

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Tuesday, May 13, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery, where we have 81 students of Grade 8 standing of the St. Ignatius School from Thunder Bay, Ontario. These students are under the direction of Mr. Joy, Mr. Turcotte, Mr. Parisotto, Mrs. Oatway, Mrs. Macko and Miss Guarasci.

We also have 57 students of Grade 6 standing of the George Fitton School. These students are under the direction of Mr. Laluk, Mrs. McMunn and Mrs. Cairns. This school is located in the constituency of the Honourable Member for Brandon East, the Minister of Industry and Commerce.

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

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees. The Honourable Member for Radisson.

REPORT OF STANDING COMMITTEE ON
PUBLIC UTILITIES AND NATURAL RESOURCES

MR. CLERK: Your Committee met on Tuesday, May 6, 1975, and on Tuesday, May 13, 1975, to consider the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1974.

Your Committee received all information desired by any member from the officers of the Corporation and the staff with respect to the Report.

On Tuesday, May 13, 1975, your Committee adopted the Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1974, as presented.

MR. SPEAKER: The Honourable Member for Radisson.

MR. SHAFRANSKY: Mr. Speaker, I move, seconded by the Honourable Member for Flin Flon, that the report of the committee be received.

MOTION presented and carried.

MR. SPEAKER: Ministerial Statements and Tabling of Reports. The Honourable Minister of Labour.

TABLING OF REPORT ON UNEMPLOYMENT STATISTICS

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, I have the report on the unemployment statistics for the latest current month.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, for some months now I have stood in my place and indicated to the Assembly that Manitoba, insofar as actual unemployment rates, stood at the third lowest in the Dominion of Canada. I'm happy to say that at least we have advanced somewhat in Manitoba in the last report in that now Manitoba is second only to Saskatchewan insofar as the rate of unemployment in Canada is concerned.

Manitoba's actual unemployment rate in April of 1975 was 4.5 percent, the second lowest after Saskatchewan. This is a slight increase over the 4.3 percent of March this year, and also an increase over the 5.15 percent of April 1974. Manitoba's seasonally adjusted rate was up 4.7 percent from 3.9 percent in March of this year, and is also up from 3.3 percent of a year ago.

Manitoba's labour force in April 1975 stood at 418,000 and was 4,000 lower than in March but 2,000 higher than it was in April of a year ago. Employment decreased by 4,000 in April to 399,000, an increase from the previous month, and this also was a correspondingly 4,000 less than it was in April of 1974.

I'm sure honourable members will be interested, Mr. Speaker, in knowing that while our labour force for April did decrease by 4,000 over what it was the month previous, it's 2,000 higher than it was a year ago, which to me is an indication that while there may be some slight slackening off, the province as a whole is still advancing over what it was previously. In terms of actual unemployment rates, Manitoba's unemployment actual figures of 19,000 is a 1,000 increase over what it was in March of this year, but at the same time I point out to honourable members that we have at the present time 6,000 more - there are 6,000 more

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(MR. PAULLEY cont'd) unemployed than a year previously, but if one takes the Canadian picture as a whole, Canada's standing at 8.1 percent of actual rates of unemployment, Manitoba 4.5. I indicate, Mr. Speaker, that while we're still not satisfied, Manitoba's still advancing at a better rate than the rest of the Dominion in general.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. E. (BUD) SHERMAN (Fort Garry): Mr. Speaker, we're pleased to hear that the Minister of Labour is still not satisfied with the situation, because we would suggest that there are suggestions of foreboding in the report that he has just delivered. It's unfortunate indeed that we find that our unemployment rate, both actual and both adjusted, has increased over the previous months when we're really coming into a period of the year when employment hopefully should be a good deal higher than it is in winter months. Not only that, but if one reviews the record of the employment force, the total number of persons in the labour force in Manitoba in recent years, we have to recognize that the labour force apparently is in decline in the province at the present time, Mr. Speaker, and that's a condition which demands the attention of the government at the earliest possible moment. Only nine months ago, the labour force in Manitoba stood in excess of 440,000. Admittedly that was in the middle of the summer period, but we're substantially below that figure as reported by the Minister today.

