

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 2 April, 1982

Time — 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. D. James Walding (St. Vital): Presenting Petitions . . . Reading and Receiving Petitions . . .

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. JERRY T. STORIE (Flin Flon): Mr. Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same, and asks leave to sit again.

I move, seconded by the Honourable Member for St. Johns that the report of the committee be received.

MOTION presented and carried.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. AL MACKLING (St. James): Mr. Speaker, I'd like to table the Annual Report of the Manitoba Housing and Renewal Corporation.

MR. SPEAKER: Notices of Motion . . . Introduction of Bills . . .

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. STERLING LYON (Charleswood): Mr. Speaker, I wonder if the First Minister could advise the House as to the dates and the location of the 1982 Western Premiers' Conference which is traditionally held in the spring.

MR. SPEAKER: The Honourable First Minister.

HON. HOWARD R. PAWLEY (Selkirk): Mr. Speaker, the place was Swift Current, Saskatchewan. The dates, I believe, to the Leader of the Opposition, were to have been the 28th and 29th of this month and, of course, because of the calling of the election in Saskatchewan, the Western Premiers' Conference has been cancelled, to my understanding, until some date to be established subsequent to the earlier intended time.

MR. LYON: Mr. Speaker, could the First Minister, and I realize that he will be working on this in preparation for the conference, but when the terms of reference of the agenda of that conference have been struck by himself and his colleagues from the three other provinces, could he make that agenda available to the House and, at the same time, advise the House as to

the items upon which the Manitoba Government will be taking the lead at the conference.

MR. SPEAKER: The Honourable First Minister.

MR. PAWLEY: I thank the Honourable Leader of the Opposition for the question and will be pleased to comply with that request.

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

MR. G. W. J. (Gerry) MERCIER (St. Norbert): Mr. Speaker, my question is to the Minister of Labour.

Mr. Speaker, in view of the promises by the Leader of the NDP during the election campaign that Manitoba New Democrats would provide security from layoffs up to 12 months' notice or compensation to employees would be required in the event of shutdowns or layoffs involving more than 50 people. Would the Minister of Labour indicate what action his government is taking with respect to the Sherritt Gordon Mines shutdowns which may hit 685 people and the Boeing of Canada shutdowns which may affect as much as 125 employees?

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

HON. WILSON PARASIUK (Transcona): Mr. Speaker, with respect to the layoffs that are occurring in the mining industry which are due to two things, one the world-wide recession caused by very high interest rates, and secondly, the cyclical nature of certain minerals and the minerals produced in Manitoba are especially adversely affected by that cyclical downturn, the province initiated the establishment of a special committee that is chaired by both the Federal Government and Manitoba that has on it representatives of all the provinces of Canada, that has on it representatives of the mining industry, that has on it representatives of the workers to look at this very major problem that is affecting the entire mining industry across Canada with the view to coming up with long-term solutions which would indeed provide for long-time stability in the mining industry especially since the cyclical ups and downs have tremendously negative impacts on single resource communities.

We initiated that proposal at the first Mines Ministers conference that I was able to attend representing the Government of Manitoba. That proposal was endorsed by all of the other Mines Ministers in Canada and work is proceeding and we hope to come up with recommendations to the Mines Ministers conference which will take place in New Brunswick this year in September.

MR. MERCIER: Well, Mr. Speaker, that certainly did not answer the question at all.

A supplementary question to the Minister of Labour, Mr. Speaker, has he received notice of any other layoffs in Manitoba which are to occur fairly early?

MR. SPEAKER: The Honourable Minister of Labour.

HON. VIC SCHROEDER (Rossmere): Thank you, Mr. Speaker, I can't offhand think of any but I will take that question as notice and check with my department.

MR. MERCIER: Mr. Speaker, my question is to the First Minister. In view of the guarantees and the election promises which he made which I referred to, would he now admit to the people of Manitoba that he is not fulfilling the promises he made to provide security from layoffs, to provide up to 12 months notice or compensation to employees in the event of shut-downs or layoffs involving more than 50 people. Would he now admit that he is not living up to those promises?

MR. PAWLEY: Mr. Speaker, in response to the question from the Honourable Member for St. Norbert, I don't understand the Honourable Member for St. Norbert's impression that program thrusts that are indicated during a campaign would be, indeed, completed in every respect within the first three-and-one-half, four months of any government's term in office. We are elected to fulfill a four year mandate and, Mr. Speaker, we will be undertaking every effort during that four year mandate to fulfill the commitments that were made during the election campaign. And, Mr. Speaker, we've already done an excellent job in that respect. I have counted up total or near fulfillment of commitments, 10 of 15 major commitments during the campaign.

So, in response to the Honourable Member for St. Norbert, we are working in respect to our commitments. We have a four year mandate with every intention to fulfill those commitments.

MR. MERCIER: Mr. Speaker, would the First Minister then write to the up to 1,000 people in just these two instances, who are going to be without employment and tell them that he doesn't have time or this is not a priority of his to implement his election promises to avoid layoffs.

MR. PAWLEY: Mr. Speaker, I am pleased to inform the Member for St. Norbert because he may not have noted that I didn't write, I visited the communities affected, I spoke to their miners and to their families. It was not a pleasant task but I did it in person rather than writing.

MR. SPEAKER: The Honourable Member for La Verendrye:

MR. ROBERT (Bob) BANMAN (La Verendrye): Thank you, Mr. Speaker, I direct my question to the Minister of Labour and would ask, in light of the fact that he has stated the unemployment situation in Canada is unacceptable, would he inform the House as to what programs and action he is contemplating along with his federal counterpart to stimulate the economic growth in the Province of Manitoba?

MR. SCHROEDER: Well, Mr. Speaker, initially we have urged the Federal Government to get into some kind of employment-creating program. We are cur-

rently preparing our own program for this coming summer. We are already looking at an employment creation program for next winter. We are right now in the midst of getting back into a program of critical home repair, and any way in which we can within our monetary capacity, we will certainly do what we can to improve the employment situation in Manitoba.

MR. BANMAN: Well, Mr. Speaker, in light of the highest unemployment rate that we've seen in Manitoba and in light of the many announcements that we hear every day about layoffs as were mentioned by the Member for St. Norbert today, could the Minister tell the people of Manitoba what they can expect in the next few months with regards to job opportunities and with regards to allowing them to find a meaningful place of work within this particular province?

MR. SCHROEDER: Well, Mr. Speaker, the people of Manitoba have just come off of four years of Tory Government which has been substantial mismanagement of our economy. During a number of those years, our total real product actually declined and we're coming off of that. We are in a difficult period. We have been saying throughout that we don't have any magic solutions; we don't have any intention of just telling people that there is something there that isn't there, but we are preparing, and I've just finished telling the member that we do have a summer employment program which is a more appropriate program than the program initiated by the previous administration, one which will provide training for young people rather than simply jobs in any old area that may have nothing to do with skill development. That's one area.

Another area is the area of repair of homes which need repairs in this province, and those people — some of the people involved in that are already working fixing up homes. Others, I trust, will soon be working. I can't say who those people will be, but as people apply and qualify for that program, there will be more people working at that job. There will be more hardware store sales and lumberyard sales of material because those materials and products will be used for the repair of homes. For the next winter I have already indicated that there is a plan of some form of winter employment project, we haven't developed the totality of it, we can't say exactly what it will be right now but we are planning ahead, we are not sitting back and saying as they did when they were in office that there is absolutely nothing you can do so we'll throw up our hands and just give up.

MR. BANMAN: Mr. Speaker, oh how soon we forget. In light of the statements made by the Minister of Northern Affairs when he was a member of the Opposition on December 8, 1977, where he decried the unemployment rate which is now a full percentage higher than when he was speaking, in light of his statements at that time when there were a few layoffs up at Thompson, not nearly reaching the magnitude that we have been seeing today and at that time accused the government of that day of sitting on their hands, what is the Minister of Labour doing to help these people in the Province of Manitoba who are finding themselves out of work? Is he sitting on his

hands doing nothing? What kind of programs is he initiating to get these people back to work?

