

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8 o'clock, Monday, April 28, 1975

BUDGET DEBATE

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

MR. HARRY E. GRAHAM (Gimli): Mr. Speaker, in rising at this time to take part in the Budget Debate, I'm sure that maybe some will criticize me if I don't pay too much attention to the actual facts and figures that are involved in the Budget that was presented. I have no notes in front of me, so I won't be quoting statistics and facts and figures other than some very rough percentages perhaps.

But what I want to talk about tonight, Mr. Speaker, is something that has concerned me for quite some time; and as we look around our Dominion of Canada, I would say that the concern I have in the Province of Manitoba could be expressed in any other province in Canada, and in fact even to a greater degree with the government that exists in the federal field in Ottawa. That sir, is basically a concern that I have about the involvement of government in the every day affairs of individuals in society. It seems to me that, particularly at this time - and the First Minister indicated it in his Budget Speech, where the prime concern of government today is redistribution of income, and that sounds like a very noble effort on the part of a political party or a government - I often wonder if those that bring forward those ideas and those programs ever stop to consider the effect that it has on the individual. And in other terms you could probably put it another way, that it's robbing Peter to pay Paul. And it's done in a manner where government is all powerful and has the authority to do it legally; morally I don't know. It's a moral question that is open to debate and I'm sure that if a person wants to, they can put forward a very good case about whether or not this should be done; whether or not the state should be doing for individuals what individuals in all probability would do for themselves if they didn't have the interference by the state.

I know there are groups in society, religious groups, fraternal groups and others that have as a basic principle, a very sound principle, and that is the building of the character of the individual in society. People believe that if the individual is given the initiative and the encouragement of others in society, that the individual by himself will then provide many of the things that government in their collective wisdom now attempt to provide for them. And when governments express a concern for the poor, when governments want to express in a positive way and show in a positive way some effort towards effecting relief, sometimes I wonder, sir, if the freedom of the individual was allowed to be expressed with a minimum amount of government interference, whether that relief would not be forthcoming on a voluntary and individual basis, rather than having it imposed by the state. And I say that, sir, with full sincerity, because I know that every time that government tries to do something that properly falls within the realm of the individual, then the initiative of the individual becomes stifled. There is a loss of incentive on the part of the individual. He throws up his hands and says, well what's the use? If government is going to do it, why not sit back and let government do it? And as we all know, that government is nothing really, government by itself is nothing, but government in the minds of the individuals in society is that far off group that is just over the horizon who have the wisdom and the power and the bureaucracy behind them, which many look at with awe, some with admiration, and an increasing number with apprehension. And that, sir, bothers me.

I don't believe that government or political parties intend to rule in a manner that creates apprehension in the minds of individuals. I don't think that that is the intention of this government, at least I sincerely hope it is not. But I in my every day travels, sir, can sincerely tell you that every day in an increasing degree I find apprehension, and in some cases outright fear prevalent in the minds of individuals in society. Sir, I don't think that's a good thing. I don't think that we in a democratic society want that to happen and it should not be allowed to happen. But when we find governments becoming more and more involved in the affairs of people, and a burgeoning bureaucracy growing - and I say this, sir, with, I don't care what political party, it applies to all political parties that encourage a growing bureaucracy - that what happens at the political level and is then turned loose to the administration through the bureaucracy to implement in the field, that the more people that are involved between the decision of the politician and the action in society, the more chance there is for distortion to occur; and the greater bureaucracy, the less opportunity for those distortions and those wrongdoings to come to the attention of those that create it.

(MR. GRAHAM cont'd)

I think that every politician in Canada, whether federal, provincial or municipal, should be addressing themselves to the problem of how large an administration can we effectively have to implement the policies and still leave room for the individual in society to make a maximum contribution, a positive contribution on his own and practice many of the fundamental principles that he has been taught, either at his mother's knee or through the educational process, or through the religious teachings or whatever other method that he ascribes to.

I'm sure that the First Minister is sincere when he prides himself on his policy to re-distribute the income in the Province of Manitoba. But I'm not too sure, sir, that he has considered carefully the effect it will have on the individual in society. And I would hope, sir, that he would take some time - and, sir, if ever a leader of a political party needs time away from the everyday affairs of administration, it is now - I would hope that he would take some time and put his feet up on his desk and do a little thinking.

A MEMBER: Does he look worried?

MR. GRAHAM: No, but the people of Manitoba are starting to get worried.

A MEMBER: He's worried about the rabble on the other side.

MR. GRAHAM: Sir, in our educational system today we find that our curriculum, our school teachers, and in fact our universities are promoting, teaching and encouraging our young people to adopt an attitude of challenge, to meet the challenge, to question, to probe and in many cases not to accept some of the established principles and customs that have been promoted in the past.

I think this started, sir, on a scientific level where the true scientist in his quest for greater knowledge has had to probe many of the concepts that have been accepted. And that is very admirable. But when other principles and concepts are challenged then maybe the educational system itself becomes questionable. And I say this, sir, with full sincerity, that there are some things in society that cannot be questioned. Some things such as respect for law and order, respect for those in authority and respect for the judicial system that occurs, that is in control in our country. If they want to change any of those things I suggest that they do it in a democratic manner. If our judicial system is wrong then point out to those that have the authority to change it, point out what they consider to be the weaknesses in it, and if their arguments have merit then in due process those arguments will be brought forward in this Chamber and other chambers and the changes will occur. But today, sir, I find that an increasing number of incidents where respect for law and order seems to be non-existent. --(Interjection)-- Well, if the Member for Flin Flon is so sure of that I would sincerely hope that he is correct. I would hope that he is fully conversant with all that goes on within his constituency.

Sir, we see an increasing tendency in society today which pits one segment of society against another and I think some of that has to be the fault of government; the policies that are put forward by government in many cases I know would militate in that direction. There are other cases where society has by its very nature ignored problems when they have occurred, and this creates an antagonism in society. But, sir, if the individuals in society were encouraged and the freedom of the individual was encouraged, I think that many of these problems would be self-eliminated. I think that much of the problems that individuals become irritated about are those that are induced by government decisions, and I don't think that any government would want to be fingered as the culprit in pitting one segment of society against another. I don't think that really that is their intention, or if it is they are unworthy of governing.

Sir, I heard our First Minister not too long ago say that he felt there was a lunacy in the land today, and if there is, sir, I think that is encouraged by government and is probably due to a moral bankruptcy that occurs in government today, government of all political parties, where they become so engrossed in the administrative process that they fail to recognize their true purpose in society, which is, in my estimation anyway, sir, to provide a climate in which the individual in society can best express his own views, work towards his own best interests with a minimum amount of intervention from government or from his neighbour.

Certainly society has a right to expect protection from the unruly. I think that government has the obligation to provide that assurance to individuals that they can live in a relatively free environment where they have little likelihood of being interfered with by others. But today, sir, the unfortunate thing is that people today aren't so worried about what their neighbours are

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(MR. GRAHAM cont'd) going to do with them, it's what is government going to do with them. The basic concern that exists in the minds of individuals in society today, sir, is not what their neighbour's going to do to them but what government is going to do to them. And, sir, when that occurs sometimes I wonder whether government is fulfilling the role that it is supposed to be doing. And, sir, when that occurs then I think that each and every one of us, regardless of political party, should start to consider what is our role, how best can we assure the people that elect us that we will not impinge upon their individual rights and their opportunity to assume their rightful role in society.

I have a feeling, sir, that if the individual in society is given the opportunity that he will do many of the things that government is trying to do for him and he'll do them far better, more economically and achieve a better end result, and yet we find some in government today who advocate more and more, more and more policies which impinge upon the individual, and I say to you, sir, when you do that then you destroy the initiative of the individual, you remove from his own domain the responsibility that I, sir, say should rightfully be his. And when that occurs, sir, and if it continues to occur, then the individuals in society will eventually lose their initiative, cease to become productive members and instead of having a hive of thriving workers will end up with a bunch of drones. I say this, sir, at this time, probably it's long overdue, but I think that this government and other governments had better look carefully to the policies that they intend to bring forward in the future to ensure that they do not stifle the initiative of the individual, to ensure that his rights are protected and that he will have the opportunity to do for himself what some in society are trying to do for him.

I thank the members for the opportunity to say these few words at this time. I hope that they're accepted in the manner in which they were given and that we will all be better off if we follow some of those fundamental principles.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, it isn't very often that I have taken the opportunity of saying a few words during the Budget Debate, but I feel that this year should be the exception and that I should endeavour to make a contribution or two in the debate, and I have certain personal reasons for so doing.

At the offset I do want to say that I, along with the other members of the Assembly had the opportunity of listening to one of the most informative addresses on the state of the economy that was given the other day by the Honourable, the Premier of Manitoba. I think unquestionably that in the debate and in the presentation Manitobans were treated with a very responsible review as to the state of the economy.

I noted that in his remarks he was not vindictive, as indeed he could well have been had he paid very much attention to the utterances that we have become used to from across the other side of the Chamber. It goes without saying I am sure, Mr. Speaker, that in the present Opposition Party, because there is only one, that that particular party has proven conclusively to the electorate of Manitoba that they are incompetent of being an alternative to the present administration.

I did not take the opportunity this afternoon of listening to the utterances of the Honourable the Leader of the Opposition. I had a few other things on my mind and I am sure that had I stayed and listened to him he would not have given me any benefit of what we normally consider in the democratic process of government, any alternative to the present presiding government. But I suppose, I, like others have become used to this type of approach by the Leader of the Opposition. So I say, Mr. Speaker, without - I almost was going to say, wasting my time by being in the Chamber listening to the Leader of the Opposition - I did take the opportunity of obtaining a copy of the amendment proposed by the Leader of the Conservative Party. And how typical, Mr. Speaker, is the amendment of the Leader of the Opposition, and how void it is of any practical solution to the problems that he says that Manitoba is confronted with.

A couple of weeks or so ago, Mr. Speaker, the Conservative Party had a convention and I understand that as a result of that convention there was sort of a displacement of the Deputy Leader because he dared to open up his mouth and speak somewhat disparagingly against the present leader and as a result he got fired.

But more importantly, Mr. Speaker, than that event that took place during the convention, we had an outline of the policies being proposed by the Conservative opposition.

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(MR. PAULLEY cont'd) Mr. Speaker, if one take a look at the documentary that came from the Conservative Convention one could not help but realize that here was a group of politicians bereft of any indication of any progressive plan for the Province of Manitoba. Page after page of the document suggested that the Conservative Party, were it in power today, would reduce taxes and give more services to the people of the Province of Manitoba.

--(Interjection)-- No, my honourable friend from Arthur says that they couldn't give less. Well I agree with my honourable friend, because you can't give less than nothing, which is historic of the Conservative Party in the Province of Manitoba, and he knows that I know of what I speak because my honourable friend and I were members of this Assembly for quite a few years. And now and again my honourable friend when he does take part in a debate, will stand up and admit the failures and the errors of the Conservative Party of Manitoba in endeavouring to give to our citizens what they deserve and are entitled to. But if my honourable friend the Member for Arthur would only take the time out to read the documentation, as I so erroneously call it, of the program and policy of the Conservative Party, he will agree with me that it was a document void of any substance or intelligence, for page after page we had exhibited to us what the Conservative Party under its present leader - and goodness knows how much longer he is going to be able to hold that mantel, because I suspect that even today Mr. Speaker there are hatchets or knives abounding quite freely within the ranks of the Conservative caucus in Manitoba.

But what does my honourable friend say in his motion of regret, that this House regrets that this government has failed to provide tax relief to expand consumer income and purchasing power. What twaddle, Mr. Speaker; what a rehash of the deficiencies of the Conservative Party of years gone by. I recall seated on the other side of the House when I pleaded on behalf of my particular party, the New Democratic Party, for some little semblance of humanity and generosity of taxpayers' dollars from the then Roblin administration, followed by the Weir administration, and the present leader of the Conservative Party - you can almost see the way from a non . . . factory coming out of his eyes - because of the lack of concern for the ordinary person in the Province of Manitoba. He claims today, Mr. Speaker, claims today, because we do have in the Province of Manitoba one of the highest income tax assessments that we have across Canada . . . But does he not remember that in order to change the balance from those that have, to give to those that have not, that we eliminated about \$212.00 a year from the take-home pay of the taxpayer of Manitoba who was having dire difficulty in meeting the onerous payments of Medical and Health Insurance in Manitoba. But no, Mr. Speaker, he forgets - he has a very convenient memory - and yet he says that we have failed to provide tax relief to expand consumer income and purchasing power.