The question I think we have to ask the government is whether unemployment is becoming a problem in their view and what are they doing about it, what kind of plans are they formulating to cope with it and to alleviate the problem. The Premier has said in the area of Capital Supply that there's a substantial amount of incentive for public activity, but we have to ask him and his colleagues what kind of incentive is being provided for private activity in the months ahead to cope with this growing unemployment problem.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? The Honourable Minister of Mines.

NOTICE OF COMMITTEE MEETING

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I wonder if it will be acceptable that Public Accounts Committee meet on Thursday at 10:00 o'clock; Public Accounts. (Agreed)

MR. SPEAKER: Notices of Motion; Introduction of Bills; Questions. The Honourable Leader of the Opposition.

ORAL QUESTIONS

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition) (River Heights): Mr. Speaker, my question is for the Attorney-General. I wonder if he can indicate whether the RCMP has completed its report in connection with Schmidt Cartage.

MR. SPEAKER: The Honourable Attorney-General.

HON. HOWARD PAWLEY (Attorney-General) (Selkirk): Mr. Speaker, there's been no change in that respect since the last time I answered the Official Leader's question in the House. To my knowledge, I have received no further report from my staff and I understand it still is resting with the RCMP for further information.

MR. SPIVAK: Mr. Speaker, I appreciate that the Minister has not been informed or has heard from his staff, but I wonder if he's in a position to indicate whether the RCMP have completed their investigation or not, and if he is not in a position, I wonder if he'd take that as notice.

MR. PAWLEY: Mr. Speaker, when the question was posed to me a couple of weeks ago, I indicated that the investigation was completed with the exception of one or two further small pieces of information that was required by the department to finalize their evaluation as to whether or not specific charges should be laid. There has been no report from the RCMP to my knowledge, further from my answer two weeks ago. I will check to ascertain, though I think I would have been advised pretty well immediately if there had been.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I direct a question to the Minister of Finance, the First Minister, and would like to ask him what legislative authority the government intends to use for the imposition of the increased gasoline tax next week.

MR. SPEAKER: The Honourable First Minister.

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MR. SCHREYER: Mr. Speaker, the Budget Address has given Notice of Intent and there will be the appropriate legislation brought forward in the normal way, pursuant to the Budget Address.

MR. CRAIK: Mr. Speaker, then I ask the First Minister a supplementary. Does he intend to introduce the bill and have it passed before the tax goes into effect?

MR. SCHREYER: Mr. Speaker, if my honourable friend would like to look at precedence, he may be aware of the fact that on budgets, federal and provincial, oftentimes budgetary changes go into effect on midnight as of the same day as the Budget Address is brought down. The legislative authority is brought forward subsequently. Perhaps the extreme example of that has to do with respect to the resource royalties, where Parliament passed only two months ago something which was enunciated ten months ago.

MR. CRAIK: A further question, Mr. Speaker, to the First Minister with regard to the resource royalties. I understand that he has made a statement there was only one company that paid federal Corporation Tax last year and would come under the rebate plan for the royalties, non-deductibility of the royalties. Could he confirm to the Legislature that this was the case?

MR. SCHREYER: Yes, Mr. Speaker, that's my definite information. I did not name the company. We attempt to keep some semblance of confidentiality with respect to firms three or less in number. As I indicated in the Budget Address, for those mining companies which do not pay federal-provincial corporation tax on their mining operations, the whole question of the abatement is academic since they do not pay any corporation tax in any case.

MR. CRAIK: Mr. Speaker, I direct a further supplementary question on the same matter. In this particular case, is it not a fact that on their calculations tax projected this year, or for 1974, that the rebate rather than being the 15 points referred to in the Budget Speech, the rebate would work out to something closer to five or six points in actual fact?

MR. SCHREYER: Well, Mr. Speaker, the calculation was run with the intent in mind to see whether there was any significant difference as between leaving the 15 proposed abated points, leaving them in suspended animation, so to speak, or accepting the transfer of those abated points but making provision, as we've indicated in the Budget Address, for a program of remission up to the maximum limit of additionality of funds for the Crown as a result of invoking the abated points. I do not believe that the difference is substantial in any major degree.