MR. SCHROEDER: Well, Mr. Speaker, I suppose we'll have to go through it again, because obviously, the Member for La Verendrye doesn't understand very well, so we will slowly explain again; and maybe in a little more detail and maybe we should draw some pictures. First of all, Mr. Speaker, it was this group when we were on that side who was saying that we thought that the federal monetary policies, the interest policies were wrong since 1975, when the Governor of the Bank of Canada switched to a tight money policy. It was that group when they were on this side which was supporting that particular policy and they still do, Mr. Speaker. That's one of the reasons why we in North America are having a great deal of difficulty. If you listened to the news, just this very morning there was a discussion on CBC radio with respect to the difficulty the western world economy is having as a result of Reaganomics and as a result of policies similar to those which that side supported in 1975 and still supports in 1982.

The theory that somehow, if you have high interest rates, that will cut down on inflation, when, in fact, it has been demonstrated over this seven year period that the exact reverse is true, because when you have these high interest rates, people can't afford to invest and therefore people aren't working; when people aren't working our productivity declines; when our productivity declines we wind up in the kind of situation that they have put us in over the last seven years. What we are doing now is doing everything we can to encourage the Federal Government to change that policy. We are in the meantime doing everything we can within our fiscal capacity to develop employment programs. I suppose the Member for Lakeside didn't hear but there are people in his constituency who are going to have their homes repaired as a result of our program; there are people in his constituency who are going to be working as a result of our program who would be unemployed if the Tories were in office; there are people who are going to be getting job training this summer who would be unemployed if the Tories were in office; and there are people who would be unemployed next winter if our Winter Works Project wasn't going to be in effect and that would be if the Tories were in office.

MR. BANMAN: Mr. Speaker, very simply what is this Minister doing in a time of record unemployment, record layoffs, record bankruptcies; what is this Minister of Labour doing? That's all we want to know.

MR. SCHROEDER: Well, Mr. Speaker, maybe I'll explain another area of where we are attacking the problem. We've spent close to half the question period on basically repeating questions and therefore repeating answers because they don't seem to understand. So, maybe we'll try an answer which is somewhat different but still to the point and that is, in the last number of months we have been working very hard to ensure that the Province of Manitoba will have some money with which to improve our economy. I'm talking about the fiscal arrangements proposals which are currently before parliament. I would have thought,

Mr. Speaker, that would have been the first and most important question this morning that would have been raised by the Opposition. We're talking about millions of dollars of funds which will or will not come to Manitoba. Since we were elected, we have already brought \$165 million in transitional payments to Manitoba as a result . . . that \$165 million will create thousands of jobs for the people of Manitoba which they wouldn't have received if that bunch were in office.

We have also, since November, made an agreement with the Federal Government under which we have received \$31 million in forgiveness on a population adjustment because when they were in office we were losing population. Yes, Mr. Speaker, the Leader of the Opposition is brightening up and he wants to get back at the prospectus. Since that prospectus was issued, we have new figures from Statistics Canada which we can go through again.

However, there is no doubt that we were losing population as against the rest of Canada. Therefore, we made an agreement with the Federal Government under which we received another \$31 million since November which we could use for employment and other activities for the Province of Manitoba; money which they wouldn't have gotten to us. And we have . . .

MR. SPEAKER: Order please. I'm sure the members don't mind answers to questions being somewhat full, but there seems to be some objection to them turning into speeches. I would hope that that would not happen.

The Honourable Member for Turtle Mountain.

MR. A. BRIAN RANSOM (Turtle Mountain): Mr. Speaker, my question is to the First Minister.

The First Minister put out a press release yesterday on April Fool's Day which says Premier Pawley Cites Economic Initiatives. One of those initiatives, Mr. Speaker, was that the government had decided to invest \$2 million in a new copper mine development at Trout Lake.

I wonder if the First Minister could confirm whether this is the same \$2 million level of funding that has been in the Budget for the last two or three years or is this an additional \$2 million?

MR. SPEAKER: The Honourable First Minister.

MR. PAWLEY: Mr. Speaker, in answer to the question, I would ask the Minister of Energy and Mines to give a more comprehensive answer to the . . .

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

MR. PARASIUK: There's \$2.8 million required, Mr. Speaker, to maintain Manitoba's existing position within the Trout Lake development. That is money that was passed through the Loan Authority Act, I think, on Tuesday night and that was an initiative put forward by this government, Mr. Speaker, to maintain our position in the Trout Lake development which had deteriorated under the Conservative Party.

MR. SPEAKER: The Honourable Member for Turtle Mountain.

MR. RANSOM: Mr. Speaker, I can inform the Minister of Mines, if he cares to check the record, he'll find that it's approximately that level of funding which has been provided for the last two or three years.

A supplementary to the First Minister, Mr. Speaker. He said also that he's seeking a joint public-private venture to modernize the ManFor facility. Mr. Speaker, is that the \$10 million initiative that the First Minister spoke about during the election or has he something greater in mind?

MR. PAWLEY: Mr. Speaker, I would like to remind the Member for Turtle Mountain, and I'll have to check Hansard reference, that it was the former Minister responsible for Mines that had earlier talked about \$10 million for investment regarding the sawmill. So indeed, that has been a figure that originated on their side and I think that the honourable member should keep in mind that it related to the sawmill and the sawmill only in modernization of the equipment pertaining to the sawmill and not the other portion of the ManFor project.

Mr. Speaker, we indicated during the period in 1981 leading up to the election and since, that we are interested in, indeed, a private partner in respect to the ManFor operation. The ManFor operation is presently a Crown corporation, but we are open to various forms of ownership and we would welcome, indeed, a partnership involving private investment in respect to ManFor if that kind of investment would bring about the long-overdue investment that is necessary for modernization of both the sawmill and the pulp and paper portion of ManFor. So, yes, we are interested in seeking out partnership. We're interested in achieving modernization of both parts of the ManFor operation in order to sustain long-term employment in regard to ManFor and I believe that is a process that was initiated by the former Minister of Mines under the previous administration that was not, indeed, completed.

MR. RANSOM: Mr. Speaker, since we've now established that two of the initiatives announced yesterday by the Minister were not new initiatives at all, but were ongoing, can the Minister advise the House what progress has been made on the negotiations that were left him with respect to the ManFor complex at The Pas and when might we expect to see some results?

MR. PARASIUK: Mr. Speaker, what we are trying to do is salvage the — we're salvaging something, Mr. Speaker, that in the course of these discussions will show the extent to which the Conservative government was, indeed, quite prepared to sell out Manitoba's resources and we'll point out through this discussion that this government was acting as an advocate for people who, in fact, would have gotten an incredibly good deal and it was the Federal Government that was holding back. That will come out through the discussions.

The previous government, Mr. Speaker, if you notice, had let the ManFor development reach a complete state of limbo and that's why they weren't adver-

tising it, using public monies for previous to the last election. They were embarrassed with what they had negotiated. They were terribly embarrassed with what they had negotiated and I don't think they wanted that to become public and that's why they didn't highlight it in the last election.

Mr. Speaker, we have a longer term commitment. We are working with ManFor to try and develop a long-term approach. The previous government hired a bunch of outside consultants; they never ever talked to the ManFor board; they never ever talked to the ManFor management; they completely excluded that Crown corporation from any discussions about the long-term future while they hired a consultant company to travel around the world, Mr. Speaker, trying to sell off ManFor to a private company. We reject that dream approach. We don't think it works well. We believe that the long-term future of Manitoba will best be served by the Crown corporation continuing or working in an equitable joint venture with an outside party to ensure the long-term development of ManFor. We are doing it in consultation with the ManFor management, with the ManFor staff and the ManFor workers. That was not done by the previous government. They were hiding from the ManFor management; they were doing something, Mr. Speaker, which could have left Manitoba in a very difficult position because they would have, in fact, sold off our resources for virtually nothing.

MR. RANSOM: Mr. Speaker, I had a very direct question for the Minister of Energy and Mines which did not require a tirade in order to answer it. I'll place the question again and I hope, Sir, that I can expect a direct answer. When, when can we expect some results with respect to the announcement that was made yesterday by the First Minister as an economic initiative? He held this out yesterday as being something that his government is going to do to improve the economic climate in Manitoba. When can we expect some results of their negotiations with respect to ManFor?

MR. PARASIUK: Under way, Mr. Speaker, is a joint process with the Federal Government, I've met with the Honourable Mr. Gray, we have agreed to jointly examine the long-term prospects with a view, Mr. Speaker, to getting a substantial federal contribution to ManFor's future development. We are proceeding on a very systematic basis to develop that proposal through the government, Mr. Speaker, with both governments involved. Not through an outside consultant firm acting only on his own without proper consultation with ManFor, Mr. Speaker. We believe that process will take between six to eight months to complete. We think that would be in sufficient time to catch and upswing in the market. It is difficult to predict that upswing in the market but we are working systematically to develop that.