He goes on further, a condemnation to indicate that we have failed to show restraint in its overspending. The reason we overspend, Mr. Speaker, is simply to provide from the revenues of the people of Manitoba, the income of the people of Manitoba, those services and those facilities that they so rightly deserve. He claims that we have failed to provide measures to deal with developing problems in the areas of employment. In the area of employment today, Mr. Speaker, we have the largest number of people employed in the whole of the history of the Province of Manitoba. Is this what my honourable friends opposite advocated when they were government? No. They fail us for developing problems in the areas of employment, capital investment and productivity. The highest levels in each of these three items every attained in the history of the Province of Manitoba.

But some honourable friends opposite indicate that one of the problems is because of the growing numbers within the Civil Service of Manitoba. I would suggest to my honourable friends that they take a look at why it is that there has been an increase in the number of civil servants in the Province of Manitoba, which is to provide better services so richly and so well deserved to the citizens of Manitoba. It's quite easy you know, Mr. Speaker, to build a road without people to assist in the building of the road and thereby not increasing the number that you may have engaged in Civil Service. It's quite easy, Mr. Speaker, to do nothing, to do nothing and sit on your fanny and do nothing lest you may hire a person in order to perform a useful purpose, a useful job on behalf of the people of the Province of Manitoba.

They criticize in this amendment the fact that new taxes on gasoline is in fact reinforcing inflationary pressures. I wonder, Mr. Speaker, what really my honourable friends opposite know about inflationary pressure of a firm basis.

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(MR. PAULLEY cont'd) Oh, I know that they are wont to get up and raise Cain because of some deficiencies in certain segments of the community where prices have risen, whereas the result of the agricultural policies of this government the farmer was placed, at least for a time, in the best capital and money market that he was in the whole history of the Province of Manitoba. Do my honourable friends recall that it wasn't too long ago that a then Minister of Agriculture of the Province of Manitoba under a Conservative regime urged the farmers of Manitoba to change their productivity to different products, which in itself, Mr. Speaker, created many of the problems with which we're confronted today. But no, Mr. Speaker, times have changed, have they not, and it gives to the opposition, as ineffective as they are, an opportunity to condemn for the sake of condemning without offering any alternatives that would be productive for the citizens, the farmers, and our children of Manitoba. But this is old hat to me, Mr. Speaker; I'm sure it's old hat to you as well, that that outfit who on occasion offer themselves as the alternative to the New Democratic Government of Manitoba, must sometimes hit the nail on the head and ask, what can we do? What can we offer?

You know, Mr. Speaker I was seated over there I believe where the Honourable Member for Birtle sat on one occasion when we were dealing with the question of gasoline tax. You know that the then Provincial Treasurer of Manitoba did not know that there was a difference between a diesel tax and a gasoline tax, with the net result, with the net result, Mr. Speaker, that the Treasury of Manitoba was losing about \$2 million dollars a year, which would well have been used to reduce the incidence of school taxes on the poor taxpayer in the Province of Manitoba, and in the delivery of his budget that next year he had to admit, and his words - I may not paraphrase them correctly, Mr. Speaker - we owe it to the Leader of the New Democratic Party who has found a source of revenue that we didn't know existed and we thank him for it. And we thank him for it. That was the type of administration, Mr. Speaker, that was so damned penny pinching they didn't know where they could get a legitimate buck in order to pay for the costs of the operation of government.

So much, Mr. Speaker, about that the honourable the Leader of the Opposition said, or didn't say, this afternoon.

But I have another note that I want to dwell with briefly, Mr. Speaker, and it is a note of grave and personal concern to myself. Members of the Assembly will know that the other day exercising my rightful opportunity of speaking on going into a grievance, and expressing an opinion, as is part and parcel of our democratic process, that I raised questions and I raised objections to negotiations that had been conducted between the Manitoba Medical Association and the representatives of the government. There were many in the press that called it an emotional outburst by a guy who has on numbers of occasions given vent to emotional outbursts, even to the degree, Mr. Speaker, whereby one of my colleagues happened to mention, "Well don't pay too much attention to Russ, we don't know whether he's tendered his resignation from Cabinet, or not, but he's done these sort of things before."

At that particular time, Mr. Speaker, I did raise very very grave objections that I had to negotiations that had been conducted on behalf of the government by our negotiators with the group of doctors. I want to say Mr. Speaker, those objectives have not dissipated at all. I am still of the opinion that in negotiations between the MMA and the government, we let the little fellow down. People wondered when I had said that I was tendering my resignation from Cabinet - there was much speculation as to whether I was or whether I was not - but I was adhering at that particular time, Mr. Speaker, to a principle that has been my principle - a principle that I believe has been enunciated by many people in this House - that to those who have not shall be given, and to those that have should either be taken away or it should be shared with them. In my opinion, Mr. Speaker, this has not been the case insofar as negotiations with the Manitoba Medical Association.

I say, Mr. Speaker, this because I know of the whole background before it was decided upon that the Manitoba Medical Association would be the chosen unit for the purpose of negotiation. I knew at that time as soon as the announcement was made that the doctors of Manitoba were going to use the doctors in the employ of the government as tools for future negotiations for their own fee schedules under Medicare - and talk all they like, Mr. Speaker, I am still of that opinion and make no apologies for it. It was very very evident as we followed the negotiations through the paper that this was the game that was being played. And I want to warn, Mr. Speaker, this government, I want to warn the taxpayers, the premium payers,

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(MR. PAULLEY cont'd) no matter how it is done that sooner or later they're going to have to pay for the mistake that was made by the Manitoba Labour Relations Board in declaring that the Manitoba Medical Association was a fit unit to bargain for some 50 odd doctors in the employ of the Government of Manitoba. That decision, Mr. Speaker, was contested in the courts, contested by whom? It was contested by the employee representatives of Manitoba Employees Association. The case was lost in the Court of Appeal, and in my opinion, Mr. Speaker, the case could well have gone to the Supreme Court of Canada to illustrate that here we had a group of about a thousand people, namely the doctors of Manitoba, who were bargaining on behalf of their colleagues without having really an actual relationship with them insofar as a normal practice as is adhered to in collective bargaining and collective agreements. It was a a kettle of different fish, Mr. Speaker.

Is there any reason that I, who has had some association over the years within the Trade Union movement, would rebel at such tactics and such antics. I was selected as a Member of Cabinet to head up a team of three in negotiations with the government employees of our province. I relished that opportunity; I looked forward to an opportunity of attempting to overcome some of the difficulties presently prevailed within the Civil Service. Oh, my honourable friends opposite they are so wont, and they so dearly love to talk about the over-abundance of civil servants but at the same time historically they have opposed the payment of decent wages to the civil servants of the Province of Manitoba, and I was looking forward with relish, Mr. Speaker, in trying to overcome some of the difficulties with which our civil servants in Manitoba were confronted with, despite, despite the chastisement, despite the criticisms of the Conservative Party. I feel, Mr. Speaker, that I was thwarted in that endeavour.

I note in many articles reference being made by the press media as to what I meant when I spoke as I did the other day. I knew of what I was speaking, I was speaking of an opportunity to help out the downtrodden, in my opinion, and I was prepared to accept that challenge. I was chastised by members of this Assembly and chastised by the press and others. If this is what you mean, get out and give us your resignation. Well, Mr. Speaker, I want to say I did think of that, and I felt very very seriously about so doing, and of course as we know here this is the prerogative of the First Minister so to do. I have received many communications from one end to the other of this great country of ours, and I'm not trying to duplicate or imitate what my former friend Wally Miller used to say when he'd stand up here with an armful of letters and said, "Look at all the correspondence that I have received." But I do want to say, Mr. Speaker, that I have a considerable amount of evidence, and you can judge me for what I am or for what I am not, I have obtained a considerable amount of correspondence. I'm not trying to cast platitudes on myself, who have said, "Thank God at last we've got a politician who is prepared to stand up and be counted on a matter of principle." I've given a lot of thought, Mr. Speaker, to this. I note in a Tribune Editorial on April 26th a caption called the "Perils of Paulley", and it is so . . .

A MEMBER: Which one?

MR. PAULLEY: This one. There are Paulley's who have many perils. Maybe this one on this particular case, Mr. Speaker, has more than my counterpart.

It says in one of the quotes: "Mr. Paulley ended his remarks with the words, 'It leaves me no alternative to say to my Premier, whom I dearly love, find someone else to take my place'." There was a lot of interpretations, Mr. Speaker, placed on what was meant by that, and I spend a considerable period of time today to try and clarify that, and I leave the clarification in the hands of this House and in those that control this House. And I would like, if I may, Mr. Speaker, if I have time for about five more minutes, seven more minutes, just to read what I wrote today. With heaviness of heart but yet at the same time I felt a sense of responsibility, and here I go.

"As you are now aware an application was made by the Manitoba Medical Association to the Manitoba Labour Board on December 10, 1973 to be certified as bargaining agents for the doctors employed by the Department of Health and Social Development. This application was granted by the Board and subsequently upheld by the Court of Appeal following consideration by the Court of Queen's Bench. As I recall the opposition to the application was made by the Manitoba Government Employees Association, albeit the Crown Attorneys were of the same opinion that the doctors concerned came under the general aegis of the Civil Service Act. It may have been in the best interests of Manitoba to take the case to the Supreme Court,

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(MR. PAULLEY cont'd) but such was not done. Due to the particular wording of the Civil Service Act of Manitoba each Cabinet Minister of the Crown is the employing authority of that department. As a result the Minister of Health and Welfare was in effect the employing officer of the doctors concerned, and he named the negotiators in the dispute between the doctors as represented by the MMA and the Government.

"I was designated by the First Minister to hold a watching brief over negotiations between all segments and employees connected with government agencies and corporations to ensure as closely as possible reasonable uniformity of salary and fringe benefits respecting the various negotiations. This I attempted to do, and have done so with varying measures of success.

"I was also named as Chairman of a three man Committee of Cabinet to conduct negotiations with the Civil Service. The Committee was charged with the responsibility of conducting negotiations with the Manitoba Government Employees Association to endeavour to arrive at a reasonable collective agreement with our government employees.

"The negotiations for the doctors and the government which were arrived at, and when it was arrived at a proposed collective agreement which in my opinion threw out of kilter the ground rules so laid down by the First Minister, namely, a ratio of increase in salary which would be related to salary levels and inflation. The suggested rate of increase to doctors, plus added fringe benefits to the lower categories of salary levels makes a mockery of the principle enunciated by the Premier, namely, to those who have not shall be given, to he who has shall be reduced or taken.

"As you can gather from these remarks I am greatly disturbed by the results of the negotiations conducted on behalf of the party of which I have been so long a part. In view of the position I have taken regarding the outcome of negotiations with the Manitoba Medical Association I feel I can no longer be a Member of the Committee negotiating with the Government Employees Association. It had been my hope we could have arrived at a reasonable and fair collective agreement. This still may be possible, Mr. Speaker, but in view of my position regarding negotiations between the MMA and the negotiator of government I ask my Premier to relieve me from the Sub-Committee of Cabinet. Some may say, Mr. Speaker, I am running away from my responsibility as a Minister, and I am prepared to take that chance."

MR. SPEAKER: The Honourable Member for Swan River.

MR. BILTON: Mr. Speaker, I move, seconded by the Honourable Member for Roblin, that the debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable Attorney-General.

HON. HOWARD PAWLEY (Attorney-General) (Selkirk): I move, seconded by the Honourable Minister of Industry and Commerce, 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 and carried and the House resolved itself into a Committee of Supply, with the Honourable Member for Logan in the Chair.

COMMITTEE OF SUPPLY - CO-OPERATIVE DEVELOPMENT

MR. CHAIRMAN: I refer honourable members to Page 7 of their Estimate Books. Co-operative Development (Northern) - Salaries, wages and fringe benefits \$125,500 - pass? The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I wonder if the Honourable Minister is in a position to give us details of the approval by the Co-operatives Loan and Loans Guarantee Board of \$800,000 to the Southern Indian Lake on June 25, 1973.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. BOSTROM: Mr. Chairman, my discussions with the former Minister on this particular item indicate that although the guarantee was probably consummated on that date, that the application for such guarantee had taken place much earlier than that, and in fact it came about as a result of some nervousness, I guess you could call it, on the part of the granting agency, CCSM --(Interjection)-- lending agency rather, that they had extended their loan to the Co-operative beyond the amount which was guaranteed earlier and they had some nervousness about it, and had made notice to the government that unless a guarantee came forward to cover the amount of the loan that they would proceed to take action of some kind. So that this was the

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(MR. BOSTROM cont'd) reason behind the eventual consummation of a guarantee on the date in question.

MR. SPIVAK: I wonder if the Minister can indicate whether the loan guarantee of \$800, 000 was a matter approved by the Co-operative Loan and Loans Guarantee Board or was it approved by the Premier and/or the Cabinet.