MR. CRAIK: Mr. Speaker, on the same topic, the Budget Speech indicated that there would be no entry in the revenues shown in the entries of the province because all the money coming in would go out. In view of the fact that all of the 15 points will not go out, is this statement made in the Budget not incorrect?

MR. SCHREYER: Well, Mr. Speaker, I would like the honourable member to quote specifically the statement he's referring to. The Budget Address did not contain a statement quite like the honourable member is trying to paraphrase now.

MR. CRAIK: Mr. Speaker, I would ask the First Minister if he would look at Page 27 of the Budget Address to confirm that this statement was not made clearly.

MR. SCHREYER: I'd be pleased to, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Chairman, while my colleague from Riel is looking up the Budget Address, namely Page 27, I direct a question to the Honourable Minister of Mines and Natural Resources. In view of the now apparent extensive flooding that has taken place along the Souris River in the southwestern part of the province, is the government setting up the necessary machinery, or indeed providing the kind of assistance that is normally provided to dam it to buildings, houses and out-buildings of farms in that general area. I appreciate the fact that the same help is not forthcoming to actually flooded crop land which can otherwise be covered under crop insurance.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, the Flood Compensation Program, which has not been changed substantially except for the amounts that are allowed - it was in effect for the last years, as many years as I can remember going back to 1968, 1967 - came into effect when there was considerable widespread floodings in the province. That policy is still in effect. The government is now looking at the anomaly of having localized flooding that does equal

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(MR. GREEN cont'd) difficulty to the people involved but doesn't come into effect unless there is major widespread flooding. We're looking into that. I'm not sure that it would be available to be dealt with this year, but we're looking into it.

MR. ENNS: A supplementary question, Mr. Speaker, to the same Minister. Would he not agree that, I suppose, in the eyes of those people living in the Souris River Valley, that they would regard the flooding of Winnipeg basements as indeed a local situation for which the local residents received help, that they then indeed should be now looking, with some justification, for help from this government?

MR. GREEN: There's no doubt that the honourable member has a valid point, but the fact is that the Winnipeg Basement Program went into effect during a year in which flood compensation was available. Last year flood compensation was available throughout the province. The Flood Compensation Program for Winnipeg basements also came into effect, if the honourable member will recall, because in the middle of an election campaign the Federal Government said it would pay 50 percent of flooded basements in the City of Winnipeg. I am waiting such an announcement relative to the Souris River Valley.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I have a question for the Minister of Education. Following the Minister's statement yesterday that the time had not yet come to reassess aid for the Student Employment Program, in view of the Minister's statement in last evening's paper that there were 3,000 students and only 1,700 jobs, can the Minister now say the time has come for that reassessment to take place?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): Well, Mr. Speaker, the process of locating jobs in the private sector is still continuing, and insofar as high school students are concerned, they will not be entering the labour market for another six weeks at least.

MR. AXWORTHY: A supplementary, Mr. Speaker. In view of the fact, then, that the Minister is prepared to accept a 50 percent unemployment rate, can he indicate at what level he does want the unemployment rate to rise? Is it 75 percent before some reassessment of action by the Provincial Government will take place?

MR. HANUSCHAK: Mr. Speaker, action is taking place, as I've indicated to the honourable member a moment ago, that the process of locating part-time jobs or summer jobs for high school students is still continuing, and we're quite hopeful that by the time the 1st of July rolls around that a majority of them will be available for work, that the vast majority of them will be able to find employment for the summer months.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, in further response to the Honourable Member for Riel, having had an opportunity to read Page 27 I take note of the sentence that reads as follows: "On the assumption that the revenues foregone through our compensation plan will, in most cases, be approximately equal in aggregate to the revenues derived from the extra abatement points, no special allowance has been made for either in our revenue estimates." That statement, Mr. Speaker, is to be taken literally. We stand by it.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I had a final supplementary for the Minister of Education in view of his statement. Is he prepared to commit, or is the government prepared to commit that, once its assessment is done and there is still a major short flow of jobs, that they will reconsider putting further funds into the STEP program, particularly in rural areas and for high school students?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Speaker, that's a bridge that we'll cross when we come to it.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I apologize. I had one final supplementary for the Minister of Mines and Natural Resources on the subject matter of flooding, which I didn't get in with the other supplementaries that were being put forward. But in view of his last answer, could the Minister give the House an undertaking that he will arrange that flooding will only occur during election years henceforth?