We are looking at four various options, Mr. Speaker, and we hope that we can assess the option of improving the sawmill, the option of improving the pulp and paper operation, the option of converting the pulp and paper operation from kraft to bleached kraft and the other option of expanding the operations with respect to the pulp and paper plant. Those are the four

options we are looking at, some of them could be inter-related, it's a complex issue but we hope that we can get all the work done, Mr. Speaker, in sufficient time to make the decision to catch an upswing in the market should that upswing take place if there is a decrease in the interest rates.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. LYON: Mr. Speaker, another question to the Minister of Mines and Energy who seems now to have regained his composure. Mr. Speaker, could the Minister of Mines and Energy advise the House if he and his negotiators are still in negotiation with one or more of the large private companies with whom the outside consultants, whom he seems to feel were somehow deficient in their work, were talking with in the view toward making \$250 million to \$400 million investment in ManFor?

MR. PARASIUK: Mr. Speaker, the previous government narrowed down its discussions to only one firm. We have, in fact, had discussions with that firm, Mr. Speaker, they told us that the proposal that they had before had run out, that their financing arrangements had expired. We asked them to make a new proposal, they have made a new proposal, Mr. Speaker, we're reviewing that proposal, we are doing that within the context of the analysis that we are doing with the Federal Government because, Mr. Speaker, the previous proposals that had been discussed between the Conservative Government and this other company had entailed federal contributions which hadn't been forthcoming. I think there were some very grave concerns expressed at that time which I think the former First Minister knew very much about, Mr. Speaker, and isn't divulging, I won't divulge them now.

It's not our intention to dwell on the past, it's our intention to try, Mr. Speaker, to salvage some of these things that never occurred. You know, we had a lot of fanfare but nothing ever occurred, and what we are saying is that over the course of the next six to eight months we will, in fact, develop something in conjunction, Mr. Speaker, with the company, not going behind their backs, not taking the approach of not informing them of anything, Mr. Speaker. We are going to take an open approach with them. We believe that the ManFor management has been involved there for a number of years, that they know the condition, they know the condition of the wood supply, they know the economics of the wood supply, they know the workers very well and we want to work with them in a consultative way to come up with the best development for Manitoba.

MR. LYON: Mr. Speaker, will the Minister of Mines and Energy then confirm that he is still in negotiation with at least one of a number of the companies that have been identified and with whom the previous government had spoken concerning this large kind of joint venture for ManFor?

MR. PARASIUK: Mr. Speaker, I've just finished saying that we, in fact, are discussing with that one company which was the only company at the end that this

government was talking to. They weren't talking to other companies, Mr. Speaker, and, in fact, we are starting the process up of talking to other companies because we want to get the broadest range of options available to Manitoba. So that, Mr. Speaker, we aren't caught in a position of only dealing with one company so that we are only dealing on their terms. We believe it's important for us to assess the options properly and to come up with a good, fair bargain from Manitoba's perspective, Mr. Speaker. We are going to be doing that, using internal people, drawing on particular specialized consulting expertise when required, Mr. Speaker, but not turning the whole task over to an outside consultant company, and then having the consulting company acting on behalf of either . . .

MR. SPEAKER: Order please, order please. The Honourable Member for Turtle Mountain on a point of order.

MR. RANSOM: Yes, Mr. Speaker, I, once again, would like to read a citation from Beauchesne which says; answers to questions should be as brief as possible, should deal with the matter raised and should not provoke debate. Sir, I suggest that the Minister was asked a very direct question which could have been answered with a simple yes or no, instead we have been treated to a speech by the Minister.

MR. SPEAKER: To the same point of order, the Honourable Minister.

MR. PARASIUK: What the Conservative Opposition is doing is getting up and in loud voices asking very open-ended questions, Mr. Speaker, what are you doing today about unemployment, what are you doing about forestry development, Mr. Speaker, those are very open-ended questions which require detailed answers. If they do not want us to provide detailed answers then I suggest that they shouldn't ask very open-ended questions, which is what they are doing, Mr. Speaker. Knowing full well that an open-ended question requires a detailed answer and when we then, Mr. Speaker, as part of the parliamentary tradition get up and try and give the proper detailed answer we find that the Opposition House leader gets up on a point of order and says we're giving too long an answer. Mr. Speaker, I don't think they can have it both ways, we're prepared to answer specific questions in a very specific manner, if they ask very open-ended questions we have to give detailed answers.

MR. SPEAKER: It would seem that if detailed answers are requested perhaps a question might be better put in writing otherwise it would surely suit the House better if answers to questions were kept as reasonable as possible so as to give more members the opportunity to ask and answer questions. Oral questions. Had the Honourable Minister completed his answer?

MR. PARASIUK: Yes, I was just trying to conclude the answer when the Opposition House leader got up and interrupted me on a point of order. I'd just like to conclude . . .

MR. SPEAKER: Order please. Order please. The

Honourable Minister of Energy and Mines may complete his answer.

MR. PARASIUK: Yes, thank you, Mr. Speaker, I'll try and continue and give my answer at least to the people of Manitoba even if we have a boorish little person on the other side trying to interrupt the proceedings of this House, Mr. Speaker.

MR. RANSOM: Would the Honourable Minister withdraw that remark?

MR. PARASIUK: I agree, I don't want to lower the debate, the quality of the debate so I won't call that person a boorish little person, Mr. Speaker, I'll just call him a little person. I was just saying that we are going to develop this proposal utilizing the full reins of the capacity within the government, utilizing specialist outside consultants when required, but not turning over the whole task of negotiation to an outside consulting company that gets caught in the position of, in a sense, acting in part on behalf of the government and then acting in part on behalf of the company, and people aren't sure of what their particular role is. As a result, the government isn't quite sure of what its actual negotiating position is and that's what happened before and we don't want to continue that process.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. DAVID R. (Dave) BLAKE (Minnedosa): Thank you, Mr. Speaker. I hope that I can keep my question fairly simple and direct and I'll hopefully get a simple and direct answer, and with some trepidation, I direct it to the Minister responsible for the Manitoba Housing and Renewal Corporation.

In view of the \$65,000 propoganda program announced recently by his department in relation to the Critical Home Repair Program, which I assume was undertaken to stimulate some activity in the construction trade which has been in some problems lately, could he inform the House if he has had discussions or had the studies done — discussions with his colleague the Minister of Finance or had studies done — to see what effect the removal of the sales tax on construction materials would have on stimulating that industry?

MR. SPEAKER: The Honourable Minister of Natural Resources.

MR. MACKLING: No, Mr. Speaker.

MR. BLAKE: Mr. Speaker, a supplementary question of the Minister of Finance. Would he consider of the removal of the sales tax on all construction materials to stimulate some activity in the construction business during this time of heavy unemployment?

MR. SPEAKER: The Honourable Minister of Finance.

MR. SCHROEDER: Mr. Speaker, all taxation matters are under consideration prior to Budget time.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): Thank you, Mr. Speaker. My question is to the Minister of Energy.

The Minister of Natural Resources has given us a couple of forecasts regarding spring runoff for Manitoba. I wonder, can the Minister of Energy give us a report on the water runoff affecting the Manitoba Hydro watershed? Will it be average, below average or above average?

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

MR. PARASIUK: Mr. Speaker, I'll have to take that question as notice. The reports I've received from Hydro today would indicate that our snow cover has been less than average, but I'll look into it in detail and come back to the member with a detailed answer on this.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, my question is to the Honourable Minister of Health. Yesterday in response to questions the Minister of Health advised me, advised the House, that the contract between the Manitoba Medical Association and the Manitoba Health Services Commission was still in effect because neither side had invoked the 30-day cancellation clause.

Mr. Speaker, on the 4th of March, in a letter to the President of the Manitoba Medical Association, Dr. Frank Pearson, and subsequently in a package delivered in a statement to the House on that same date, the Minister indicated quite clearly that the existing agreement terminated on March 31, 1982, and made a further reference to the fact that the existing agreement runs until March 31, 1982, which would indicate since the date was March 4th, that action had been taken to invoke that 30-day cancellation clause.

Can the Minister, Mr. Speaker, now confirm that the information or that impression left with the House on March 4th, inadvertent or otherwise, was incorrect?