MR. BOSTROM: Mr. Chairman, as I understand it the Board considered it and recommended it to Cabinet for approval, and it was formally approved by Cabinet.

MR. SPIVAK: Is the Minister suggesting that three days before the election a Cabinet meeting was held to approve this loan, or the Cabinet meeting was held after the election. The Cabinet meeting was held before the election? When was the Cabinet meeting held that approved the \$800, 000 loan to Southern Indian Lake?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: . . . participate in the debate in that the questions that are arising have to do with a time that I have some knowledge of. However, without, you know, having had an opportunity to research the matter I have to say I speak from memory, but I believe that those decisions were made in advance of that period of time. You know, there has to be some discussion over a period of time to arrive at a decision. So that fact that the guarantee may have been made on a particular date should not lead anyone to think that the subject matter was not broached for some period of time prior.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I wonder how we can reconcile that statement with the statement of the Minister, that the Co-operative Credit Society threatened to close the facilities unless payment was made. If in fact the matter had been negotiated prior to that, there should have been no difficulty in anyone assuming that there were going to be responsibilities assumed by the government. I wonder if the statement, by either Minister, is entirely correct, or may very well be misleading as to what took place. I wonder if really the minutes of the Co-operative Loan and Loans Guarantee Board on this particular matter, if furnished to the members of this committee would substantiate the position of either Minister, and I would ask formally, Mr. Chairman, that the minutes be produced of this loan and placed before this committee for our consideration.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. BOSTROM: Mr. Chairman, the minutes are not a matter of public record, although it is possible, I suppose, to bring forward minutes of a meeting to show when a guarantee was made, at least as far as the Provincial Auditor is concerned, Mr. Chairman, who is in the process of investigating and reporting on all of the matters relating to this. The Provincial Auditor has certainly reviewed the minutes, and if there is any evidence of anything unusual he would bring it to the attention of the Legislative Committee, and certainly he has not brought anything to my attention, as Minister, of anything improper in this respect.

MR. SPIVAK: Yes, Mr. Chairman, we on this side are sort of concerned about the improper use by the Minister of the authority of the Provincial Auditor. His responsibilities do not cover the kinds of things that the honourable member has suggested. If in fact authority is given, whether retroactively or whatever, that simply means that the legal authority's been given. It's not up to the Provincial Auditor to trace the reasons for any decision or what took place. We are in this position, Mr. Chairman, the Provincial Auditor is not a party to this one way or the other. What we have to be concerned about is the legal authority that the Co-operative Loan and Loans Guarantee had; how did the Co-operative Credit Society extend credit up to \$800, 000, or even higher, or even maybe an amount less than that; on whose advice did they loan the money, and what security did they have, and how did the final decision come to be made three days before the election, of the approval of a loan of \$800, 000, which, Mr. Chairman, happens to be at this point the highest loan of the Loan and Loans Guarantee Board, and which at this point, Mr. Chairman, one can say will have to be written off entirely. It will not be repaid, so the taxpayers are stuck.

And I think, you know, Mr. Chairman, we are entitled to know how this loan came about; at what point the decision was made; and when the Premier or the Cabinet instructed the civil servants who were the officials of the Co-operative Loan and Loans Guarantee Board to, in fact, provide the guarantee for the \$800, 000. --(Interjection)--

MR. CHAIRMAN: Order. The Honourable Minister of Co-operative Development.

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MR. BOSTROM: Mr. Chairman, the matter has been answered, I would expect, to the satisfaction of the honourable member. He's received an answer from myself, from the former Minister. There's really not much more that I can add to the matter other than to point out that there's no effort being made to hide the date at which the formal guarantee was made.

In any case, Mr. Chairman, the decision to go ahead with the South Indian Lake plant was taken many months, if not years, before the election of 1973, and in fact the construction was completed. The loans were granted in the first instance, as I understand it, on the basis that there would be greater federal funding available for this project than there eventually turned out to be. In fact, Mr. Chairman, as I tried to explain the other day, and which the honourable member seems to doubt the validity of, there was originally good reason to believe that the plant at Leaf Rapids would be eligible for a special ARDA grant of 80 percent of the final value, and Mr. Chairman, the individuals working on that project from both the Co-operative Development Department, plus the local field officers of Indian Affairs, were quite sincere in their beliefs that this would be the final outcome, that there would be an 80 percent grant forthcoming from the special ARDA section of DREE. And Mr. Chairman, as it turned out this didn't come through, but in fact, Mr. Chairman, there were funds loaned, funds loaned as I understand it, from CCSM on that basis, that there would be a grant forthcoming from which their loan could be repaid.

Now, Mr. Chairman, if there was some anxiety on their part and that anxiety came to a head in June of 1973, or a month earlier, that was merely a coincidence. In fact, as I was saying, the building was already up and, Mr. Chairman, they were probably getting word at that time that perhaps the federal funding was not coming through and therefore they felt the need for further guarantees. And the fact that these guarantees were made, my honourable friend seems to be implying that this would have some effect on the outcome of the election. Well, that's complete nonsense, Mr. Chairman, because the plant was already in place in Leaf Rapids. The South Indian Lake people wouldn't have been aware one way or the other if there was a guarantee made. So who would have known one way or the other? What difference would it have made to anyone whether or not there was a guarantee or not a guarantee, the loan had already been made.

MR. CHAIRMAN: Order please. The honourable member will have to speak from his own seat. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I believe that I might be able to add some light to the discussion for the benefit of the Leader of the Opposition - and again I would have to trust memory since I didn't think that this would be a matter that I would be dealing with this evening - but as I recall the situation, Mr. Chairman, the Co-op Credit Society provided bridge financing in anticipation of grants that were to be received from Indian Affairs and DREE, part of which did come through and part of which did not. But in any event, subsequently, when they realized that they were not going to receive all of those grants, my understanding of it is that they had approached the department suggesting to the department that they could not carry the outstanding amount beyond that period of time, and that the department had to do something about it in that their understanding was that it was only bridge financing, and that there was some, if not legal, moral obligation on the department to intercede to pick up the guarantee on the total amount. That's a recollection of the discussion, and I'm not sure of my timing, I would have to check the records. But Cabinet did authorize the board to go beyond \$100,000 some time during those deliberations and discussions, but at that point the plant was in operation and the fishery was about to commence operations for that summer season, and the question of whether or not the fishermen would go out on the lake had to do with whether they had a plant to facilitate their season, and it was a timing coincidence, there's no question about that, the fishermen were ready to go out. The plant was being threatened to be closed down by the creditor, namely, the CCSM, unless someone took some action, and the action that the province took was to simply pick up the guarantee to make sure that the fishery would continue, in anticipation that they would undertake to try and realize on all of the grants that were to be forthcoming. And that's the position we found ourselves in at the time.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I would be inclined to believe the Honourable Minister, and the Minister of Co-operative Development, if the statements that have been furnished in this House and even

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(MR. SPIVAK cont'd) if the statements tonight were true, but they're not, and I'm going to document them, so then when I document them we'll see how accurate he's been.

He's indicated here that somehow or other there was going to be 80 percent financing from a special ARDA agreement, that was the hope for Southern Indian Lake. And Mr. Chairman, what really was the situation, what the true story is, that there was never an indication that there was going to be 80 percent financing, but rather that there was going to be 50 percent of the cost paid with 80 percent of the money to be paid towards completion. Now, Mr. Chairman, that's a very different story than the story that has been told by the Minister, and it's a very different story than has been represented here. I have two documents in front of me, both of which have been addressed to Southern Indian Lake Co-operative, which deal with the offer that was made, which indicate 50 percent financing and 80 percent payment. I have the amount of August 17, 1973, in which reference is made to the actual contractual arrangements, and the amount of 80 percent is paid.

Now the problem, Mr. Chairman, that we have in all of this, when we asked our questions on the Co-op Federation, we were told by the Minister it started in 1970; now we know it's 1972. You know, when we asked the question when it got its first loan, we were told it got it in the year 1972-73. Then the Minister next day came back and said no, it was in the year 1973-74. Well, you know, those mistakes are made, but on the other hand, you know, there's a consistency of error here which is very revealing, because there is something that is rather strange and bizarre in this whole situation. And it goes back to the whole question of the credibility of the department and of the officials who furnished some of the information. Consistently wrong. Last year and now this year. And we're faced with a situation that the Minister can stand up, present facts that are not so, and no one on that side seems to be concerned about why it's happening, and no one on that side seems to be concerned about determining why this information is being furnished in this way. Now, in both cases - and the correspondence is here - there's an indication of the special ARDA amount of 50 percent, with 80 percent of the money to be paid. That was the contractual arrangements of December 20, 1972. And that was the . . . --(Interjection)-- Yes.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. BOSTROM: I'm not sure what the honourable member is referring to, but the 80 percent, as I understand it, was the formula used for primary producing type activities. Now special ARDA had that kind of thing. Is the member saying that the 80 percent was to be 80 percent of the half of the figure? Or what is he talking about.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, it's rather strange. The Minister is trying to cross-examine me about the information he's supposed to furnish to the House. What I am saying - well, I am saying to him I have the documents. I have the documents in the contractual relationship from special ARDA where there was 50 percent, not 80 percent, but 80 percent of the moneys would be paid, and the government keeps representing that they were looking for 80 percent of the cost to be borne, and at all times those officials who were responsible for this mess knew that there was a tremendous shortfall in the money, and knew, and had to know, that there was no way in which a million dollar plant was going to be paid for out of a \$350,000 payment to come from special ARDA, so that at all times they knew that there was going to be problems of shortages, and the Co-operative Credit Federation who loaned the money - and I don't know what was represented to them; I'm not in a position to know that. That's one of the reasons why a formal inquiry is required, to understand specifically what representations were made to them and how and in what way they applied pressure, prior to the election, to get the government to come through with an \$800,000 undertaking.

Now, Mr. Chairman, that undertaking couldn't be made by the civil servants, whose power I believe is limited to \$100,000, if I was correct. It had to be approved by government, and I'm not suggesting there was a cabinet meeting three days before the election, but I'd like to understand how the civil servants, whose power was limited to \$100,000, could commit \$800,000 three days before the election by Order-in-Council, it was passed three days prior to the election. The government met three days before the election --(Interjection)-- I don't know when it's dated. Well, Mr. Chairman, let the government produce it. What I'm concerned and want to understand, at what point the government and its officials, the Minister and the Premier, became aware of the fact that they were going to have to undertake the completion

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(MR. SPIVAK cont'd) of the obligations of the Co-operative Credit Society. And, Mr. Chairman, we then can determine whether that alerted the government to the problems that existed in the Department of Co-operative Development, and what did they do after the period of time. Because the Honourable Minister of Agriculture keeps saying that the attempt to correct the situation was already recognized by the government by October of 1973. When they had to put up \$800,000, it's pretty obvious that they knew there was a problem. --(Interjection)-- Well, what is required is information, and what I would like to see produced in this House is the minutes of the meeting of the Co-operative Loan and Loans Board, which approved the \$800,000 loan, and if there is a minute that makes a request to cabinet, that minute should be produced as well, so that we understand on what basis they could justify the government coming forward and applying \$800,000 to this project. Because Mr. Chairman, the reason that this project developed to the kind of cost that it did, was, as the Provincial Auditor said, planning and construction of the plant under the direction of the department by way of power-of-attorney was not carried out in a sound businesslike manner. And I want to know what kind of judgments were used by the government to determine that that obligation should be assumed, what information they had to indicate that it was being carried out in a sound businesslike manner, and at that time when the commitment had to be made, what action did they take to try and correct what was obviously a serious problem within the Department of Co-operative Development, who were responsible for escalation of costs from an original projection of \$300,000 to a million dollars.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I believe, and I think the record can be brought forward and I would like to do so at the earliest opportunity, but I think it can be stated here for the moment that the Cabinet decision was simply a decision to empower the Minister in charge to allow his board to go beyond the \$100,000. It was a decision amending a regulation on the limitation, yes, on the limitations authorized by that board, or the waiver of. Now it didn't require, as I recollect, a specific cabinet meeting to authorize that extra amount beyond whatever limitation we had at the time. Now I would have to check the record but, as my memory recollects, I believe that's the way it was proceeded with.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, then what the Minister is saying is that the cabinet authorized the Co-operative Loan and Loan Board, chaired by the Deputy Minister, to in fact guarantee to the Co-operative Credit Society a loan for \$800,000, a loan that was to cover costs of a plant constructed by the department under the direction of the Deputy Minister, who in turn was the same person who was going to loan the money. Well all right, let's understand that. Let's understand that very clearly. The Deputy Minister is chairman of the Co-operatives Loan and Loan Guarantee Board. The secretary is, I believe, one of the directors or is a member within the department. One of the directors within the department. They were responsible for the supervision of the Southern Indian Lake Co-op. The Southern Indian Lake Co-op had given the department a power of attorney. The construction was not carried out in a sound and businesslike manner. There was no construction budget, no feasibility studies. The original contract was approved for the main building. The project was expanded, at least, by way of change orders. All of these things, done under by the power of attorney exercised by the department, and the government allowed the chairman and the secretary to commit the government to \$800,000, none of which will be able to be paid now, Mr. Chairman.