MR. SPEAKER: Order please. I'm sure that facetious questions aren't necessary for the procedure of this House. The Honourable Member for Riel.

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MR. CRAIK: Mr. Speaker, I want to ask the First Minister, with regard to the comments on Page 27 of the Budget Speech, is the government then saying that its general intention is that all moneys collected from the 15 points on the rebate from the Federal Government will in fact be passed on as rebate to the companies who have not been able to deduct from federal income tax, passed on in their entirety, as indicated in this paragraph that he's read?

MR. SCHREYER: Well, Mr. Speaker, the matter does not lend itself to a reduction to a one-sentence formula. The fact of the matter is that, just as literally stated on Page 27, we propose that within the context and limit of the extra yield from the 15 abatement points, that the yield from those 15 abatement points is to be regarded as a residual fund, if you like, sir, available for the carrying out of the program of remission back to mining companies towards their reduction of their income tax payable as a result of non-deductibility. The limitation is the yield from the 15 points - up to, but not exceeding.

MR. CRAIK: Mr. Speaker, if the interpretation that's being put on this paragraph is correct, why does the Provincial Government not do as the Province of Ontario and Quebec and simply not collect it from the Federal Government and it's automatically rebated in its entirety?

MR. SCHREYER: Because that's not tidy, sir.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the Minister of Education, or the Minister of Labour if he is the one in charge of the cabinet committee dealing with unemployment. I wonder if he can indicate whether there are initiatives now being discussed with the Federal Government with respect to employment of high school students during the summer period.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: I don't know, Mr. Speaker, if my honourable colleague the Minister of Education is more up-to-date than I happen to be, but I would inform my honourable friend, I don't know what happened during his regime but during this regime there are constant consultations taking place between the Government of Manitoba and the Government of Canada in respect of summer employment for students, and I don't think it would be improper for me, Mr. Speaker, to remind my honourable friend that during the term of office held by his Progressive Conservatives, there wasn't a damn paid to the employment of students during the summer months.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I'm happy to see that the Minister of Labour is back to his old form. But I wonder, Mr. Speaker, if I can direct then a question to the Minister of Education. Could he determine whether the Federal Government has commenced discussions for a new program, a new initiative, dealing with employment of high school students during the summer?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Speaker, there is very close liaison between the operations of the Youth Secretariat, under whose wing comes the Students' Summer Employment Program and Canada Manpower, and the two are working in many localities out of the same centre, with the two staffs side by side.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Honourable Member for Brandon West has been waiting patiently for some time now with respect to the Address for Papers relating to correspondence between the governments of Canada and Manitoba with respect to the placing of the order for high voltage direct current converter equipment. I still do not have the formal clearance from Ottawa with respect to the tabling of their letters but, as I undertook a week ago, I did offer that if time was unduly prolonging on this, that I would at least in the interim table correspondence by us to Canada, and anticipate that in a matter of days or weeks that we'll be able to table the other part of the exchange. So accordingly I would table seven copies.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the First Minister. I wonder if the First Minister can indicate to the House, has he had any further communication or information in respect to the 200 percent increase in the natural gas prices recommended by the Energy Board of Alberta? Was there any further information, say from Ottawa or Alberta?

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MR. SPEAKER: The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, as the honourable member may or may not know, we protested, or at least indicated our very serious concern about the proposed gas rise. However, as I also indicated, the Federal Government and the Alberta Government officials both indicated that they did not think that the arbitration award would be implemented at least in its totality at least in the immediate future. We have not had any specific reply from Ottawa in regard to our telex of concern. We will be meeting, I hope, within the next ten days with a senior official of the Department of Energy with regard to such matters as gas pricing, but our position has not changed and there has been no communication from Ottawa since that time.