MR. SPEAKER: The Honourable Minister of Health.

HON. LAURENT DESJARDINS (St. Boniface): Mr. Speaker, that statement was meant to say that the normal course of the contract or the agreement would terminate at the end of March. Now having said that, it is quite clear that the agreement will continue indefinitely under the same terms, the legal contract, unless and until one of the partners, one of the parties would give 30-days notice. At the end of 30 days then, and only then, the contract will no longer be enforced.

MR. SHERMAN: Mr. Speaker, that being the case, I would ask the Minister in view of the fact that according to the position he takes, which I accept, that no indication of intent to cancel has been given, notwithstanding earlier impressions created, would that not indicate that the Manitoba Medical Association is very amenable to some kind of movement and conclusive

settlement of the dispute? Would he not agree that if the MMA was determined to see this through to the point of polarization, that they would invoke that cancellation clause? Having not done so, does he not see that as an opening and an opportunity to resolve the dispute?

MR. DESJARDINS: Mr. Speaker, no, I don't read that at all. I don't see what the MMA would gain in cancelling the contract. I don't see what they would gain at all. If there is a way of demonstrating that they really want to come to the bargaining table, all they have to do is one phone call and we'll have the people there within half an hour, and we're ready.

We've repeatedly stated that we wish to negotiate in good faith, meaningful discussions, and we've also stated that our other concerns would be we would address ourselves to that and we would meet with them; and to show our good faith we've also stated that we would have an answer, one way or another, in plenty of time before next year's contract negotiation.

We've also stated that we weren't trying to take any options away from them, that they could take any action they deemed fit at the time if they're not satisfied with the decision of government at that time. I don't see this as any indication because they haven't terminated the contract when they very clearly say no, we are definitely not going to go back to the bargaining table until you tell us in writing that you agree with the principle of binding arbitration and then we'll discuss it.

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

MR. MERCIER: Mr. Speaker, my question is to the Minister of Highways. I wonder if he could indicate whether he has an answer to the question I asked over a week ago with respect to any progress his department is making on transportation for the physically handicapped and three-wheel mobility aids.

MR. SPEAKER: The Honourable Minister of Government Services.

HON. SAMUEL USKIW (Lac du Bonnet): Mr. Speaker, I wonder if the honourable member would repeat that question?

MR. MERCIER: If the Minister of Highways has an answer to the question I asked a week ago about any progress his department is making on transportation for the physically handicapped and three-wheel mobility aids?

MR. USKIW: Mr. Speaker, no, not at this point in time.

MR. MERCIER: Mr. Speaker, I wonder if the Minister of Highways would undertake in reviewing that other matter and also reviewing the situation where apparently a number of handicapped people have received tickets under The Highway Traffic Act for improperly parking their vehicles where they have parked out of necessity with their driver's door against the boulevard because of high snow and they have to get out on the — they are required in those vehicles to get out on

their passenger doors. It seems wrong, Mr. Speaker, that physically handicapped people driving those types of vans should be ticketed when they have to get out on the passenger side. Would he investigate that; perhaps have some discussions with the Attorney-General about those prosecutions to see if some relief and some future changes in the legislation could be made?

MR. USKIW: Mr. Speaker, that is in fact part of the review that is being undertaken at the present time.

MR. SPEAKER: Order please. The time for Oral Questions has expired.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we move to Orders of the Day, I'm informed that we have in the gallery with us a group of visitors from North Dakota. There are 18 agricultural students. The group is under the direction of a Mr. Jim Onaheim.

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

ORDERS OF THE DAY

ADJOURNED DEBATES — SECOND READING

BILL NO. 6 — THE EQUALITY OF STATUS ACT

MR. SPEAKER: The Acting Government House Leader.

MR. DESJARDINS: Mr. Speaker, would you proceed with calling the Adjourned Debates on the second reading on the three bills?

MR. SPEAKER: On the proposed motion of the Honourable Attorney-General, Bill No. 6, the adjourned bill stands in the name of the Honourable Member for St. Norbert.

The Honourable Member for St. Norbert.

MR. MERCIER: Mr. Speaker, I have reviewed this bill. The contents were the subject matter of an informal report from the Law Reform Commission within the past year or so. Mr. Speaker, I have no objection to this bill proceeding to committee. There may be other members who wish to speak to it.

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

MR. ANSTETT: Mr. Speaker, I move, seconded by the Minister of Municipal Affairs that debate be adjourned.

MOTION presented and carried.

BILL NO. 10 — THE RECIPROCAL ENFORCEMENT OF MAINTENANCE ORDERS ACT

MR. SPEAKER: Bill No. 10 on the proposed motion of

the Attorney-General, standing in the name of the Honourable Member for Lakeside.

The Honourable Member for St. Norbert.

MR. MERCIER: Mr. Speaker, I believe the Member for Lakeside adjourned this matter in order that I might speak to it. But, if I might speak to it and perhaps leave it standing in his name and he can indicate later on whether he wishes to speak.

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

MR. MERCIER: Thank you, Mr. Speaker, Bill No. 10, a new Reciprocal Enforcement Maintenance Orders Act was an Act that was being developed during the past year and I sincerely believe would have been part of our legislative package at this session of the Legislature if we had formed a government and I'm glad to see that the Attorney-General has brought forward this legislation. Family Law, Mr. Speaker, was a priority with our government and many of the programs and legislation which we introduced were considered and are considered among the best in the country. This Maintenance Enforcement Program follows upon, Mr. Speaker, implementation of an automated system for enforcing maintenance orders which was reviewed last fall by an Inter-Provincial Committee of officials including the Federal Department of Justice and which was recognized as the best and most effective system for enforcing maintenance orders in Canada. In fact the committee of officials recommended to each of their respective provincial governments that they implement such a system in their jurisdiction.

It should also be noted inasmuch, Mr. Speaker, as this is a reciprocal Enforcement of Maintenance Orders Act and obviously deals with enforcement of orders in other jurisdictions and enforcement of orders from other jurisdictions in this province, that we negotiated more reciprocal arrangements for the enforcement of maintenance orders with other provinces and other states and other countries than any other Canadian province at the end of our term.

I can only say, Mr. Speaker, that I hope the Attorney-General will continue the practice of providing Crown Counsel to enforce foreign orders and will continue to encourage other provincial Attorney-Generals to do the same. Regrettably that has not occurred to date, certainly up to the end of our term, Mr. Speaker, and I'm hopeful that he will continue that position and others will see the light and in the same way provide legal counsel to people who are caught in this unfortunate situation and assist and help them in the dilemma they face.

I hope also, Mr. Speaker, that he will continue the position that some centralized system is needed to enforce maintenance orders. We supported a position, in this particular area, to strengthen federal jurisdiction; to facilitate a national enforcement system of enforcing custody and maintenance orders. Again, in the third position we took, I hope he will continue, we were relatively alone when we started the constitutional discussions, Mr. Speaker, but we opposed the transfer of divorce jurisdiction to the provinces which would only tend to make enforcement much more difficult to those people involved.

We maintain that position. We're relatively alone in that position supported only by the Province of Prince Edward Island but as the Constitution is patriated, Mr. Speaker, constitutional discussions, no doubt, will begin again on possible amendments during the next few years, I hope that the Attorney-General will maintain that position which has been supported by virtually all the organizations in Manitoba; female organizations, the bar associations and national women's organizations and the National Bar Association.

So, Mr. Speaker, I believe we on this side can support this bill that was in negotiation, under discussion by the Uniform Law Conference of Canada and was ready to be proceeded with at this Session. Hopefully it will improve the difficult situation, Mr. Speaker, that people find themselves in in enforcing maintenance orders outside of their jurisdictions.

MR. SPEAKER: Unless any other member wishes to speak on this matter, it will stand in the name of the Honourable Member for Lakeside.

The Honourable Minister for Lakeside.

MR. HARRY ENNS (Lakeside): I had no intentions of entering into the debate on this particular bill. I was adjourning it so that the Member for St. Norbert could speak to the bill.