MR. USKIW: After the fact.

MR. SPIVAK: After what fact? The fact was that it was the government who in fact were constructing this. It was the chairman and it was the secretary, who were the officials of the department, who were supervising the construction of a plant that they ultimately committed the public to pay for, and then we ask the Minister and the Minister of Agriculture on the government, what did you do when you found out about this? And they said, "We did nothing. We reorganized." Well what kind of reorganization did you do? Either these people were given the authority by government to commit the \$800,000, or if they were not given that authority by government but given authority generally to be able to commit over \$100,000, then you allowed them to finance their own incompetence. And you allowed them, Mr. Chairman, to pay public money, or to commit public money for their actions, and now when we question

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(MR. SPIVAK cont'd) their actions, we are told that, you know, we're muckraking. And when we say that their judgments are faulty and that public money has been committed, public money has been committed over which they had control for projects which are obviously undertaken in a disorganized manner for which they are responsible, then what we get from the members opposite is that when you started reorganizing in October of 1973 and the Provincial Auditor is still investigating these matters, that nothing else has to be done.

Mr. Chairman, the government can't have it both ways. And I'm not sure that they even know what the true facts are. I'm not sure that they really know. And I must say this, at this point, based on their answers, that my direction is on the officials involved. But I would say, Mr. Chairman, if the officials only carried out the orders given to them by the Minister or by the Premier, then the Minister and the Premier ought to have the guts to stand up here and say what the story was, because the Deputy Minister does not have to take the blame in this. He was chairman of the Fund. Now, either he acted on his own or he acted on authority. If he acted on authority, then that responsibility rests with the government and we'll debate that. And we're going to want to know a lot of facts about that. But if he acted on his own, then I think the whole question of this conduct and the conduct of the department come into play in this debate.

And so I say to both Ministers, the former Minister and the present Minister, we are entitled to know, we are entitled to have an answer, and we are entitled to have the information accurately so that blame is attached on our part, our judgment as to blame. The members opposite may say there's no blame, but it at least is attached to the group of people who are responsible. But on the face of what the Minister is saying, he is saying that the chairman and secretary had that authority, made the commitment, and the commitment, Mr. Chairman, was to cover up, obviously, incompetence and mismanagement.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, what the Leader of the Opposition is suggesting here is that the Department was in charge of the construction project, and that in every case where the department's personnel are involved by way of powers of attorney that it is the department that is running the project, and the way in which the operations were carried out it is quite opposite. The departmental personnel, while they were active in the northern area of this province in assisting the various co-operatives in their program, were acting under powers of attorney which were not the powers that were insisted upon that they be given by the province, or by the department, but by the local co-operative, who asked them to undertake those powers to run their project for them or to assist them in the development of their project. So that those decisions that not normally flow across the desk of the Minister, and I'm sure not across the desk of the Deputy Minister, those decisions were between the local co-operative board and a departmental staff member who was in the field trying to assist them in those projects. So the Leader of the Opposition should not try to suggest that the Deputy Minister or the Minister of the Department was in a position to make those decisions during the construction phase.

MR. CHAIRMAN: The Minister of Co-operative Development.

MR. BOSTROM: Mr. Chairman, in my conversations with the Provincial Auditor on this - and I've talked to him just as recently as the other day - he has indicated to me from his investigations of this construction and plant at South Indian Lake, that he's satisfied in his own mind that the people who were operating in the construction of the plant and the planning of it, the people who were negotiating with the Federal Government on behalf of the co-operative at South Indian Lake, were acting in a sincere way, and that he felt from his investigations that they sincerely believed that there was going to be a major part of the funding forthcoming from the Federal Government. And in this case, Mr. Chairman, it is expected that this particular operation would be funded under that section of the special ARDA agreement which related to primary producers, in which case there would be an 80 percent grant on the total, the total of the project.

Now Mr. Chairman, this project proceeded under that assumption. And the Honourable Leader of the Opposition can allege otherwise - that's his prerogative - but the fact is, Mr. Chairman, these are the conversations I've had with the Provincial Auditor. He has inquired. He has the power to summon witnesses, to interview people, to examine people under oath, and Mr. Chairman, in his investigations, these are the conclusions that he has informed me that he has come to. And if the Honourable Leader of the Opposition would read a little bit further in his

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(MR. BOSTROM cont'd) report on South Indian Lake, if you look at the last part of his report on the South Indian Lake plant, that in fact when the plant has been evaluated by a qualified group from Public Works, that it was found that there was good value for the money spent. So, Mr. Chairman, he can allege mismanagement, he can allege poor supervision of construction, but Mr. Chairman, the facts bear out that there is good value there for the money spent, and I just don't see how he can continue making that argument.

. . . . continued next page

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MR. CHAIRMAN: The Member for Roblin.

MR. McKENZIE: Well, Mr. Chairman, I just can't believe that this is a government that's across here. We heard the Minister of Labour espouse here tonight and give us another tear-jerking speech about the responsibilities of the Minister, a cabinet Minister. My gosh, if that is a government and those statements that are made by the Minister of Labour is sincerity to his oath of office in cabinet, I'd like him to go and review it and take another look at it again. I'd also like to challenge these two ministers across here to go back and review their oath of cabinet, what it means to be a cabinet officer and what it means to be left in the trust of public funds that belong to the people. And for us here tonight to try and justify \$800,000 of public money, we can't get it clear. And all this mumbo jumbo that we're getting from Ministers of the Crown, Cabinet Ministers, Mr. Chairman, and the committee cannot get the minutes, we can't get the facts, two Ministers giving us various statements, who can we believe, Mr. Chairman? Who can justify? Where is the \$800,000. Who spent it? Why was the Co-op built there in the first place? And all this. It's the most unbelievable story that one could . . . You couldn't possibly think that that could happen to a government in this province. Two Ministers of the Crown, three tonight. Now we don't know who's responsible, who's telling us the truth, and we of the Opposition are supposed to somehow take back to the people of this province and justify the money that you're spending. I say, Mr. Chairman, to the Minister, let us see the minutes of all the meetings that were held by the Board, document everything. Then we'll understand maybe and then we'll believe you.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I think that when we start to deal with some of the other co-operatives, the requirement to have the minutes produced will be a necessity, or to have someone who has the power of a formal inquiry to look at those minutes will also be necessary. One or the other. Because I do not believe and I must tell the members opposite that they are not going to have this disappear. The record is clear and the answers given have not been truthful, and they continue not to be truthful.

A MEMBER: It's Nonsense.

MR. SPIVAK: Oh no, it's not nonsense. I want to suggest again that the answers that have been given in this House continue not to be the whole story, continue not to be the truth, and continue to mislead this House in intent.

Well, let's talk about the Southern Indian Lake Co-op. All right - Here's a letter dated August 17, 1973, from the Department of Regional Economic Expansion to Mr. Dysart, who is President of the Southern Indian Lake Co-op. It encloses a cheque for \$303,000, being "the first payment of financial assistance to be made under the special ARDA Agreement, in respect to the project which is described in your application dated September 28, 1971, and for which subsequent information was provided by you and by the Provincial Department of Co-operative Development, whose offices have been given your power of attorney to act on your behalf."

So, Mr. Chairman, who spent the money? The fishermen or the Department of Co-operative Development? Oh, the Minister of Agriculture yells "The fishermen." The fishermen gave a power of attorney to a bunch of incompetents who went ahead and committed \$800,000, and who then had authority on behalf of the government to commit to the loaning institution \$800,000 for a plant that the fishermen are not going to be able to pay and which will have to be written off entirely.

Now, Mr. Chairman, let's understand what the members opposite are saying. They're saying that the fishermen gave a power of attorney. Having given the power of attorney, what was done was done on the fishermen's behalf. Legally that's true, but it's pretty obvious from the Provincial Auditor's report that the people who were doing it didn't know what they were doing. He says it was not carried out in a sound and businesslike manner. It was expanded by way of change orders to contracts. The tendering system was not used to establish prices, either for the main construction contract or for the equipment purchased. The arrangements were made with the Department of - I'm sorry, this was for a study. This is what he says. He says, "These people on behalf . . ." Well, it's now relevant - I'm sure the Minister gets no satisfaction out of those few lines.

Basically what he is saying is that the Department people, exercising their power of attorney on the fishermen, built a plant, and then on behalf of the fishermen they had to finance

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(MR. SPIVAK cont'd) it. So what did they do? They exercised the authority they had to guarantee and commit the government, and so they committed the government to \$800,000 for a plant that they built on behalf of the fishermen. And no one's questioning the legal basis of this and it isn't suggested that there is any wrongdoing here. What we are suggesting is that someone has made an error which is going to cost the taxpayer money, and who is it? If it is the Ministers who instructed the officials to loan the money, then the Ministers have to take the responsibility. But if it is not the Minister, then I suggest that you've allowed the Deputy Minister, a secretary of the loaning board, to have authority to commit public funds to basically cover up their own mismanagement and inefficiency.

Well, Mr. Chairman, I've never suggested that with respect to this, but I want to say this to the honourable members. How do you justify the \$800,000 that they committed, and how do you justify no shake-up of the Department, and how do you justify the same people continuing in the same degree of responsibility? That's if they did it. But it would be incredible, Mr. Chairman, if they acted under instructions and the Ministers and the government did not stand up and say, "We ordered them to do it." Because that's what ministerial responsibility is all about. And, Mr. Chairman, at this point I don't know which is the right answer. And so far, from the members opposite, we do not have the right answer coming. We have the suggestion by the Minister that he believes that authority was given to expand the \$100,000, but I want, Mr. Chairman, for either the former Minister or the present Minister to say, "We took the responsibility," or "They took the responsibility." And, then, Mr. Chairman, if they say, "We took the responsibility," I want to know when, and what information was given, and what action they undertook to try and at least settle what obviously was a very serious problem of management within their own department.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Chairman, I want to tell the Leader of the Opposition again that the original concept was in fact, as I understand it - and it is not a governmental concept, it was the concept arrived at between the local Indians in South Indian Lake and the staff of the department - that the Government of Canada was going to pick up 80 percent of the cost of that plant. Now the Leader of the Opposition says that is not true because it is not shown in the document, and then he had the nerve to quote a document dated August of 1973, which is after the plant was already in difficulty, Mr. Chairman. He's not talking about the discussions that took place prior to the building of the plant, he's talking about the time after the plant was already built and when the DREE people did not come through with the 80 percent of the money. That's what he's talking about, Mr. Chairman. So let him not mislead the House.

MR. SPIVAK: Mr. Chairman, now we'll deal with a document dated December 20, 1972, and I'm going to read it in the record. And I'm going to tell the Honourable Minister that the first thing he'd better do is get his facts straight and not try again to mislead this House and not tell the whole truth. Because, Mr. Chairman, what the honourable members opposite are trying to develop is a myth. They are trying to develop somehow or other that there was an obligation or an undertaking, or there was an attempt for an undertaking, for the Federal Government to pick up 80 percent. Well let me deal with the actual commitment, the commitment dated December 20, 1972:

"I'm pleased to inform you, on behalf of the federal Minister of the Department of Regional Economic Expansion and the Premier of Manitoba, that an offer of financial assistance as recommended by the Special ARDA Committee has been authorized under the provisions of the Special ARDA Agreement. This offer is being made on the basis of the information submitted in your application dated September 28, 1971, and the subsequent information received from you and Mr. Hryshko of the Provincial Department of Co-operative Development, who has been given your power of attorney to act on your behalf. This offer of financial assistance is being made in respect of the construction of the fish handling plant, acquisition of two fishing boats, construction of a repair shop, construction of two warehouses, construction of a dining hall, the operation of these facilities which are to provide direct employment for 30 people. These facilities are to be located at Leaf Rapids in Manitoba.

"The amount of financial assistance being offered by the federal Department of Regional Economic Expansion is estimated at \$369,432, which has been determined on the basis of (1) 50 percent of the capital cost of the eligible assets required to expand and modernize the

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(MR. SPIVAK cont'd) facility." And I'm going to quote without going through the whole thing. "Payment will be made at the time of 80 percent of the amount of the financial assistance then estimated to be payable on the approved capital cost of the eligible assets."