MR. PATRICK: A supplementary. I thank the Minister for his answer. I wonder if he would undertake to seek the information and advise the Manitobans in this House what will be the increase. Will it be 200 percent, will it be 50 percent or what will it be? I hope that the Minister will undertake to do that.

MR. EVANS: Well, Mr. Speaker, as the honourable member knows, the Federal Government has either passed in whole or in part a Petroleum Administration Act which gives it the authority to establish the retail prices of natural gas in Canada. However, I believe the Federal Government wishes to arrive at a price by consensus so therefore they are going across Canada, the officials of the department. I am sure that when a decision is made it will be made available to everyone in Canada, including the honourable member opposite. If we do obtain any advance information that is available to the public, I would certainly relay it to honourable members.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I direct a question to the Minister of Industry and Commerce. I wonder if he could confirm that the Government or one of the major utilities is planning to build a major storage facility in the Virden area for storage of natural gas from Alberta in the summer combined with a special pipeline from Virden area to Winnipeg for supply to the Winnipeg area for gas in the winter.

MR. SPEAKER: The Honourable Minister.

MR. EVANS: Mr. Speaker, I'd refer the honourable member to Votes and Proceedings No. 48. You'll note that we will be introducing a Bill on Thursday next titled The Gas Storage and Allocation Act.

MR. CRAIK: Mr. Speaker, I wonder if the Minister would just generally confirm that these comments that I've made are reasonably so and will be indicated in the Bill.

MR. EVANS: I can't confirm all of the member's comments but I can confirm that the Bill will enable the government to permit certain storage of natural gas that is not permitted now. I would confirm, too, that the storage of this gas will be very significant to additional supply to Greater Winnipeg Gas. I can't comment on the construction of the pipeline.

MR. CRAIK: Mr. Speaker, I wonder if the Minister could indicate is it being undertaken by the government or one of the utility companies?

MR. EVANS: Mr. Speaker, we have been in discussion with the Greater Winnipeg Gas Company, the major utility in Manitoba. This is still a matter of discussion and negotiation and when a final decision is made announcements will be made in due course.

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I direct a question to the Honourable Minister who is responsible for water control in the province of Manitoba. I wonder if he could indicate to the House what measures have been taken, or if any, and if he would give us the figures whether there are ten or twenty thousand acres that will be flooded, of arable land that will not be seeded this year?

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I distributed a report on Souris Valley flooding yesterday.

MR. SPEAKER: Order of the Day. The Honourable Member for Arthur.

MR. WATT: I haven't got the report but on a supplementary, I still ask the Minister, is it 10,000 or 20,000 acres that will be directly affected, that will not be seeded in this coming year?

MR. GREEN: Mr. Speaker, I don't remember the figure. I distributed a report yesterday.

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

ORDERS OF THE DAY - GOVERNMENT BILLS

MR. GREEN: Yes, Mr. Speaker, would you please call Bill No. 31, the Public Servants Insurance Act.

BILL NO. 31 - PUBLIC SERVANTS INSURANCE ACT

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) presented Bill No. 31, the Public Servants Insurance Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, Bill No. 31 rescinds the present Public Servants Insurance Act and provides a more complete act that includes the provisions of the present act, some modifications and some new provisions. It gives to the Civil Service Superannuation Board authority to administer the act, which it did not have previously, and to administer and interpret any agreement that under the act the government has entered into with an insurance company. It establishes a fund similar to the Civil Service Superannuation Fund to be called the Public Servants Group Insurance Fund. The moneys in the present government reserve account called in the Public Accounts, Employees Group Life Insurance Reserve, would be transferred to the new fund.

The fund is being created to confer a legal right to the existing reserve, because as a result of the new provisions for group insurance for disabled employees and retired employees, it is necessary to set up a reserve for future liabilities in respect to disabled employees and retired employees who continued reduced insurance until the age of 70. The insurance deduction made from the pensions of retired employees are less than the actual rates required, so it is necessary to periodically determine the insurance liability for them.