Permit me though, while I have the opportunity, to indicate that the modesty of my colleague, the Member for St. Norbert, prohibits him from indicating to this Chamber the kind of very fruitful and progressive work that was done in this particular area. I think that is attested to by the very substantial support that he, as Attorney-General, and the government that he represented, received on these matters, not just in the Province of Manitoba but, indeed, throughout the length and breadth of this country. It was a position, I think, that will stand the test of time. I think the concerns that the former Attorney-General expresses about the possibility of the new constitution providing headaches in this area, rather than solutions, should be heeded by this government. And, again, simply let me take this occasion to put on the record that, while it was a common impression that was attempted to be left by the then Opposition, to any steps that the Lyon administration took with respect to Family Law, to this particular Act, that we were not acting in the interests of the people involved; when, in fact, just the opposite was the case.

It was under the leadership of the Member for St. Norbert that Manitoba literally leap-frogged well in advance of other jurisdictions with respect to this kind of legislation and I was very proud to be part of that administration. The fact that the kind of support shown to this legislation by the groups most affected by it probably better signals that, underlines that simple fact than any comments or speeches that any of us can make in this Chamber.

MR. SPEAKER: Are you ready for the question?

The Honourable Member for Springfield.

MR. ANSTETT: Mr. Speaker, I beg to move, seconded by the Member for River East that debate be adjourned.

MOTION presented and carried.

**BILL NO. 12
THE FAMILY MAINTENANCE ACT**

MR. SPEAKER: On the proposed Motion of the Honourable Attorney-General, Bill No. 12 standing in the name of the Honourable Member for St. Norbert.

MR. MERCIER: Thank you, Mr. Speaker. This bill is essentially a housekeeping bill in view of the decision of the Supreme Court of Canada in the Polglase decision from the British Columbia Court of Appeal. As such, I certainly don't have any objections to it because it simply confirms the jurisdiction that is left to provincially-appointed Family Court Judges. Mr. Speaker, what is really required here, and I simply bring it to the attention of the Attorney-General, is that an amendment to the constitution, which would confer on the Legislatures of the provinces the power to appoint judges with jurisdiction over matters related to Family Law, is really the solution to this particular situation. And, indeed, there was unanimous agreement by all provinces, Mr. Speaker, on that position during the constitutional discussions. But this would allow the establishment of a unified Family Court at the provincial level with provincially-appointed judges and would avoid the situation that we will now have where a person, seeking relief from the Court in a matrimonial matter, will have to obtain certain orders from the Federal Courts, the County Court or the Queen's Bench, and can obtain other relief from provincially-appointed Family Court Judges.

The result, Mr. Speaker, is likely to be that there will be more and more matrimonial matters going directly to the Federal Courts, the County Court and the Court of Queen's Bench, rather than being heard in the Family courts. And there certainly has been a tendency, since the passage of The Family Maintenance Act and The Matrimonial Property Act for more matrimonial matters to be heard in the Federal Courts, and this will only, I think, accelerate the number of matters heard in the Federal Courts and might very well lead to some congestion and some delay in having matters heard, although that is certainly not the case so far, Mr. Speaker. So really an amendment to the constitution is what is required. There is unanimous consent to it, based on previous constitutional discussions, and that would resolve this particular situation and allow the Family Courts to deal with all of the issues that are relevant to matrimonial matters.

So I certainly have no objections to this bill which merely clarifies, in law, the result of the Supreme Court decision on the jurisdiction of provincially-appointed Family Court Judges.

MR. SPEAKER: The Honourable Member for Springfield.

MR. ANSTETT: Mr. Speaker, I move, seconded by the Member for Riel that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable Acting House Leader.

MR. DESJARDINS: Mr. Speaker, would you please

call the Proposed Resolution standing in the name of the Honourable Minister of Highways?

PROPOSED RESOLUTION

MR. SPEAKER: The Resolution in the name of the Honourable Minister of Government Services.
The Honourable Minister.

MR. USKIW: Mr. Speaker, I move, seconded by the Honourable Minister of Agriculture:

WHEREAS the Government of Canada has announced its intention to abolish the statutory rates for rail transportation of grain and introduce a law designed to protect the railroads; and

WHEREAS research conducted for the preceding government of Manitoba indicates that increased grain rates are expected to result in a decline in the value of agricultural production, will certainly result in lower net farm income and will therefore result in a loss of jobs; and

WHEREAS the protection of a grain rate set by statute, has proven superior to all other "guarantees" of railway rates and service; and

WHEREAS the variation of grain transportation rates between main lines, secondary lines, branch lines and by volume would result in wholesale abandonment of country elevators and the branch lines that serve them, thus causing severe depopulation and disruption of rural Manitoba communities; and

WHEREAS transportation of coal to the West Coast is the single most important source of new demand for increased rail capacity; and

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

THEREFORE BE IT RESOLVED that this House express its strong disapproval of the unilateral and socially and economically unacceptable proposal by the federal government to remove the statutory rates on grain.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Government Services.

MR. USKIW: Mr. Speaker, I know that to many Manitobans the question of the Crow rate is not a new issue; it's an issue that has been debated many times before and it originates away back, the turn of the century, the 1897 provisions in the building of the CPR through the mountain areas of the western part of Canada. It has that period of history which is almost equal to that of the nation as a whole and, in fact, it was part of the building of Canada as a nation.

I would think, Mr. Speaker, that the issue ranks probably tops in terms of Canadian politics. I think the Prime Minister of Canada, not too long ago, mentioned that the constitutional arguments have been an on and off sort of thing for about 50 years and, by comparison, Mr. Speaker, I believe that the Crow issue has been sort of an on and off debate for about 80 or 90 years. So, here we are again with an attempt,

on the part of the Canadian railway system, and not the first attempt, to undo the obligations which they undertook at the very beginning of their enterprise, that of transporting goods for the people of Canada from coast to coast.

Mr. Speaker, we don't fault the private railway system for wanting to undo that kind of commitment to the people of Canada because, after all, they are a private company, they are interested in the profit end of the system and, to the extent that they are components in the system that don't give them that much opportunity to make profit, they would naturally want to remove those components from the corporate empire.

So, I understand that, from a corporate point of view, from the point of view of shareholders, Mr. Speaker, but I believe that it's important for us in this discussion at this time to reflect upon the fact that this is not simply a company decision, a corporate decision, this is a collective decision that must involve, not only the corporate managers of the railways, in particular the CPR, but it must involve Canadian governments, the people that use the services, the people that are going to benefit from the transportation of goods across this nation, and indeed, in that light the economic future of this country very much links up to that question.

So, I would like to begin my comments, Mr. Speaker, with at least a review, for the benefit of those who have not been familiar with the issue, albeit that it has been with us for all of 100 years, or 85 years rather, I would like to at least make some attempt to familiarize those who have not been very much connected with it.

Mr. Speaker, without the transcontinental railway system this country would have not been a country, would have not been a nation stretching from one coast to the other because, at that particular time in our history, there was indeed a great deal of external competition for control of the destiny of this continent and it's obvious, one has to search back into the records, that this decision, the linking up of all of the regions of Canada by a railway system, was based largely on the fact of wanting to have political control and indeed some economic control of this country from one coast to the other. That is the reason why the Government of Canada at that time decided that they were going to play a major role in making sure that the railway connections take place and that the building of a national railway system from coast to coast would indeed occur.

They chose, however, to take a position, which is so common with my friends opposite, and that is that rather than to do it by way of public enterprise, rather than to build a railway system that would indeed be a true utility transportation system, they chose to do it by way of giving grants in money terms and in real estate terms to the CPR. That was the route that was chosen then by the government of the day.

I would like to recap that just for the benefit of those that are not at all familiar so that they have at least today's debate in its proper perspective. The Government of Canada gave to the CPR, Mr. Speaker, which is the CPR as we know it today who were the chief beneficiaries of these gifts, some \$25 million in cash which, at that particular time, was a tremendous amount, Mr. Speaker, although I know in today's

terms it's a minute amount. So we have to look at it in terms of the historical, 25 million acres of land - and if you would want to calculate the value of 25 million acres of land today, and that's the way you must look at it because that land has appreciated in value and has resulted in improving the shareholders' position in that company accordingly - 13 miles of railway were already built or were to be built by the government at that time from Lake Superior to Selkirk, Manitoba, from Kamloops to Port Moody and from Selkirk to Emerson, and that was a government undertaking which all was then handed over to the CPR, or subsequently handed over; free land for the railway road bed; additional land grants for branch lines. Eventually the CPR received more than 30 million acres of land from the Government of Canada in one way or another. On top of which were added numerous tax advantages to give them further incentive to provide the Government of Canada with a coast-to-coast railway system.