Now, Mr. Chairman, what the honourable members opposite are doing is attempting to mislead this House by suggesting that they were trying to negotiate an 80 percent capital cost payment from the Federal Government. That's not so. The agreement was for 50 percent with 80 percent of the capital costs, or the amount of financial assistance being provided by the Federal Government, to be paid over. And so what the Minister has done is substituted two percentages to try and create an impression, which I suggest is not the case and will not be borne out by the facts, would not be borne out by any inquiry.

Now the issue has nothing to do with wrongdoing because, Mr. Chairman, it's fairly obvious that the people who were involved in the Co-Operative Loan and Loan Board had the authority to commit \$800,000, and either that authority was given by the government and they did it under instructions of the government, or they did it by . . . Either way, Mr. Chairman, the members who had the power of attorney, who knew that money was going to have to be realized - and, Mr. Chairman, I don't know whether the credit, the notes, the loan that was made with the credit institution was signed by the members of the Department of Co-operatives or signed by the actual people who were in the Co-operative. I don't know that, and I'm not sure that the Minister knows that, but it would be interesting, Mr. Chairman, to see who signed those notes, and how the credit was extended, and what security the credit union had, and what obligations they believed the government would undertake. And, Mr. Chairman, if in fact they were led to believe by the officials of the department that the government was going to commit itself to payment of the money, how do the officials know that? Did they have the authority of the Minister? Did the Minister tell them to commit? I mean these are all relevant to understanding the ministerial responsibility. And, Mr. Chairman, we don't know what the full story is. It has nothing to do with the Provincial Auditor and has a great deal to do with the way in which they operated.

All right. The authority given for the Co-operative Loan and Loan Board to commit is one thing, the authority given to the officials as having a power of attorney to borrow money - because this is not bridge financing, Mr. Chairman. They borrowed money beyond the money that was going to come from DREE. Where did the officials expect that money to come from? Did they have a guarantee from the Minister that the government would pick it up? They only had authority themselves to loan themselves, or loan the Co-op which they managed, \$100,000. How did they think it was going to be paid? How were they going to account for an overage? And those, Mr. Chairman, are the questions that have to be answered and remain unanswered at this point, because it seems to me that it came at a crunch three days before the election --(Interjection)-- Oh yes, and I'll tell you why it came to a crunch, because the Co-operative Credit Association demanded, before there was a possibility of a change of government, that the government commit. And, Mr. Chairman, if an inquiry took place it would show that the government was put into a position of having to guarantee, or there would have been some public statements prior to the election, or the plant would have been closed.

Well, Mr. Chairman, -- (Interjection)-- Is that right? Well, Mr. Chairman, I'm not sure that the Honourable Minister would have been that happy. I'm not sure that he even knew about it. Well, I'm not sure that he knew anything about it.

But, Mr. Chairman, I'm quite sure - and I'm now reading from a memo. "In June 1973 the Co-operative Credit Society of Manitoba demanded that the Co-op repay the loan which had been extended to it. It threatened to close the plant down unless the Co-op complied. The Province, to keep the plant open, decided to guarantee the entire amount extended up to \$800,000." And that guarantee came three days before the election. Okay, I suggest, Mr. Chairman, that the explanations given by the members opposite are not the whole story, and I suggest as well that only a formal inquiry will ever determine that. Because what we've had here is a constant repetition of half truths.

I'm now going to say to the former Minister, during the period of time from 1972 on, when construction was taking place with respect to the Southern Indian Lake Co-op, and when commitments were being made beyond the amounts of money that were going to come from DREE, was the Minister aware that his officials exercising their power of attorney were committing the co-operative to extensive commitments of capital funds that in fact were being

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(MR. SPIVAK cont'd) borrowed from the Co-operative Credit Society? Did he instruct them to continue on? Did he ask for an accounting? Did he ask for any information, or did he know anything about this at all?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Chairman, I think I told the Leader of the Opposition on many occasions prior, last year and, I'm not sure about this year but certainly last year, that the relationship as between the department and the fishermen was simply that of providing a staff person to assist them in the development of their program and their project, and that the powers of attorney that were given to the staff were given by the fishermen for the purpose of building the plant at Leaf Rapids. My involvement was virtually . . . Well, in fact, it was no involvement other than the normal provision of loan funds under the regulations of that day, which I believe had a limitation of \$100,000.

But I want to draw to the attention of the Leader of the Opposition one factor which he had completely ignored, and that is that the staff people that were assisting in the development of that project had been negotiating with the fishermen's group, with the Co-op, with Indian Affairs, and with DREE, for grants which would come from both of those agencies which should have totalled 80 percent of that project.

Now the Leader of the Opposition wants to only talk about the DREE commitment in this debate, but the staff that were involved in the negotiations left the impression with the department, I'm told, and certainly with CCSM, that there would be grants totalling 80 percent coming from two federal departments, but which only one of those departments came through. And the items that the Leader of the Opposition read into the record with respect to DREE are accurate, but what he didn't state for the record was the negotiations and discussions that took place with Indian Affairs, which did not come through with what was understood to be a commitment at that time on the part of the local fishermen and the staff who were assisting them in those negotiations. So there was full expectation on the part of staff and the local co-operative that they were building a facility that would be financed almost completely with government grants from both Indian Affairs and the DREE grant.

MR. SPIVAK: Mr. Chairman, I wonder if the Minister is going to be in a position to tell us whether his department operates on the basis of expectation or deals in a very businesslike way with commitments that are to be made. Well, Mr. Chairman, they were dealing with the department. You know, I do not have all the correspondence in front of me right at this moment, but, Mr. Chairman, I will bring that correspondence, and it will show that the department was involved in the original first planning right through. The orders were placed by the department. The department was in fact responsible for this. Under power of attorney, but the department was doing it, and I say then to the Minister, do his officials commit on the expectation that something is going to happen or do they operate in a businesslike way? Do they at least know where the money's going to come from before they commit on behalf of a co-operative which will have to receive a loan from the government because the co-operative has no money? I mean, how do they operate?

Now I don't care whether there was an expectation by somebody that something would happen. What I want to know is how they operated. How do they expect to get paid? I mean, do they just commit and spend money? Is that what they do? Just spend a million dollars in the expectation that something will happen? And, Mr. Chairman, if that's the case, what does the Minister do when he finds out about it? Does he say, "Well, that practice is a pretty bad practice, but we continue on." Well, who's continuing on? The officials are still there, Mr. Chairman.

A MEMBER: Where?

MR. SPIVAK: In the Department of Co-operative Development. Because the commitments were made by the Department of Co-operative Development, not by the fishermen. I mean, this whole myth that the fishermen are the ones who were responsible! They placed their faith in the hands of the people who were supposed to be competent. They placed their hands for the purpose of handling this affair on the assumption that the people would protect their interests. What the department did is mismanage this. But the problem of the mismanagement is a problem of understanding how they were able to spend and commit moneys to obtain loans and then able to cover it by the government coming in and in fact taking the guarantee of the bank - or guaranteeing the bank.

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(MR. SPIVAK cont'd)

Well, but the problem at this point is, you see, the difficulty is that if the Minister was aware of this then he should have stopped it and if he wasn't aware of it, I accept that that could be the case as well, then how does he allow his officials, who have control of that money, who in turn were the very same people who were committing the money in whatever expectation they may have had but with nothing in writing, how does he allow them to continue on with that kind of responsibility?

Well, Mr. Chairman, how does he allow the civil servants who have responsibility for committing and guaranteeing the credit of the province, the credit of the people, how does he permit them to continue on if, in fact, they spent money under a power of attorney in expectation that something would happen. I mean, is that businesslike? Is that the way you operate? --(Interjection)-- No. Well, what's not true? Well, let's understand, the Honourable Minister says what I said is not true. When they committed, and when they spent - when they committed, when they loaned money, did they have anything concrete to indicate that over and above the contractual arrangements with ARDA that I've referred to, that additional money was going to be forthcoming? All they had, from what the Minister said, is an expectation that something would work out. --(Interjection)-- Well, I know, but they still --(Interjection)-- Well! So credit was extended because they had an expectation, but they also had a responsibility. Surely their responsibility would have been to know at the end how the thing was going to be paid for. Surely they had a responsibility as development officers, concerned about the liabilities that would ultimately have to be paid by the fishermen out of their earnings, because they were protecting these people who did not have the sophistication, supposedly, of the development officers. Surely they had an obligation not to allow credit to be extended, or did they feel and believe, or did they know, that the government was going to pick it up anyway? And that they would have the control of the money to make the decision of the obligation that would have to be paid.

Now, Mr. Chairman, you know the answers are not clear, and it may be that both Ministers will have to huddle to determine how they're going to answer. But, Mr. Chairman, we can go over and over and over this again. The officials were allowed, they were allowed as a result of a power of attorney . . .

A MEMBER: Be given by whom?

MR. SPIVAK: . . . to be given by fishermen who did not understand what they were doing other than giving a power of attorney, and we can document that over and over again. They were allowed by a power of attorney to spend on behalf of the fishermen money that ultimately they themselves were able to guarantee to be paid for which the public will be done. --(Interjection)--

Well, Mr. Chairman, the Honourable Minister says, "no," but the same officials who have the responsibility for committing on behalf of the fishermen were in the position to guarantee the loans that had to be undertaken to pay for the goods, the capital goods that they had ordered. Now, the Honourable Minister says, "No." Well, I say to the Honourable Minister that that is the case. --(Interjection)-- Well, Mr. Chairman, their work was completed --(Interjection)-- They advanced the money in stages. They did that because of the representations of the members of the Department of Co-operative Development. --(Interjection)-- Well, isn't that wonderful. The credit institution loaned money to the co-ops on the representations of the Department of Co-operative Development who believed and had an expectation that money would be forthcoming. And I ask the Honourable Ministers opposite, is that a businesslike way of handling the affairs, is that a businesslike way of handling the affairs --(Interjection)-- is that a businesslike way of handling the affairs of someone whom you've taken a power of attorney over? Now, let's understand it, because, Mr. Chairman, the liability at that point was the liability of the fishermen whose interest were to be protected by the development officers, who weren't protecting the interests of the people involved. And what happened is, they were in a position because they had the power to commit the public to bail themselves out of a problem --(Interjection)-- Ah, come on, You know, Mr. Chairman, the Honourable Minister would like to use his logic to try and twist around the situation. Oh, well, oh well. Let me say this to try and put it in the perspective again.

I'm not sure that the Minister has explained the story fully. I'm not sure that the information he's given is accurate. I question whether the whole truth has been said.

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(MR. SPIVAK cont'd) --(Interjection)-- No, I know I won't be satisfied until we get an inquiry on this, Mr. Chairman, and I think that that inquiry would be very revealing -- (Interjection)-- the inquiry would be very revealing, Mr. Chairman, because the inquiry would be able to look at things that we can't see; will be able to look at documentation that was not available to us; be able to look at minutes that are not available to us and will not be furnished the government; will be able to interview people and to see the records of the financial institutions, the records of the commitments that were made; be able to examine the fishermen; be able to examine the officers of the department under Oath, and the ministers under Oath, and Mr. Chairman, as a result of that inquiry we would really know what has happened. But I would believe that the scenario would be something like this: The Minister did know, the Minister did know . . .

A MEMBER: Right.

MR. SPIVAK: The Deputy Minister exercised authority with the full knowledge that he had cover for what he was doing from the authority of the Minister. That in turn he obligated, he obligated the co-operative to a loaning institution for substantial sums of money with the full knowledge that in the final analysis it would be picked up by the Provincial Government, and that he would have the authority to use the Loan Board to commit it, and he knew, and as the Minister knew, that this would be in a position, that the Minister knew that ultimately they would have to be in a position to give the loaning board the authority to take the authority themselves. Mr. Chairman, the expectations that the Honourable Minister suggests that the members of the - no, the expectation the Honourable Minister suggests, I don't really believe existed within the department. As a matter of fact, the memo that was referred to Mr. Chairman, some time ago about the minutes, really referred to the fact that what happened is that the advances of the Freshwater Fish Marketing Corporation were used by the members of the department, were used by the members of the department as part of the bridge financing to keep this thing going, Mr. Chairman, that's what those minutes really said. And the allegations of fraud that have been suggested were suggested, because that was an improper use in terms of the money that was being advanced to the fishermen. And what really happened is that they dipped into that to be able to keep the thing going and, Mr. Chairman, the records will show, I believe, and I believe it will stand the test of a formal inquiry, that the Minister did know, that the Minister allowed this to happen, and that the reality was that the \$800,000 that the people of Manitoba are stuck for has come about, not just from incompetence and mismanagement, but has come about because of the tacit approval given by the Minister for this to take place.

MR. USKIW: That's nonsense.