The fund would be in the custody of the Minister of Finance who would invest the fund's moneys under the direction of the Superannuation Board's Investment Committee, in securities and investments in which the Superannuation Act permits investment. The investment committee is made up of the board's chairman, the Deputy Minister of Finance and a board member appointed to represent the employees. So you see, sir, it is a tri-partite board.

The board is authorized to pay its administration expenses from the fund. Instead of the Minister of Finance making the necessary premium payments to the insurance company from a government reserve account, the board is authorized to make them out of the fund. The board would keep a separate account for each insurance agreement. One is for the employees life insurance, one for the employees accident and disablement insurance and one for the employees dependents life insurance.

The bill provides that each insurance agreement account will be audited by the Provincial Auditor at least annually and that the board will have an actuarial study made on the status of the fund as at December 31, 1976 and every third year thereafter. The report of this study will be tabled in the Legislature. The bill also provides that government shall pay the same proportion of the insurance premiums of members of the Legislative Assembly as it does for civil servants. At the present time, Mr. Speaker, there are some ambiguities in the act as to whether or not it's permissible to treat members of the Assembly on the same basis as the civil servants are, which is similar to the provisions of the Retirement Fund governing members of the legislature.

This is in some respects, Mr. Speaker, rather detailed insofar as financial aspects are concerned. It would be my intention when and if the Bill goes to Committee to have experts of the department present to answer any questions honourable members may have. I think it is in the interests of the employees of the civil service and the employees of the Crown corporations, Mr. Speaker, that this bill be processed through second reading.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I beg to move, seconded by the Honourable Member for Morris, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker, would you proceed with the Adjourned Debates on Second Readings of the Bills standing on the Order Paper.

BILL NO. 16

MR. SPEAKER: Bill No. 16. The Honourable Member for Gladstone.

MR. JAMES R. FERGUSON (Gladstone): Stand.

BILL NO. 17 - DEVELOPMENT CORPORATION ACT AMENDMENT

MR. SPEAKER: Bill No. 17. The Honourable Member for St. James.

MR. GEORGE MINAKER (St. James): Thank you very much, Mr. Speaker. We are happy to have the opportunity to speak on Bill 17, the Amendment to the Development Corporation Act. And the way we visualize the proposed amendments, Mr. Speaker, is that it will expand the role of the Development Corporation and will really put it in the low-risk loan business. And one starts to wonder why the Government would pass a Treasury Branch Act last year and then make amendments to the Development Corporation Act this year to make it possible for this agency to get into the low-risk loan business. And one would wonder if they are trying to circumvent the federal government and try and interrupt the delay that presently, it is our understanding, exists in allowing them to get into the full-scale banking business.

Mr. Speaker, what we are dealing with in principle is the difference in philosophies between the NDP government and the Progressive Conservative Party.

A MEMBER: The establishment.

MR. MINAKER: Mr. Speaker, I don't know what I'd do without the assistance of the Honourable Member from Radisson but I hope he keeps up the encouragement, because I enjoy his comments from time to time.

Mr. Speaker, there is a basic difference in philosophy between the two parties, and our philosophy, the Progressive Conservative Party's philosophy, is: create a climate in Manitoba that encourages private investment. Create a climate, a political climate, where people will want to come into this province, or people that are here in this province, to invest in industry here, whereas we know the philosophy of the NDP party is state ownership. And if one looks at the way that the MDC has been operating in the last few years, it's obvious that this government is following its basic philosophy of state ownership. And the difference that our side, the Official Opposition, has and the NDP have in terms of how companies should operate, the NDP believes that they should operate the businesses whereas we believe that private industry should operate its own business but we will regulate it. If there isn't proper competition then we will find out why there isn't proper competition and make the necessary changes, or encourage competition, whereas this government believes in government monopoly - and we've seen this happen in the past few years with Autopac and now we are seeing it happening in the mining industry. They are attempting to get involved in the mining to an extent to discourage any development in this area.

Mr. Speaker, it has been stated by our leader earlier in the debate on this particular bill that the Progressive Conservative Party favours the winding-down of the Development Corporation and to look at a different vehicle for the dispensing of government loans, and we favour the approach of dealing with it in the Legislature, through legislation, if there is a big loan to be dealt with, and further, to make a greater use of the Regional Development Corporations in the involvement and expansion of industry in the various areas of our province.