Mr. Speaker, the Government of Canada also understood that while they were doing this, and they went that route for very ideological reasons, that they had to give some commitment towards the underpopulated region of this country, namely western Canada, and in particular the prairie region, and so in making all of these cash grants and land grants available to the CPR at that time, they struck an agreement where, of course, there would be a bit of a quid pro quo and I suppose one had to do that because it would have looked as if it was too much of a giveaway had there been nothing given in return. So, the quid pro quo was the statutory rate on grain known as the crow's nest rate. Now, that's the sort of beginnings of where we started debating the statutory rates which was originally known as the Crow's Nest Pass Agreement but, Mr. Speaker, one should not miss the point that this was all in the context of nation building of that time and it was a deal that was struck that would hopefully benefit Canada as a nation or its development as a nation and at the same time provide some guarantees to the users of that system that they would not be paying exorbitant rates in the transportation of their goods.

There were two essential elements in the national transportation policy. One was that a viable all-Canadian transcontinental railway system must be established and the other, transportation rates should be low enough to enable producers to ship grain who were residing far inland from their export positions. Those were the two main criteria.

Now, one of the problems with that is that you have a private enterprise company wanting to generate returns to the shareholders, but who are given this dual role, one of (a) providing a return to the shareholder and at the same time providing a service at a fixed cost to the people in the region and this, of course, was a natural conflict. Those two things, those two requirements were in conflict with each other.

The generous assistance provided by the Government of Canada of course in the building of the railway helped to reduce the transportation costs and that partly removed, sort of, the conflict that I allude to. The Crow's Nest Pass Agreement was the other measure, again that tried to remove or solve some

of the conflict.

In 1902, and I believe this is an important part of the history of the CPR, the company was given explicit powers to operate in other areas and there's a reason for that and I'm going to come to that, Mr. Speaker. Their charter was amended to allow them to operate as an irrigation company, to generate and transmit electricity and to sell surplus electricity above their own requirements, to engage in mining, smelting and reduction of ores and in the manufacture and sale of iron and steel and of lumber and timber and to get into the hotel and restaurant business. They were allowed to own, to rent land, wharves, docks, warehouses, offices, elevators and other buildings across Canada. —(Interjection)— The member opposite says, thank goodness. Well, if you operate in the context of private investor capital trying to provide a needed service to the people of Canada, perhaps that was the right decision. In that ideological framework, that was perhaps the right decision and I don't fault them for giving a blend of opportunities to the CPR in order to make them a viable corporate entity in this country and that's what this was all about. They were going to give them that blend in the business world in Canada in order to ensure their viability, but the premise was that in doing so it would ensure forever a railway system that would service the people of Canada at railway rates that would be reasonable to the people of Canada. That was the *quid pro quo*. We'll expand the corporate empire to give you greater viability, but we're going to maintain some control on the rates that are going to be charged on the goods that are transported.

So, through the Crowsnest Pass Agreement and the amendments to the CPR Charter of 1902, Mr. Speaker, Parliament in effect made CPR an industrial conglomerate with the express purpose that the company would not have to rely only on railway income to be profitable. That was part of the reasoning, that they would not be dependent on statutory rates for viability, so let's not forget that, Mr. Speaker.

The Canadian Pacific has grown into the largest, most successful and wealthiest industrial corporation in Canada. Success is due in no small measure, Mr. Speaker, to the foresight and generosity of the Government of Canada, the people of Canada. The company does not lack resources or income to maintain an efficient rail transportation system while keeping transportation rates down as was the objective of Parliament when it bestowed all of these privileges upon the company. That's an important part to remember, Mr. Speaker, when we're talking about why the Crow rate ought to be changed, an important part to remember, the part that most corporate people never want to remember. Once you have what you wanted out of the system, you quickly tend to want to forget about the obligations, your end of the agreement and that is human nature and that is so pronounced in the corporate system of our time, Mr. Speaker, and I can't fault them for it, but I fault any government or society for allowing that to take place and that's really where we're at.

The company takes the position that the railway business should be as profitable as any of its other enterprises. That's the position that the companies argue and I've had recent discussions in fact with

people in the CPR and the CNR and they really say, don't talk about the hotel business and don't talk about all these other things we're in. Let's just talk about the cost of moving products on rails and let's talk about the grain business. That's really what they tell you. They don't want to talk about where they are making money as a result of the commitments that were given to them through the original agreement. That is now a separate operation and we shouldn't muddy the waters, Mr. Speaker, with the facts, the facts being that they have \$3 billion of financial resources that they could invest in the railway system from the other areas of their operations. —(Interjection)— Mr. Speaker, the Member for Minnedosa is welcome to any of the information that I have here because this information comes from governments of Canada, it comes from the railway system itself. It's not information that is put together for the benefit of making a political point. This is an historical scenario that I am illustrating to members of the House, Mr. Speaker.

Mr. Speaker, The National Transportation Act of 1967 appears to have broken with the historical objectives of national transportation policy. Snavelly, at least, sees it as the overall objective of Canada Transport policy, that is to ensure the maintenance of an ongoing financially viable and self-sustaining railway system. In order to be financially viable, however, and self-sustaining, Snavelly considers that the railways must have a return of 25.4 percent on their assets. That's what Snavelly suggests. Judging by his policy statement of February 8th, Mr. Speaker, Transport Minister Jean Luc Pepin appears to agree with that statement or that position.

Mr. Speaker, it becomes obvious that the Pepin proposal not only is an attempt to remove the statutory rate in grain, but the discarding of the original historical objectives in Canadian transportation policy. That's really where we have come to, Mr. Speaker.

Now, in 1967 when that legislation was introduced, the Government of Canada started talking about intermodal competition. They threw that curve into the debate, Mr. Speaker, intermodal competition. Now, let's examine that because I think that is important in this debate, Mr. Speaker. The National Transportation Act of 1967 is based on the principle of intermodal competition. In brief, the Act assumes that the economic mechanism of competitions will guide the organization, financing and development of transportation services. It is this philosophy that lies at the bottom of the current problems with transportation.

In the first place, Mr. Speaker, intermodal competition is irrelevant in the case of bulk commodities produced inland and far from ultimate destination. Commodities such as grain and potash produced in the prairies or coal in the mountain region must move by rail or they can't move at all, so the idea of intermodal competition doesn't apply to the concept of intermodal competition. The determination of rate setting through competition is really out of the question, Mr. Speaker.

Second, rail transport is unique because it is a natural monopoly. The company that runs the trains also owns the road on which the trains run; I think we have to recognize that. By contrast though, highways,

waterways, airways are used by licensed carriers who do compete with each other for the business of providing transportation services, very much unlike the railway system. Competition can therefore be relied on to keep transport rates reasonable in that system, but not so in the railway system, Mr. Speaker. No one can run trains on C.P. tracks but C.P. Rail, and no one can run trains on C.N. tracks but C.N. rail. That's the way it's structured.

The monopoly of the railway system of course is their source of economic power; that ought to be recognized most fully. Competition does not exist; shippers are captive in the system and therefore that demonstrates most fully, Mr. Speaker, that because of those components that the public has a major role to play with respect to the setting of transportation rates in the railway system.

Another point that makes the whole idea of intermodal competition ludicrous, Mr. Speaker, is the fact that air carriers, water carriers and highway truckers who are profit motivated, but they make their profits out of investments in trucks, planes, ships and air-planes, but they don't make any investments in airports, Mr. Speaker, in waterways, in harbours, in highways. Name me one of those groups who make an investment in that basic ingredient in the system that makes it all happen. Don't do it, Mr. Speaker. Investment in these facilities are made by the public through their governments and although the governments attempt to recoup part of the investments through licenses, user fees and fuel taxes, a significant part is financed through general taxation and that ought to be remembered in comparing.

In no case are user fees and licenses for the use of airports, man-made waterways and harbours or highways so high that the public makes a return on such investments. Mr. Speaker, I would like to ask members opposite to imagine if we wanted a return of 25.4 percent on the costs of the highways system, on the costs of the waterway system, on the costs of the airports that are built, if we were to apply that formula which is what is being suggested by Snavely that the railways need, how many highways would we be abandoning in that formula, Mr. Speaker? Would the trucking industry be viable, Mr. Speaker? These are the obvious questions that we must raise because they're so germane to the issue and in particular when one is comparing and one is talking about intermodal competition in the transportation of goods.