MR. SPIVAK: And Mr. Chairman, by the Honourable Minister saying it's nonsense it does not in any way answer this.

A MEMBER: Why don't you read the letter into the record . . .

MR. SPIVAK: No, by the way, that was not a letter. That was the memo. That was your memo. That was the memo sent to you. --(Interjection)-- Well, I read that because that was the answer, Mr. Chairman, just like the answer of the 80 percent is the answer. But the reality is that they were given an offer that the government couldn't refuse a few days before the election. And Mr. Chairman --(Interjection)-- well, Mr. Chairman, you know, you can't have it both ways. If that's not the case, then I can't believe, Mr. Chairman, that officials of the department --(Interjection)-- All right, let's assume this --(Interjection)-- Yes, let's assume. The Minister says that that's not so. Okay. If that's not so, then he's asking us to believe that the officials of his department were able to commit on behalf of the co-operative up to \$800,000, and were able to do that without any expectation that the Minister would give them approval, without any expectation that the government would pick up the loan, and Mr. Chairman --(Interjection)-- well, the co-ops had no money. Where was the money going to come from? --(Interjection)-- Where was the money going to come from? --(Interjection)-- Where was the money going to come from? --(Interjection)-- Where was the money going to come from, Mr. Chairman? The money was not going to come from the fishermen.

MR. CHAIRMAN: Order please.

MR. SPIVAK: They had no money. The money was not going to come from the assets of the co-operative. They didn't exist. Mr. Chairman, the money was going to have to come

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(MR. SPIVAK cont'd) from the government, and the Minister's asking us to believe that his officials were in a position to spend approximately \$800,000, they were in a position to spend that, and were able to do that without any knowledge or concern of any tacit approval that somehow or other the government would step in. And Mr. Chairman, I don't believe that. --(Interjection)-- Well, I don't believe that. Somebody spent the money. Somebody got the credit.

A MEMBER: Not the government.

MR. SPIVAK: Not the fishermen. The fishermen didn't know anything about that credit. Somebody got it, and somebody committed themselves, and the Minister opposite is suggesting that his officials did it just like that without any tacit approval on his part. And I don't believe that. I don't believe that the officials could have committed themselves in that way, or could have committed the co-operative in that way, without some knowledge that it was going to be covered. And that, Mr. Chairman, is why a formal inquiry is needed, because that formal inquiry, Mr. Chairman, will deal with the arrangements that were arrived at, will deal with an issue, which I think is pretty basic in this House, as to whether accurate information is being presented with respect to the handling of public money, and will, Mr. Chairman, exonerate, if that's the case, the officials within the department. Otherwise, Mr. Chairman, it's the officials who are taking the blame and carrying the can for what may very well have been the ministerial responsibility. And this is the problem we have had from the very beginning and the Minister of Agriculture and the government fail, and continue to fail, to live up to their responsibility in the best and truest of parliamentary tradition.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. BOSTROM: Well, Mr. Chairman, it's pretty obvious to me that no matter what the honourable member hears he will not believe unless he hears those things that he wants to hear, and he even, in commenting on the financial matters of the South Indian Lake Co-operative, doesn't even seem prepared to hear the words of the Provincial Auditor and read the things that he has said, and be prepared to question the Provincial Auditor when he has the opportunity in committee. I suggest that he do that, because if he doesn't want to believe members on this side, if he persists in saying that the Provincial Auditor should have said this, or should have said that, or he really meant this, or he really meant that, well I suggest to the honourable member that he's just going to have to wait. If he doesn't want to hear the words from this side and to believe them, then he's just going to have to wait and question the Provincial Auditor when he has the opportunity. And as far as the inquiry is concerned, Mr. Chairman, the inquiry that he keeps referring to and keeps asking for, I will have to remind the honourable member again that in Section 9 of the Provincial Auditor's Act, "The Provincial Auditor or anyone instructed by him in writing, may examine any person under oath touching upon matters which are required to be investigated by the Provincial Auditor pursuant to matters under his review." And Mr. Chairman, South Indian Lake was under his review by instruction of the Minister of Finance, the Honourable Saul Cherniack, when he was the Minister of Finance. Mr. Chairman, he was instructed to review all matters pertaining to South Indian Lake, and he's reviewed the matters that the honourable member is bringing up.

A MEMBER: Not to his satisfaction.

MR. BOSTROM: He reviewed the matter of the \$800,000 loan guarantee. He reviewed the matter of the construction expenditures. He reviewed all of these things, Mr. Chairman. And Mr. Chairman, if the honourable member, the Honourable Member of the Opposition does not want to believe us then I suggest to him, ask the Provincial Auditor, he has the opportunity.

MR. CHAIRMAN; The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, the Provincial Auditor's responsibility has nothing to do with the way in which the Department of Co-operative Development was operated. He has nothing to do with the way in which the officials of the department were instructed by the Minister. The Provincial Auditor has nothing to say about what took place with respect to commitments that were given between the Minister and the Deputy and the other officials, with respect to matters dealing with the co-operatives under their provincial authority. --(Interjection)-- Well, Mr. Chairman, the Provincial Auditor, and I have spoken to him and I think I have some understanding of how he operates, so long as there's an authority given, that's all, it's over with. He doesn't go beyond that. So, Mr. Chairman, I acknowledge at one point an authority was given, and the commitment on behalf of the public of \$800,000 was

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(MR. SPIVAK cont'd) made. --(Interjection)-- Well, Mr. Chairman, what I am asking now is whether the officials during the period of time when they were committing sums of money for which they had no expectation of any other additional support coming other than the Provincial Government, I'm asking, Mr. Chairman, whether they did that without the knowledge of the Minister, or did they have the tacit approval of the Minister. And I think that's very basic to understanding how they operated. Because, Mr. Chairman, if they did it with the approval of the Minister, then the Minister should take the responsibility and clear their names. But if they did it, Mr. Chairman, without the knowledge of the Minister, and they still had the authority under the Co-operatives Loans and Loan Board to guarantee on behalf of the public the moneys that they are responsible for committing, and were able, Mr. Chairman, to clear themselves of the obligations involved, if they were capable of doing that, then I suggest that they have acted improperly and they shouldn't be where they are. And Mr. Chairman, the members opposite can't have it both ways. Someone has to take responsibility for that, and all I see, Mr. Chairman, is the repetition of Charlie McCarthy standing up here every time and trying to repeat the Provincial Auditor is the only answer to everything, when what we're dealing with now, Mr. Chairman, is really parliamentary responsibility, and I ask the former Minister of Agriculture, did you know, and if you did not, what disciplinary action did you take when you found out?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Speaker, the Leader of the Opposition wants to know whether I knew as to the extent of the CCSM advances that were made to the co-operative at South Indian Lake, and I did not know, Mr. Chairman, as to their involvement, because it was not something that came across my desk, nor should it have. It was a private arrangement between the local fishermen through a staff man of the department, who was given power of attorney, who had the powers to deal with CCSM, a private banking institution. So, no, that did not flow across my desk. It did not have my input.

Now, the Leader of the Opposition tries to suggest that the same people then had the powers to bail themselves out of their difficulties. And that is not correct. That is not correct. The powers were given to them, or to the board, by a Cabinet decision, when it was found out that the fishery would not operate unless Cabinet interceded. That was when the powers were handed over. They were not in a position of having the powers of attorney on one hand and then subsequent powers to undo or try to correct or cover up whatever they had done. That is not the position whatever. It was after the fact wherein CCSM indicated that they would close down the plant and that the fishery would not operate that summer, that Cabinet interceded and granted authority to guarantee the loan in order that the fishery would continue, and knowing that if things got to the point where we had to realize or where the CCSM had to realize on the guarantee, that the province's position would be, that they would become owners of the plant. That was their security in advancing that extra guarantee. But that the fishery would continue. So in that context, Mr. Chairman, the Leader of the Opposition has no case whatever.

MR. SPIVAK: Mr. Chairman, when did the Cabinet make that decision?

MR. USKIW: Well, Mr. Chairman, I can't remember, you know, without having some notice as to that question, but certainly that can be found out.

MR. SPIVAK: What disciplinary action did the Minister take when he realized that the government was going to have to commit itself to \$800,000?

MR. USKIW: Mr. Chairman, the Leader of the Opposition now wants to know what disciplinary action was taken by the department over a relationship by the Minister, over a relationship between a staff person, a staff person and a private lending institution. Something over which there was no direct connection through the Minister's office. Now this is something that really is begging the question. The officer in question had powers of attorney to act on behalf of the fishermen. He acted on behalf of the fishermen, and negotiated on behalf of the fishermen with the DREE people, and indeed with the Indian Affairs people, and whatever the communications were, those were conveyed to the credit institution, and I presume the credit institution must have taken some cognizance of those representations and negotiations while they were advancing sums of money. At that particular time, as I recollect, there was authority only up to \$100,000, that could be advanced by way of guarantee, or direct, or whatever, on the part of the Loans Board. And I don't believe that they exceeded

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(MR. USKIW cont'd) that authority at any time. At least I'm not aware that they exceeded it without getting the Cabinet's approval to go beyond that authority. And I believe that came at a time, if my memory serves me correctly, Mr. Chairman, I believe that extended authority came after there was a threat that the fishery would be closed down unless the Co-op Credit Society realized greater financial security or a guarantee beyond the \$100,000.

MR. SPIVAK: All right, Mr. Chairman. Now the government knows that a staff man - that's what they're claiming now - has committed on behalf of the fishermen, whom they were supposed to be protecting, sums of money to be paid by the fishermen, and there was no possibility whatsoever of the fishermen ever being able to earn sufficient money to commit themselves to pay for it. So what the government has now done is come in and undertaken it through the Co-operative Loan Board to guarantee that the Co-op would still continue. Mr. Chairman, it must have concerned the Minister that that money that was loaned was going to have to be written off, and the taxpayers were going to have to pay for it. Now, Mr. Chairman, the Minister says it was only a staff man involved, he had the power of attorney, but above him was a director, and above him was a deputy minister. And I ask the Minister did he determine whether the director and the deputy minister were aware of these facts? Did he determine whether they were involved, not just a staff man, in the commitment of moneys for the various projects, the project that was undertaken, and is he satisfied that now that the public was going to have to come in and put the \$800,000, for which it would never get paid, that that was all that was required to discharge his responsibilities as Minister.

Mr. Chairman, the Honourable Minister has presented a story and I find it hard to believe, and I say this sincerely, I find it hard to believe that officials from within his own department, starting with the Deputy Minister down, could commit a co-operative which was under their control by way of power of attorney, for funds, without believing or having some degree of understanding that at one point the government was going to be able to step in, because, Mr. Chairman, I don't know how those officials could have gone to bed at night knowing that there were commitments and obligations that they had undertaken, or they had approved, that were going to have to be paid for by someone, somewhere. It's hard for me to believe, Mr. Chairman, that they could have undertaken that responsibility without the tacit approval of the Minister. And if that is possible - and that's what the Minister has suggested - if that was possible, Mr. Chairman, then I would say, Mr. Chairman, to the Minister that he can't stand up here as a Minister without taking the kind of disciplinary action that would have protected the public interest in the future, because surely that would be an example to him of errors in judgment so serious as to warrant disciplinary action. Mr. Chairman, we've already found out as a result of the discussion of the Co-operative Federation that in fact something was taking place during that period of time that was not legal, or had no legal basis, that with the best of intentions things were happening that were incorrect - I don't care whether they were subsequently corrected because no money was lost in this whole transaction, because, Mr. Chairman, I must say to the honourable members there are many lawyers who went to jail who dipped into their trust accounts and then put the money back and no one lost any money, but nevertheless they went to jail because that was a breach of their trust. What I'm saying now to the Honourable Minister is, I do not understand how he can reconcile his position, and I find it very hard to believe that civil servants could have made those obligations, or undertaken those obligations, without some understanding, and if the Minister is saying that, and saying that at the same time he allowed these people to stay on, then I'm suggesting that that is not only a question of his own credibility, which is one issue, but it's also a question of his own incompetence.

MR. USKIW: Mr. Speaker, I think the points that the Leader of the Opposition is making are valid if they were true. But I think he should know that as a matter of fact he fails to remember the important things, Mr. Chairman, because it was his side that wanted to know why a member of that staff was demoted - and he doesn't want to remember that in the debate this year - but there was an action taken, there was an upgrading of staff that was launched prior to all of these things that have been before us in debate, because the department recognized the weakness that it had within the makeup of the staff. It had pursued with Management Committee efforts to try and upgrade its staff, and launched an advertising campaign to try and solicit more qualified people. So there has been action taken.