Mr. Speaker, we are opposed to the expansion of MDC and to the expansion of its present role, because if we look at the track record, the past record of the Development Corporation, particularly under the present government, and we will not get into a debate on who were the best managers, whether it was the Progressive Conservative Party as the government or whether it was the NDP government who were the best managers of the MDC - we could debate that particular subject all day, Mr. Speaker - but our philosophy is that why get into business in the first place if there are the people in Manitoba, individuals, who want to provide these services and that we don't have to commit public moneys to achieve this end. And one just has to look at some of the companies that this government has been involved in.

One of them that we could look at would be W. E. Clare. This particular company, as we all are aware of, was a company that still exists today in name - I believe it exists with one employee and a part-time employee in Vancouver - and it was developed, it was our understanding, we were told by the Chairman of the Manitoba Development Corporation, it was developed to save the publishing industry in Canada. That was the statement. So the Development Corporation saw fit to invest \$1,750,000 in a company to save the publishing industry in Canada, and out of that money that was invested, very small percentages of the

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(MR. MINAKER cont'd) . . . particular moneys came back in terms of services for the people of Manitoba. And it was our understanding the object of the present Act - if one looks at the principles of the Act, the object of it - is to develop and encourage the development of industries in Manitoba - this is one of the objects of the Act. It is also our understanding it's to encourage existing industries to expand. And one starts to wonder if in fact this government has gone after these objects because, Mr. Speaker, they encouraged this particular industry and now what has happened?

We questioned the Chairman of the MDC at the last meeting, was W. E. Clare dormant? And he said it wasn't dormant but they were not producing any more books until the particular project was completed; and after five to eight years they expect to get their money back. Well, Mr. Speaker, this is hardly following the objects of the existing Act because they haven't created any permanent industry in Manitoba. They haven't created any jobs in Manitoba at the present time. There were some services that were performed here. They utilized this money as an investment, as a gamble, you might say, in a book, a series of books that hopefully the royalties, the return of the royalties, will pay for this investment. But in the meantime the publishing company that was developed is not operating; it's sitting there.

So, Mr. Speaker, one starts to wonder how this government has utilized the Development Corporation, particularly with the objectives that have been laid out in the existing Act and particularly how they propose to use this new vehicle that they'll have, the low risk loan. Because, Mr. Speaker, this government has approved in its Capital Estimates through the past seven years, or six years from 1969 until today, some \$299 million or thereabouts. It's about \$295 million, to be exact, what they have approved, as this government, for investment in MDC. And what have these particular moneys gone to? Not, it would appear, to develop existing industries in Manitoba, but new industry, and concentrated on a very few industries, Mr. Speaker, concentrated on industries like Flyer Industries to the tune of some \$34 million, to Saunders Aircraft to the tune of some \$30 million, Misawa Homes for \$4 million, and there's others - I believe Churchill Forest Industries, which we now hear is to the tune of \$152 million.

Mr. Speaker, it hasn't followed the objectives of the original Act. It is concentrating its efforts on specialized pet projects that this government has. Mr. Speaker, I suggest the philosophy that the NDP government has in state ownership, along with MDC and along with the Industry and Commerce, creates a conflict of interest. It has to create a conflict of interest, Mr. Speaker, and I think it obviously came to light with Flyer Industries in the Economic Development Committee meeting we had the other day, because here was an industry, and it creates a conflict of interest right now whether I should stand up and debate this particular point, because it's a government-owned industry and statements we make can hurt it. Statements we make we hope will draw it out that there are problems and the problems will change. But here is an example of conflict of interest, Mr. Speaker, and why we believe that this particular agency, the Development Corporation, should be wound down.