Mr. Speaker, what comes out that whole scenario is that there is great logic in arguing for a railway transportation system that is based on the utility concept rather than on the idea that it should be a profit-making enterprise. The concession that was made at the turn of the century to the railway system was a concession based on the premise that, yes, you can run hotels; you can run mining companies; you can do all these other things and in exchange for that, we want you to give us a deal on rates and that is the part of the deal that they now want to get out of, Mr. Speaker. We ought not to let them do so.

Mr. Speaker, the whole policy then was part of nation building. Mr. Speaker, that need has not disappeared. There is an important element of consideration today for continuing that policy because we do have massive regional disparities that exist today. We

have not redressed that over the first 100 years of our nationhood and the transportation system contributes substantially to regional development and, in particular, if you are able to discriminate if you like — I don't mind using the word — in rates that are charges between one region to another. In other words, a degree of cross-subsidization is not an unreasonable proposition, Mr. Speaker, if we're talking about building a nation and if we're talking about eliminating to the extent that is possible regional disparities.

The railway system and the transport system as a whole can serve a very positive role there, Mr. Speaker, recognizing the vastness of Canada, the fact that we have so many communities that are not self-supporting in that sense and that must be supported if they are to be maintained.

Now, Mr. Speaker, that gives us a bit of a background on where we come from on the issue. — (Interjection)— Well, Mr. Speaker, I can give you a long speech on the CN, yes. A number of railroads that went bankrupt and the government said, we can't afford them to go bankrupt; we must provide the service, paid off the shareholders in good share value rather than in bankruptcy value — it was a bailout for the shareholders, not for the people of Canada, Mr. Speaker — saddled the CN with debts that they could never pay off, Mr. Speaker. That's the history of the CNR. Because of an ideological preoccupation of the government of the day, a methodology that would not have been used had it been our choice, Mr. Speaker; I have to suggest to the Member for Morris.

Mr. Speaker, we come now to the proposition, the Pepin proposal as to what we must now be doing to modernize, to upgrade, to, as he says, get our heads out of the sand on the issue of rail transportation rates as they relate to grain. Well, let's find out what the sand is all about, Mr. Speaker, because in his own documentation, we find what it's all about and I want to illustrate for the benefit of members that haven't seen this document. This chart here, which you all have, illustrates fully, Mr. Speaker, where the problem is, and where the bottlenecks are, and where the Government of Canada talks about the need to spend \$17 billion in railway upgrading in order to meet the transportation needs of the next decade and beyond. Mr. Speaker, they are probably right in terms of the dollars that have to be spent, but why do they have to be spent, Mr. Speaker?

You know if you look at this chart, part of the Pepin document, it shows the tonnage of coal that has to be moved, and will be moved out of the mountain areas of British Columbia to the Ports of Vancouver and Prince Rupert and so on. It has nothing to do with the grain industry, Mr. Speaker. It has to do with the fact that there is a coal market in Japan; coal is coming back onstream in a big way. It's no longer going to be left dormant as it has been for a number of years, it is now becoming a big export industry in this country, but there is no capacity, and the rail system to handle the new coal mines that are opening up in British Columbia, whether it's the CN or the CP. The dark part tells you the direction that the coal industry is going; the grain industry has a small increase relatively speaking. They all have this document, Mr. Speaker, it's in the information they have.

So, Mr. Speaker, we understand that there is a Can-

adian need to upgrade and expand the transportation system, there's no doubt about that —(Interjection)— That's right, you have to double track, that's part of the problem. You have to build miles and miles of tunnels through the mountains in British Columbia. —(Interjection)— Yes, it is needed, Mr. Speaker. Those things are all needed, Mr. Speaker.

Mr. Speaker, in listening to the railway companies they say we cannot finance that undertaking unless we have a revision in the Crow rate, unless we have compensatory rates; that's what the railways are saying. Even though, Mr. Speaker, and they don't mention this, but it's there, two-thirds of all of the grain that is produced in Canada moved to Thunder Bay where there is going to be no change in the railway system. Two-thirds of all the grain produced moves to Thunder Bay, Mr. Speaker, where there is no need for rail upgrading. A third of it is going the other direction, Mr. Speaker. Because of one-third of the Crow component, the railways are arguing we must change the Crow rate, is a bunch of nonsense, Mr. Speaker, in terms of revenues to finance the operations in the mountains of British Columbia.

Mr. Speaker, the increase in tonnage of coal in the next decade is estimated to be by 46 million tons, and that, Mr. Speaker, is the nub of the problem; it is, how do we finance a railway system to move coal. The railways have an option, well at least the CPR has an option. You know the CNR has less options, the CNR only has the public option — the taxpayer. The CPR has another option, and that is to allow itself to use the income from their other ventures to finance the capital requirements of the coal shipments. —(Interjection)— Yes, not from CN hotels, no. CP can't do it from CN, but the CPR has an option, it has a pool of money that it can draw on, but if they include that pool of money into the argument into the debate, they lose the argument because they can no longer then convince parliamentarians that they are cash short. So, we've got to maintain the separation between the railway system and the other operations of the CPR in order to make this argument. That is the position that they have taken.

Now, Mr. Speaker, I would be willing to make a concession, and I know that one must be cautious. I suggested this to Pepin when he was here for three hours having a discussion with us, that where is the logic in making the argument that railways have to be compensated on the basis of the cost of operation, compensatory rates for the movement of grain. Where is that logic, unless you're prepared to agree that that logic applies to any industry. So, I said to him, I'll make you a deal, we'll go for compensatory rates on rail, if you go for compensatory rates on grain. Let's tie the two together, the proper picture of the farmer vis-a-vis the transportation rate on grain. Mr. Speaker, I think it's obvious to all that that's not the kind of dialogue that we're in, and it's not the kind of dialogue that they're interested in, Mr. Speaker.

The Snavely Report, Mr. Speaker, — and this is why I drew him out on it — recommends that the railways must be compensated. Snavely says, that really we have not had a proper structure in terms of the grain industry in this country. He said the grain industry has been subsidized now for 100 years through the statutory rate. That's what he says, but he says, "It is our

considered opinion," and I'm quoting Snavely, "that the selling price of the export grain and grain products are not, and will not be sufficient to maintain the financial integrity of all of the participants in the total production and distribution process; namely, producers, railways, elevators and storage companies. The totality of the industry is not viable, is what Snavely says, without some degree of subsidization from somewhere, but, he says the railway shouldn't be asked to do this, even though they've done it for 100 years. Somebody else should pay the bill, that's what Snavely is saying. We know that it's not possible, it's not viable to go to compensatory rates out of the income of the industry. We know that's the case, but we don't think the railway should be the ones to pay that bill. So, let somebody else worry about that. That is a social problem, that is not a railway problem, okay.

So, what do we have, Mr. Speaker, as a result of that, we have something which is quite in reverse to where it was. What do we have now, Mr. Speaker? We have a situation where we as Canadians and in particular the prairie region is to make a very important change. We are being asked to remove the guarantees that the grain shippers had for 100 years in favour of guarantees that would ensure the profitability of the CPR. That's what we are being asked to do and the guarantees to ensure the profitability of the CPR are going to be in statute. That's the proposal we are removing from statute, the guarantees that applied to the farmers, and we are putting into statute guarantees that will provide for profit to the CPR. That's the nub of that proposal. Well, I'm not stretching it, that is the nub of the proposal, Mr. Speaker; statutory protection for the railways and removal of statutory protection from the prairie grain producers.

Now, Jean Luc Pepin says that we are going to put some money in anyway. We've already been sucked into spending a lot of public dollars into the railway system, we've bought hopper cars and we've subsidized branch lines and the government has really been ignoring the statutory rate for a long time by doing by making these financial commitments to the existing railway system. So, he says, we're prepared to continue with that and, Mr. Speaker, Pepin says but there has to be a lid on that; we're prepared to continue with those subsidies but no longer railway subsidies, it's taxpayers' subsidies to the railways, to the tune of \$612 million a year.