I should like to draw to the attention of the Leader of the Opposition in case he doesn't know this, that there were further actions that were attempted to be taken but because at that

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(MR. USKIW cont'd) time there was public debate, the advice of the Provincial Auditor was that no further action should be taken with respect to staff, action that may either dismiss or otherwise of staff people, until his inquiry was over and whether or not it would be determined that staff was clear or wasn't clear, and that further dismissals or actions would be stayed until we had a complete review by the Provincial Auditor, and indeed in those instances where the auditor thought it was necessary, until the Attorney-General's Department took a look at some of those areas where there was some doubt as to whether there was any fraudulent action, or criminal action, or whatever, and all of this was done in keeping with the discussions and agreements that we had had with the Provincial Auditor. So let the Leader of the Opposition not suggest to this House that all of these events went by unnoticed, that there was no action taken. There was action taken, and there were other actions that were to be taken, or considered to be taken, but on the advice of the auditor they were not followed up because the evidence was not conclusive and the auditor thought it would be proper to continue the investigation before any further actions were taken.

MR. SPIVAK: I wonder if the Minister can indicate that the person who was demoted was the person who had the power of attorney for Southern Indian Lake.

MR. USKIW: No, it was his superior officer, sir, that was demoted, who was in charge of that individual who had the powers of attorney.

MR. SPIVAK: Now let's understand it: Before the Honourable Minister said that the person who had the power of attorney was the one who committed, now you're suggesting that the person who was his superior was demoted, and that was the disciplinary action.

MR. USKIW: Well I clear it up for my honourable friend the Leader of the Opposition. With respect to the individual that had the powers of attorney, we were advised by the Provincial Auditor not to undertake any actions until a full review had been undertaken by him and possibly the Attorney-General, and therefore any action with respect to that individual has stayed up until this point in time.

MR. SPIVAK: Let's get the chronology right. September of 1973, the disciplinary action was taken against the superior. The person who had the power of attorney whom we're talking about, to whom disciplinary action was supposed to be taken, it wasn't taken obviously until after March or April of '73 when this matter was brought up in the House. So let's talk about proper sequence. You're suggesting that the person who was the superior received disciplinary action because of what you had found out with respect to Southern Indian Lake, and the person who had the power of attorney, and who was the one who committed, there was no disciplinary action taken until after the matter was investigated as a result of the charges made last year in the House. Mr. Chairman, there's no logical sequence in this. Surely if disciplinary action was going to be taken because the government was concerned, it would have been taken within a matter of a month or two months after June of '73. -- (Interjection) -- Do you want me to repeat it again? I'll repeat it again. -- (Interjection) -- Well what's his statement? What is his statement? The statement is that disciplinary action for the person who had the power of attorney did not take place in '73; the disciplinary action did take place for the person who was his superior. And he's alluded or alleged, or he's implied at least that the disciplinary action had something to do with this, that this disciplinary action in '73 had something to do with the incidence that we're talking about. Those are the reasons, Mr. Chairman. You know, Mr. Chairman, I wonder if again we're getting the whole truth. I wonder if what the Minister is doing is giving part of a story to try and explain away another story in the hope that that will be enough to satisfy everyone, and again, Mr. Chairman, is placing one of the people who work with him in jeopardy because he's afraid again of accepting what is really truly his ministerial responsibility.

MR. CHAIRMAN: (Mr. Walding): The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Chairman, I think the Leader of the Opposition has a habit of ignoring all of the statements that are made. I think I said on at least a dozen occasions last year, and again this year, that the Co-operative Services Branch was found to be a very weak branch. It did not have the kind of capacity that would allow us to undertake the kind of ventures that they were entering into, and therefore we had moved quite some time ago to try and upgrade the branch. Some of these problems were symptomatic of that situation. And whether it was coincidental or part of in the demotion of one individual, is irrelevant. The fact is it was recognized that the department had serious weaknesses at that level, and that we were trying to bring about corrective measures by reclassifications in the advertising for personnel,

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(MR. USKIW cont'd) and so on, which has been an ongoing process for some time. All of the other things that happened to arrive at the same time, or about the same time, that is another issue, but we did recognize, and we tried to bring about a restructuring of the department so that we would not be caught with that kind of a situation again.

The department is still attempting to recruit people, and it is having some difficulty with respect to the recruitment of people for positions in northern Manitoba. That is one of the serious problems that the department faces. Not many people wish to apply for jobs no matter what the salary range for the areas in northern Manitoba. That's one of the handicaps that the department has had to work with.

Now it's unfortunate that, you know, the debate has got to the point where people within the department are being identified, and people who by the way who were trying to assume a role which they should have really not assumed, in their earnest desire to try and help the northern communities. I think it has to be said that on the part of these staff people that are in question, that they had a sincere desire to help the communities of northern Manitoba, but whether they had the capacity or the qualifications is perhaps another matter. And arising out of that question is some of the difficulty that the department has had to face up to, and the South Indian Lake development is one good example of what I would consider to be some indiscreet decisions on the part of staff in their advice to the fishermen of South Indian Lake, and certainly in their advice to the lending institutions with whom they were so much involved. But you know the fact is that even that one individual is not even with the department any more. I'm not sure but I believe he's on a leave of absence and working in Peru, and therefore we're talking about an individual who is not with us anymore, and other people have been brought in to replace people and to upgrade the staff of the department.

Now I don't think anyone should hide from the fact that the department had those weaknesses, but let me tell my honourable friends opposite that those weaknesses were of long-standing. They date back quite a number of years. And I certainly, as a new Minister coming in in 1969, wasn't immediately aware of the weaknesses in Co-op Services Branch, but I became more aware as we ran into problems, and there was no doubt in my mind that there had to be a very serious look at the management functions and the administrative functions of that department. I had asked my deputy when the branch was transformed into a department to take a look at the whole question of staffing, to approach Management Committee to assist the department in trying to upgrade its personnel. I know the many discussions that were held, and the many frustrations when after classifying certain positions we found that after a lengthy advertising campaign we were unable to solicit or to entice people into those positions, from all of Canada. The department has placed ads right across this country trying to entice -- (Interjection) -- there's never been a second one, sir - to entice people to the service of that department. But I think it's fair to say that there has been a good degree of improvement in the personnel in the last year and a half, and hopefully - I don't know where it's at today, but I would hope that that is a continuing process which will get us to a point where the department is able to function as it should. But, you know, it's unfortunate that that happens from time to time. But let's face it, there was never any serious attempt on the part of the previous government to beef up a co-operative services branch that would have the competence and the ability to carry out meaningful projects in northern Manitoba. It was what I would call a two-bit operation, Mr. Chairman, what I would call a two-bit operation, lip service and tokenism up to 1969, and we had to live with that until we were able to grow beyond it.

MR. SPIVAK: Mr. Chairman, the Minister is the one who indicated that someone was demoted. He brought him into this -- (Interjection) -- Okay. Oh, yes I have. Now I want to understand what the Minister is suggesting. The Minister is saying that the person who was demoted was demoted because of Southern Indian Lake. -- (Interjection) -- Well, then if he didn't say it was because of Southern Indian Lake, what was the point of him bringing out the fact that someone was demoted. -- (Interjection) -- No, Mr. Chairman. Mr. Chairman, this becomes pretty important, because the Minister has talked about someone being demoted and is giving the impression that somehow or other it's related to the affairs of Southern Indian Lake; he has indicated in his answer that the person who was demoted was the supervisor over the person who had the power of attorney. And that still gives the impression that somehow or other there was some corrective action taken by him with respect to what he found out, assuming that the information he's presenting is accurate -- (Interjection) -- Well, but, Mr.

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(MR. SPIVAK cont'd) Chairman, let's try and put this into the kind of perspective that the Minister would like us to believe. He's basically saying that when he became aware of this it was the fact, it was already an accomplished fact, that in effect to protect the co-operative and to allow it to continue, the government financed it. Then he suggested corrective action was taken and someone was demoted. When he was asked who the person was, he said it was the person who supervised the co-operative by way of power of attorney. Now, he's telling us that the person who was demoted, was demoted not for the problems of Southern Indian Lake but other matters.

So where does this lead us? What does it really mean? You know, at the time when the government had to commit themselves for \$800,000 in which the public was going to be stuck, in which the taxpayers of the province were going to have to take money out of their pocket to pay for this, what did the government consider or think at the time? Did they have an obligation to determine how and why this happened? Did they have an obligation to try and see that it doesn't happen again? The demotion of the individual, which was obviously for other reasons other than Southern Indian Lake, for other reasons other than Southern Indian Lake, has been used by the Minister as a means to suggest that that was the corrective action taken when the public -- (Interjection) -- Well, I'm sorry, Mr. Chairman, the honourable member says it wasn't. Well, now why did he mention it? -- (Interjection) -- Mr. Chairman, why did he mention a demotion that had nothing to do with Southern Indian Lake other than to give the impression that it did have something to do with the affairs of Southern Indian Lake, regardless of whether the person involved was or was not the person who supervised the one with the power of attorney. I dare say in his position he probably supervised others who had powers of attorney. Mr. Chairman, you see the problem we have here is that the Minister's answers are misleading and not truthful again. -- (Interjection) -- No, Mr. Chairman, this is the best kind of evidence of the kind of misleading information and the misleading impressions the Minister is trying to create. -- (Interjection) --

Mr. Chairman, the evidence is found in your own statements, in your own answers. The evidence is found in your own answers. -- (Interjection) -- You said that someone was demoted. You gave the impression by that demotion that it was related to the knowledge that you gained when you found out that Southern Indian Lake was in trouble and the government had to commit themselves for that money. -- (Interjection) -- Oh, you didn't? Oh, you didn't say that? You didn't intend to make that impression? Oh, you didn't intend to make that impression? -- (Interjection) -- Well, just a second, Mr. Chairman, the Honourable Minister says he didn't intend to make that impression at all. -- (Interjection) -- He didn't intend to make that impression at all. Then why did he stand up and say someone was demoted? And why, when the question was asked, whether the person was the person who had the power of attorney, he said, "No, he was the person who supervised it."

You know, Mr. Chairman, the Minister is again trying to mislead this House. His intention was, if he had not been cross-examined to have given the impression that some corrective action was taken. -- (Interjection) -- Well, then what was the point of mentioning it?

MR. USKIW: Sit down and I'll tell you.

MR. SPIVAK: Well, sit down and you'll tell me. Now, we'll have another explanation. And the question, Mr. Chairman, is when are we going to get the real explanation? --(Interjection) -- Oh, yes I do. Mr. Chairman, it's almost a year, it's almost a year, and I dare say, Mr. Chairman, I will read back to the Minister his answers on the Southern Indian Lake Co-op last year, and I would suggest for him that he should go back and read last year's Hansard to be sure he knows what the answers he gave were last year so that he'll be in a position to be able to update them this year. Because, Mr. Chairman, we have this over and over and over again . . .

A MEMBER: Over and over and over again.

MR. SPIVAK: Yes, what we have is incomplete answers, misleading answers, in an attempt to really . . .

MR. USKIW: That's what you say.

MR. SPIVAK: Yes, but it's by your own statements.

MR. USKIW: No.

MR. SPIVAK: By your own statements. What was the point of mentioning someone had

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(MR. SPIVAK cont'd) been demoted? -- (Interjection) -- What was the point of suggesting that the Provincial Auditor in approximately a year after the fact, approximately a year after the fact said to the Minister, "Don't disturb anything until we have our provincial audit." What did the government do when they found that they were stuck for \$800,000? What did they do to try and protect the public from such an occurrence happening again? What kind of action did they take? Surely, did they not consider that there was some responsibility on their part to be able to protect the public's interest?

Mr. Chairman, aside from the fact that there was a burden that the co-operative members would never be able to pay, which simply put them under the threat of an obligation which would only penalize their ability to earn a living, which would only put them in a position of saying, "What's the point of fishing if I have to pay off an obligation that I never understood in the first place, and it's so huge that I can't pay it," - aside from that, you know, compassionate action that should have been taken immediately to wipe that debt off so that the fishermen would know that that obligation would not have to be assumed by them, rather than allow the time to continue ultimately to the point where the fishermen said, basically, "To hell with it," and then went on their own way. -- (Interjection) -- That's what they did. Oh, yes, that's what they did.

And, Mr. Chairman, you know, what I can't understand and we go over this and over this again, is why or how a responsible minister could act that way, and this leads me again, Mr. Chairman, to a very fundamental concern, that the Minister's statements are not accurate, that the obligations that were undertaken by his officials were done with tacit approval by him, and that in effect no action could be taken because the officials were acting really in accordance with his instructions, and therefore for that reason, Mr. Chairman, no corrective action whatsoever could be taken because in effect they were doing what they were told to do. That being the case, Mr. Chairman, what the government had to do was to try and ride this issue out in some way until they could write the obligation off and declare that the obligation was being written off for social development and frontier development purposes, and to come in here, or make public statements with speeches saying how much they were doing for the people of the north, and thus cloud it in such a way to prevent the exposure really of mismanagement.

