's what is going to happen. Gradually, over a long period of time, pensioners will have their pensions whittled to virtually nothing. Pensions will no longer be a right; it will be the old-age supplement. That's all that is going to give them their income - the old-age supplement. That is what is going to hurt. People pay in and collect nothing back and loopholes for the rich. Oh yes, we still see the loopholes coming. They closed one, the R and D tax credits. We've been bugging them about that for a year now, talking about how the inequity, or is it iniquity, of the situation was unfair to Canadians.

Well they finally closed that little loophole the Liberals brought in. But what did they do? They offset it with a whole new set of loopholes. They brought in provisions to increase the RRSP reductions to a maximum of \$15,500.00. That's really nice, but the catch is: you can only deduct 18 percent of your income and in order to use that entire deduction you have to make over \$86,000 a year. Well, that's wonderful. More loopholes for the wealthy.

What about the capital gains exemption? Here again, half a million dollars, tax free. I like the way they try to hide this. You know, they say, "Well, it's a \$250,000 exemption because you only pay tax on half the capital gains." But it is the \$500,000 which is tax-free income from capital gains. We are going to somehow create all these wealthy people by bringing in this little loophole. Suddenly all the ordinary Canadians are going to become wealthy and we're going to solve that acute shortage of wealthy people that Michael Wilson is so concerned about. Well I'll bet you find there won't be any more wealthy people, but the wealthy will be wealthier and the ordinary will be more ordinary. That's what's going to happen, Mr. Speaker.

Mr. Speaker, \$500.00 a year escalating every year under the federal budget. Those are the tax increases we have seen and we see the offsetting tax loopholes for the wealthy and that's certainly not the sort of thing which is going to inspire confidence in this economy and it is certainly going to lead all those institutions to take advantage of federal regulation changes and put more of their money in the United States. How does the Federal Government justify allowing institutions to invest more of their money outside of Canada? They come along and they say, well, we hope the United States will reciprocate. We hope the United States will reciprocate. We hope that Ronald Reagan will have the same kind of legislation to allow the United States to invest more of their money in Canada.

Hope, that's all it was - hope. How can you hope when you see one after another, the states in the United States using these little loopholes to ban the import of Canadian hogs? How can you hope when you see the United States passing these little tariff barriers that, hopefully, people will overlook like requiring steel pipes to be etched with the country of origin rather than simply painted and stencilled? Everywhere we look, we see the United States raising trade barriers, and all we hear from Brian Mulroney is, free trade, free trade. Let's have more free trade.

Mr. Speaker, what we need is fair trade. You don't go in with open hands and say, we're giving you the ship here, Mr. Reagan, and we'll take whatever we hope you'll give us. You go in and trade sector for sector, fair trade. Eventually, maybe that will lead to free trade, but you don't give away your trump cards and hope to get something back. That's what Brian Mulroney is doing, and it's not going to work.

The United States is going to laugh and laugh soundly at Brian Mulroney. Oh, they'll say they respect him, because they'll respect anybody who gives them what they want. All they want is more control, more money. That's what it is all about.

Mr. Speaker, I would like to see Brian Mulroney govern according to the polls. You know, he's a great pollster. Yet, we have the CBC polls coming out, saying the majority of Canadians want free trade. The majority of Canadians want higher import tariffs. The majority of the Canadians want less control of the economy by the United States. How do you get a policy which incorporates that kind of diametrically-opposed opinions? That's the fallacy of governing by polls. Brian Mulroney may try to, but he's going to get caught because you can't do it. You cannot do that. He is going to be tripped up sooner or later.

The Budget that he's brought in is not creating any benefits for Canada. He is not really cutting the deficit. Next year, what's he going to do? What in the world is he going to do next year? Deficits are going to be still high. He is going to pay an even greater percentage of his Budget for debt servicing, something which the Conservative opposition is very concerned about. What taxes is he going to raise next year? Where will he do it then? Will he totally de-index everything? Pensions are frozen. Your tax exemptions are frozen, no more Child Tax Credits. Is that what he's going to do?

He has got three more years of tax increases to go, if he thinks he is going to bring his Budget anywhere near under control. It's obvious, and he should know before too long that he's not going to balance that Budget by firing civil servants. He may try to pass it on to the provinces. He wants to cut back federal transfers by some \$2 billion. Well let the province take the flak for increasing taxes then. That's Brian Mulroney's opinion. Let the provinces take the flak. After all, they're the ones that are going to raise the taxes. They're the ones that will have the bigger deficits.