Now, there's one little note here in his proposal that does bother me and that is that his commitment seems to be for sure for four years, although he seems to talk in terms of it's going to last forever. But, he does mention that you know that the government is tight on funds too, you know we're not quite sure of that. So, he kind of fudges that; we don't know whether the \$612 million is forever; we don't know whether it's for four years and we don't know how it is to be applied. If you take, as an example, \$612 million of subsidy to the prairie region, the transportation of grain, to grain producers alone or to the railways, in order that they would transport grain at compensatory rates, that's one dimension in this debate; but, if you take the \$612 million and you divide it amongst all the commodity groups and, Mr. Speaker, I'm not stretching a point when I raise that question, because

one of the terms of reference to Gilson in his consultative process is to look at the possibility of rationalizing how we relate it between grain producers and livestock producers and crushers and whether we should have variable rates or we shouldn't? That's an open question. We don't quite know where they're going to come down on those two questions as far as a decision is concerned, Mr. Speaker.

But, Mr. Speaker, let me tell my friends opposite that if we divide the \$612 million amongst all of agriculture in the prairies, then we're not talking about the figures that I'm about to relate to you in terms of the impact on the grain industry; we're talking about much larger figures.

So, what are those figures, Mr. Speaker? If we're going to look at compensatory payments to the railways, it doesn't matter, the figures are the same. They're all national, they're all Pepin's figures. They conform to our own. They don't change one decimal point, Mr. Speaker. It doesn't matter where you get them from. The 1981-82 base year, the total costs of handling grain or hauling grain is \$751 million, of which Pepin is proposing that they pick up \$612 million in the base year, and of course the Crow revenue, the existing Crow rate provides \$139 million. So, that's our base, that's status quo.

Mr. Speaker, if you take us to 1985, we find that the cost of hauling the same grain according to Pepin's figures is going to be \$1.18 billion; the government is going to put in \$612 million, the producers at the Crow rate will put \$164 million, but there is going to be a shortfall of \$404 million. Now somebody has to pick that up, so the compensatory rate then means the producers will have to pay, if they're the ones that are stuck with that bill, four times the Crow by 1985, Mr. Speaker. If you take that all the way into 1990, it ends up with 9.7 times Crow after all of the subsidies are in, somebody has to pick up 9.7 times the current rate.

Now, Mr. Speaker, that's a very serious problem that is being posed, because what that means that we're going to move from where we are today, and in Manitoba it's about 15 cents a bushel, to about \$2 a bushel by 1990, just in the transportation costs. That's what it means. That's the part that someone has to pick up, Mr. Speaker.

Now, one of the propositions, Mr. Speaker in recognizing the fact that there may be a need for public input towards the developments of the rail system in this country, we are saying, and the Government of Saskatchewan is saying along with us, that there may be a need for more public input, yes, but perhaps that public input ought to be in a way that gives us some equity position in the railway system and for every dollar of public money that goes in we ought to get a piece of the CPR. That's really what we're saying and that makes sense, Mr. Speaker. I think we are past the stage when we want to look about just giving away public dollars to a major corporation who doesn't need to depend on those public dollars without saying, let's become partners, Mr. Speaker, and that's an option that one should consider.

The Hall Commission only in 1977 took a look at this whole question, Mr. Speaker. The Hall Commission came down with the fact that in their opinion it was in the national interest that the Crow Rate should be sustained as it is and that people of Canada should

look at other means of meeting the shortfall for capital requirements. Now, Mr. Speaker, that recommendation was rejected by the Government of Canada. The Government of Canada has launched itself on a course of action which is going to require that the prairie grain producers pick up a very substantial part of increased costs of transporting grain.

So, what is at issue, Mr. Speaker? At issue is whether we want to give up a longstanding commitment on the part of the system to provide grain transportation services to this country at a cost that is in keeping with what the industry can afford; and I've alluded to the fact that Snavely says that the industry cannot afford it if we go on a compensatory system; and the other is, whether or not we want to make certain that when this is all over, when the smoke clears, that we still retain the principle of equal rate for equal distance, Mr. Speaker, because if that goes out the door we have another major problem, and that is the elimination of many more railway lines throughout the prairie region, the greater consolidation of delivery points, the greater reliance on the highway system to move grain to rail, which is going to be a direct transfer of cost to the provinces of the prairie region.

Mr. Speaker, whatever happens we must argue for statutory protection for the farmer; we must argue for equal rates for equal distance to make sure that we don't transfer the costs away from the present mode of transportation; to make sure that we protect the interests of the farm communities that do exist throughout the prairie region and a commitment in statute that if we're going to have Federal transfer payments to the railway system, or subsidies if you like, that those be statutory commitments, that we not have to depend on the budgetary process on a year-to-year basis in order to determine what level of support we're going to have in the transportation system. The other objective, Mr. Speaker, has to be that the Federal Government has a responsibility in guaranteeing to the nation that there is an adequate service provided by the railway companies for whatever tonnages that have to be moved.

Mr. Speaker, the Gilson consultative process is to be completed sometime in the next month-and-a-half, two months, and it is my hope through the introduction of this resolution that members opposite will convey the facts — not only members opposite, all of the members of this House — as they are, remove the political biases that I have illustrated here today, but just present the facts as they are, Mr. Speaker, to the constituents of Manitoba in order that we expand on this dialogue and in order that we facilitate a transportation policy at the national level that will be to the continued benefit of our region, Mr. Speaker.

I don't know whether members have had an opportunity to quantify what we are really talking about in terms of their own communities and I know that I didn't include, Mr. Speaker, one particular document, which I will want to distribute later on, which I don't have in abundance here today. That has to do with the effects of the change in rates by crop districts in Manitoba, which I believe is a real interest to all members in the House and certainly will be to municipalities throughout the province.

If you take Crop District 1, Mr. Speaker, and you

take four times Crow, the statutory rates, this is the cost per permit holder of shipping grain. —(Interjection)— No, Mr. Speaker. If we take four times Crow, in District No. 1 you move from \$604 per producer to \$2,416 per producer. If you take District No. 2, you move from \$581 to \$2,324; that's four times Crow. These are just mere examples. If you take District No. 5, you're moving from \$607 to \$2,428 and so on, but what you will find, Mr. Speaker, is that the impact of the proposal is most severe and that's the message I'm trying to convey, Mr. Speaker, on the area that is represented by my friends opposite. That is where the impact is going to be felt the most, Mr. Speaker.

Mr. Speaker, I believe, given the complexion of this Assembly, that the major responsibility on this issue rests with my friends opposite. They do represent the bulk of the grain production in this province in terms of the constituencies that they represent and therefore, Mr. Speaker, I appeal to them again, forget about the political bias from this side, take the facts and discuss this with your constituents. Attend your public meetings; attend your Elevator Association meetings or your Chamber of Commerce meetings and discuss this, and let's hope that we can come back before it's all over with a position that is fairly solid from the Province of Manitoba that will confront, Mr. Speaker, the Government of Canada, before the legislation is introduced in the Fall Session of Parliament, because it is only this process, not the political process, the process of having the information out amongst the people that are affected and the dialogue that is going to truly determine the direction on this issue. —(Interjection)— Mr. Speaker, the Member for Morris says, will I give a little. I'm only illustrating what the facts are and in this process of dialogue, we have to come up with a solution to the problems that arise out of the proposals that have been made. We are flexible in that sense, Mr. Speaker.

Now, the department is prepared to, and is going to be out throughout the province with our technical group, we will be providing the information that is available to us; there will be a mailing of that information to all permit holders. There will be an insert in the Manitoba Co-operator which, I believe, goes to some 40-some-odd-thousand households; there will be an insert sometime this month, so that we will try to do what we can do in terms of providing the technical information, the information that should bring about the kind of discussion and dialogue that is necessary in order to build up the necessary support behind this issue in order to turn the Government of Canada around on the issue.

So, Mr. Speaker, in closing I want to ask members opposite to join with us, if you like, and I know there may be minor variations of opinion on different points, but generally speaking to join with us in a common front approach vis-a-vis the Government of Canada on the proposals that they have made, proposals that will be devastating, Mr. Speaker, to the economy of this province, and in particular to the producers of this province. I have not gone into the statistics. You have them, and I would hope that you peruse them and see your way clear to work with us on the issue.

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I thank the Honourable Minister of Transportation for the introduction and presentation of that resolution.

I beg to move, seconded by the Honourable Member for Rhineland, that the debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Acting Government House Leader.

MR. DESJARDINS: Mr. Speaker, it appears that there is agreement from both sides of the House that you call it 12:30 and that the House be adjourned, and I would so move, seconded by the Minister of Highways, that the House be adjourned.

MOTION presented and carried and the House is accordingly adjourned and will stand adjourned until 2:00 p.m. on Monday afternoon