Mr. Chairman, it's very hard not to accept these assumptions because the record and the continual, you know, the lack of information, the continual misleading remarks made by the Minister only provide one kind of impression, that the government knew, the civil servants acted with authority, and the government could not, and was not able to take corrective action because the government itself and the politicians were the ones at fault.

MR. USKIW: Mr. Chairman, I know that the Leader of the Opposition would want to display some of his legal talent, and he would hope that I would be the guinea pig in that display, and that's a technique that he prefers to use and that's fine, he's welcome to it. I would suggest that if he had to depend on a livelihood for it that his position would be rather weak.

The Leader of the Opposition totally ignored, totally ignored the fact that I had indicated only moments ago before he spoke in this last moment, that the problems at South Indian Lake and other problems that we've had were symptomatic of the weakness of the department. He totally ignored that, Mr. Chairman, and tried to allude to other motives and other things in terms of why I would want to make reference to the demotion of one individual, and the intent to demote or to dismiss another, and wherein there was an intervention on the part of the Provincial Auditor.

I had said here before today that all of these problems were symptomatic of a weak branch and a weak department which we have been trying to upgrade in the last couple of years, and with some degree of success. We have brought in new people, more qualified people, and we think that it is progressing rather well at the moment. But the Leader of the Opposition chooses to ignore all of those things. He stood up in here and he said, "You know, if these things happened, then there should have been some reaction on the part of the Minister to correct his department." And then when I say to him, Mr. Chairman, "But we have introduced corrective measures, that we were aware of the weakness in the department, that the South Indian Lake problems are just one symptom of what I would consider an indiscretion on the part of staff members, and so on, in their advice to either the lending agency or the fishermen", and in good faith, but perhaps not a good judgment, in good faith but perhaps not in good judgment, he doesn't want to accept that. He doesn't want to accept the fact that there has been a

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(MR. USKIW cont'd) change of staffing within the department. He doesn't want to accept the fact that the department has pleaded with Management Committee to assist it in trying to upgrade its performance. He doesn't want to accept any of those things, yet he wants to stand here and suggest to the people of Manitoba that here we have had all these problems, and the Minister has done nothing, he hasn't fired anyone, he hasn't changed the operations of the department, all of which, all of which, Mr. Chairman, or almost all of which is not true.

(a) There has been a demotion take place because it was felt that the individual was not performing at the level for which he was expected to perform, or in which he was expected to perform. He had to accept that demotion, and so he did.

There was another attempt at another action which the auditor suggested that we not proceed with in that he would have preferred that we go through the investigations and perhaps, at that point in time, the department could make its judgment. And we gave in to the wishes of the auditor on that particular case.

So, let not the Leader of the Opposition not say, not say in this House that (a) that the department had no response capability, that the ministry was ignoring the problems, because neither of those were true. And the fact that there were measures undertaken relate partly, partly to the South Indian Lake situation, but not totally.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder if the Minister would indicate to the House, after the election, and how soon after the election -- (Interjection) -- I acknowledge that he would be busy until the 28th of June, but I wonder after that period of time, when he met with the officials of his department to determine the details of how the amounts of money of \$800,000 were realized, whether he had occasion to look at the nature of the expenses that were undertaken, to examine the bills and the conduct of his officials, what time span occurred between the end of the election and his review of this matter?

MR. USKIW: Well, Mr. Chairman, the Leader of the Opposition knows full well that the department's program and activities are under review all the time, and in particular pre-budget, and the period in which he is now talking is pre-budget, as he would know from having had the experience, and therefore the matters that he raises were a matter of discussion and we did deal with the structure of the department.

MR. SPIVAK: Well, Mr. Chairman, you know, I understand pre-budget would be about November or December.

MR. USKIW: Pardon?

MR. SPIVAK: Pre-budget would be November/December -- (Interjection) -- Well, it would be interesting if it was August, and we'll come back to that. It was August?

MR. USKIW: Well, it starts in August.

MR. SPIVAK: Well, it starts in August. But I wonder, Mr. Chairman, you know, having committed \$800,000 of the public money, knowing full well that the money was not going to be repaid, I just wonder if the Minister can indicate at what point he started to look at the costs involved in Southern Indian Lake, and to determine how that came about. What point did he examine the documentation, ask his officials, his Deputy, the director who was demoted, who supervised the fellow with the power of attorney, when did he ask them for information so that he could understand how this commitment or how this obligation was assumed?

MR. USKIW: Well, Mr. Chairman, if the Leader of the Opposition thinks that I'm going to recite to him the date and the time that I got up in the morning and went to bed at night, and what I did between the hours of 8 o'clock in the morning and 6 o'clock, well he's got another thought coming. These are normal procedures of government and budget process every year. You review your programs, you take cognizance of the problems you've had in certain program areas, and you try to make your adjustments for the following year. That's a standard and normal procedure, and he knows it.

MR. SPIVAK: I wonder, did the Minister not consider it incumbent upon him to direct his officials to be more cautious in the way in which they committed the co-operatives, and then ultimately committed the government to pay -- (Interjection) -- Well, no, but I want to know what corrective action he took with respect to the spending of money? Was he not concerned enough to basically indicate to his officials that there were new measures that had to be undertaken as a means of protecting the public interest, and I wonder at what point he told the officials that the experience being what it has been, and the loss being what it would be, that it was required by them to put themselves into a position of not spending or committing

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(MR. SPIVAK cont'd) public money, or committing on behalf of the co-operative obligations that would have to be supported by the public, and those moneys could not be handled unless they were handled with a degree of control in which expenses could be justified then. At what point did he tell his officials, that having committee themselves to an enormous sum of \$800, 000 that there was an obligation on their part now to really tighten up and sort of behave properly so that there would be no question that an incident such as that would not happen again? When did he determine that there was an obligation on his part and what measures did he really put into practice?

MR. USKIW: Well, Mr. Speaker, there were an awful lot of discussions with respect to the performance of staff, in fact the impression of whether or not staff should be allowed to accept the powers of attorney was brought into question, and that matter was aired for some period of time at which it was determined that it's virtually impossible to work in the areas of Northern Manitoba and with people in the North without having the use of those powers from time to time. It's almost like having to abandon the whole north, and so we've had full discussions on that point, Mr. Chairman.

MR. SPIVAK: Well, if ever there was a justification for a Minister to be fired it would be based on the answer the Minister's just given.

You know, the Minister has said, "I did not know anything about this until it was too late. It was after the fact, and all we could do to ensure that the co-operative would be able to continue was to finance it because if we did not it would stop. So we did." Now having said that, a responsible Minister would have taken the necessary action to see to it that an incident like that would not occur again, and that there would be a proper exercise of control over public money. He would not provide or act in the way in which the answers to the questions that we have given, we have asked, have been answered. And I'll tell you why, Mr. Chairman.

MR. USKIW: Mr. Chairman, on a point of privilege.

MR. CHAIRMAN: The Honourable Minister of Agriculture on a point of privilege.

MR. USKIW: The Leader of the Opposition keeps alluding to the fact that it had to do with the use of public funds. I want to reiterate for his benefit that these funds that he is talking about with respect to South Indian Lake were private funds. The fact that the public entered into the picture later on had to do with the need to maintain a fishery. But the fact of the matter is that many private corporations, whether they function under a guaranteed loan or whether they don't, come to the province for assistance from time to time when they enter into difficulties, and this is one of those situations.

Now it so happens that staff members of the department were assisting those corporations or companies, and who had powers of attorney, but it was certainly an arm's length approach. None of those things cross the Minister's desk when they are entered into. It's not as if the Ministry has to approve, has to approve the development of a co-operative who has access to private funding.

MR. CHAIRMAN: It's not a point of privilege. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I believe you're right. You know again we're going to argue this point over and over again, the government will take their position, the Minister will take his position and will indicate that there was no obligation on his part to do anything because it wasn't really public money. The fact is that for all intents and purposes the department had effective control over the co-operatives. The co-operatives did not control their own affairs, they were controlled by the department. The fact is the commitments were made in many cases because of power of attorney on behalf of the co-operatives, and the fact is that the public had to step in because it was the officials who had in fact committed the money. That was the real problem, and the point is having - now I'm going to accept now the Minister's statement, but having accepted the Minister's statement it's impossible, Mr. Chairman, . . .

MR. USKIW: Will the honourable member submit to a question?

MR. SPIVAK: Yes I will in a few moments.

MR. USKIW: Okay.

MR. SPIVAK: Having accepted the statement it's impossible for me to believe that the government now having to enter in and committing itself for \$800, 000, that he wouldn't have taken corrective action to see to it, first, how this came about, and it would not happen again.

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(MR. SPIVAK cont'd) And, Mr. Chairman, the very fact, the very fact -- (Interjection) -- Well I've asked him. The corrective action was that if someone was demoted, and 10 months later the Provincial Auditor told them that, they shouldn't deal with the matter.

MR. USKIW: That's only dealing with specifics.

MR. SPIVAK: Well that's only dealing with specifics. Where's the evidence of corrective action. I've asked the Minister, and I keep asking over and over again, did he call his official in? Did he ask for the details of what took place? Did -- (Interjection) -- I beg your pardon?

MR. USKIW: We sent them to Jamaica for a holiday.

MR. SPIVAK: Well you know it's a facetious answer, "We sent them to Jamaica for a holiday". You know, Mr. Chairman, I've got some air bills that we're going to talk about in a few moments which would suggest that they could have sent them to Jamaica for the amount of money that they were spending. And we'll come back to that in a few moments.

Because the fact is that they were spending both public money, they were spending money on behalf of the co-operatives, the whole thing was running wild, the Minister found out about it, and really did nothing. And because he did nothing, Mr. Chairman, because he did nothing, and because there's no evidence that he did anything, one has to come back to the very first assumption that the officials could never have done what they had done without the tacit approval of the Minister who gave them authority, and who instructed them to do what was required, and who did not put in the proper control. And, Mr. Chairman, we can go over and over again but the answers given by the Minister just don't wash.

I talked about air bills. Let's talk about this for a few moments. When the Minister realized that the government was going to be committed for \$800,000, did he put any effective control whatsoever - and that's his responsibility - did he put any effective control over his officials in spending money with respect to Southern Indian Lake, or did he simply accept that the government had committed \$800,000 and matters would continue as they were, the department would operate as they were?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Speaker, I don't recall all of the arrangements that were entered into, but I should like to tell the Leader of the Opposition that we were dealing with a co-operative that was operating officially at South Indian Lake, who had a Board of Directors of their own, and who were receiving the advice of the department from time to time. We were not in the management of that co-operative. Again I have to indicate to the Leader of the Opposition that our relationship was an arm's length relationship in terms of the Government of Manitoba versus any co-operative.

I should like to also draw to his attention that I had the responsibility of writing off some 70 or 80 thousand dollars of defunct co-operatives who were left for me to write off by his administration, and who also were entered into under powers of attorney. And my staff advise me that that was quite a normal procedure, and procedures were not changed, Mr. Chairman, when the new government came in. The procedures that were there continued to be carried out in the same way. So if the Leader of the Opposition is saying that those procedures were not good enough, then of course that is fair comment but then they were not good enough when he was running the government of this province either. That is old history, Mr. Chairman, the problems of development of northern Manitoba is old history. We have had many many difficulties and many losses in trying to assist the northern communities in their development, and the fact that co-operatives were set up and some of them succeeded and some of them haven't is not new, is not new. And all of them operated under the advice of the same people, the same people that the Honourable Leader of the Opposition is now saying were incompetent and who he by the way employed, who he put on staff. Now I'm not saying that to reflect on them, all I'm saying is that the problems of the north are such that they were difficult and are difficult to cope with, and it stretches the imagination of any individual in trying to bridge those major gaps between what we look at as a normal situation in southern Manitoba and the problems of economic and social development in northern Manitoba. The Leader of the Opposition knows that but he's trying to make his political point and that's fine . . .

A MEMBER: He lost his case a year ago.

MR. GREEN: Mr. Chairman, I move that the Committee rise.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

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(MR. CHAIRMAN cont'd)

Mr. Speaker, your Committee of Supply has considered certain resolutions, reports progress, and begs leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER: The Honourable Member for St. Vital.

MR. D. JAMES WALDING (St. Vital): Mr. Speaker, I beg to move, seconded by the Honourable Member for Point Douglas, that the Report of the Committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Minister for Agriculture, that the House do now adjourn.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The House is accordingly adjourned and will stand adjourned until 2:30 tomorrow afternoon. (Tuesday)