Mr. Speaker, the utter hypocrisy of the opinions which are uttered in this House by the opposition is astounding. How they can get up day after day and say that this government is creating unemployment; this government is creating a bad investment climate; this government is incompetent? When, in the face of reality, we see a Federal Government which is doing everything it can to damage the ordinary Canadian, to

reduce employment in Manitoba, how can they say that? How can they get up and say that with a straight face, and actually think that their constituents are going to believe them? How can they do that?

The people out there know that it's this government which is building Limestone. The people out there know that it is this government which has the development agreements with corporations to preserve and to create new jobs in Manitoba. The people out there know that it is this government which is stimulating the construction sector in this province. They know that it's not the Federal Government which is doing anything. They know that.

I think the opposition know that too. They know it, and they're flailing wildly. They are flailing about with their statistics, using their statistics, abusing their statistics, the same way that a drunk uses his lamppost more for support than illumination. That's the way they use it. That's the way it happens in here.

Rather than get down to doing the real, productive work which can take place in this House by going through Estimates line-by-line, we get people like the Member for St. Norbert who, the last day of the week, seeing there is no press advantage to be gotten, gets up and wastes the time of this House with his grievance on a real issue but with a phoney proposition, that it's this government which is creating unemployment.

Mr. Speaker, that's astounding. More than astounding, it's really regrettable that the quality of people that seem to be elected or put up for election by that side is so low. How can they do that? That is probably what is the most sorrowful aspect of the opposition, that they have not got really qualified and capable people to stand for election. I can understand the problem. I can understand that. If I were really and truly and sincerely a Conservative person, I wouldn't want to be associated with that group either.

That is probably one of the greatest problems facing the opposition today. What are they going to do for their next election? Where are their candidates coming from? Who are they going to get to run? There is going to be some turnover over there, I would imagine, but we're going to have to wait and see who it is that's nominated to replace them. Then we'll let the people of Manitoba judge.

Is it the Heaven of Hell or the Hell of Heaven that they want? That's the option which is going to face the people of Manitoba in a year or so. Vote for the Conservatives and make a Hell of Heaven. Vote for the NDP and try to make a Heaven of Hell. That is the alternative which is going to face the electorate.

Mr. Speaker, I simply want to put these few words on the record, because I simply cannot sit by and have

such astounding doublespeak coming from the Member for St. Norbert, and then have him speak and run. Well he's back now. That's good. He caught the tail end, but I wish he had stuck around for the whole speech. He can still read Hansard, and I just wanted to put these few words on the record to counter the misinformation and the total hypocrisy of the position put forward by the Member for St. Norbert.

Thank you very much, Mr. Speaker.

MR. SPEAKER: Are you ready for the question?
The Honourable Minister of Labour.

HON. A. MACKLING: Mr. Speaker, I would be prepared to recommend we call it 12:30, if there was a view to the waiver of Private Members' Hour, but I would ask leave for that.

COMMITTEE CHANGES

MR. SPEAKER: The Honourable Member for Kirkfield Park.

MRS. G. HAMMOND: I have a committee change, Mr. Speaker. For the Public Utilities and Natural Resources Committee: Ransom for Brown.

MR. SPEAKER: Leave has been requested to call it 12:30. Is there leave? (Agreed)
The time then being 12:30, Private Members' Hour.
The Honourable Minister of Labour.

HON. A. MACKLING: Now having been recognized as 12:30, I think it's a disposition on the part of the House to adjourn at 12:30, and dispense with Private Members' Hour. But that will necessitate leave, Mr. Speaker.
Mr. Speaker, we dispensed with Private Members' Hour. It is not quite 12:30 yet.

MR. SPEAKER: Order please. The time being 12:30 and Private Members' Hour, leave has been requested for the House to dispense with Private Members' Hour today. Is there leave? (Agreed)
Leave then appears to have been given to dispense with Private Members' Hour today.
The Honourable Minister of Labour.

HON. A. MACKLING: Mr. Speaker, I would then move, seconded by the Honourable Minister of Employment Services, that this House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. on Monday.