Back in October of last year, the Company was on strike. It had management problems; it had cost accounting problems - we were told that by the Chairman, that the cost accounting problems came to light back in, I believe it was May or June of last year; it had financial problems - the bank that was involved with the loan I think had withdrawn it at that time, or in that general vicinity. But, Mr. Speaker, here's what developed. A contract or a bid came out for some buses at Dayton, Ohio, and the MDC even though it had labour problems, management problems, cost accounting problems, they're in a strike, they had a backlog of buses that they had to build and they didn't know when they were going to be able to build them at that time or complete them - they went out for a bid bond. They went out into the business world and said, "Would you give us a 10 percent bid bond, \$675,000?" And the business community said, "Not unless you can get the government to guarantee it."

Now that tells me, Mr. Speaker, that that company is in financial straits. That tells me that the business community, based on their rules, say, "We don't think that you can complete that particular commitment." But this government, through its Order-in-Council, guaranteed that bid bond for \$675,000, to bid on a project with a company that had cost accounting problems, that had management problems, that was on strike, that couldn't get a bid bond from the business community. But this government - why, I don't know - approved and guaranteed the bid bond. We now have this order, Mr. Speaker, and I would suggest we don't know whether they are going to make money on it, Mr. Speaker. Yet there must have been a conflict of

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(MR. MINAKER cont'd) interest; should we approve this or shouldn't we? The business community says that the situation is such that we wouldn't support it, but this government's philosophy of state ownership and proving that this company can operate and compete was on the line, or it appeared to be on the line, yet it was two years down the road when the buses would be built. But they approved it; \$6.7 million we now have a contract for. And, Mr. Speaker, the part that we are concerned about, and I would think that the government should be concerned about, is that if we're selling these buses - and I think we have something like \$30 million-plus in orders, the Chairman advised us that he doesn't believe that we have enough money in there to cover the cost of these buses, so obviously some of the contracts will be supplied at a loss.

Then, Mr. Speaker, we're subsidizing those particular transit systems who will receive these buses, with public money. I suggest I would rather favour a private industry subsidizing a transit system elsewhere on the North American Continent with their money, or their shareholders' money. At least the shareholders have a say on whether or not they want to buy into that company or whether they have shares in the company, but our people of Manitoba do not have this right under the present setup.

Mr. Speaker, if we look at Saunders Aircraft: We're told, last year - if I remember correctly it was somewhere around 150 airplanes we had to sell to break even. At that time, I believe it was based on a value of \$650,000 per aircraft. Now it's our understanding it's up to 200 aircraft. But that's not the major problem. That is a major problem but there's another one. Because of the type of market that we're in in the air industry, it is very likely that a good number of those aircraft will have to be financed, that the people purchasing the aircraft will not have the money and it might have to be internally financed by the Government of Manitoba. And we could be, Mr. Speaker, looking at a commitment of \$150 million to \$200 million in capital for financing just to prove that we can break even.

Mr. Speaker, the government has to have a conflict of interest, because that particular principle that's in the Act that says that for social and economic reasons that the government feels that it's important that this industry exists or continue, that clause exists, the principle exists in the Act, and they will have to utilize this - and they do utilize it. They've utilized it to the tune of, I forget how many million now, in particular with Saunders. So there has to be a conflict of interest when one is faced with these problems on how one votes, whether it will show that state ownership is not the answer, that we shouldn't have been involved. Because, Mr. Speaker, what happens when this conflict of interest exists? It's our understanding that the two airplanes that were ordered by the Federal Government, we were told they were \$650,000 last year, now it went to \$850,000, and if we believe what we read in the paper they're now getting a million dollars apiece for them from the Federal Government, and they're outdated airplanes.

Another government agency, the Federal Government, is buying the S27 aircraft. But not only that, one of them is the original demonstrator or prototype that's being overhauled. They're not even getting a new aircraft. Now could you see private industry selling to a government agency used aircraft even though they were overhauled? So that this is what happens when you get a state ownership type of industry dealing with other governments. It would never be allowed in private industry. And our people will be asked to fly on those aircrafts, and I'm sure they will be mechanically sound - I'm not suggesting that they aren't - but the very fact that used aircraft can be sold, and not for \$650,000 - it's now a million if what we read is correct. Is this correct? Because we are taxpayers, both provincially and federally.

Mr. Speaker, this is what can develop with government-owned agencies and companies. And we see what is happening, this conflict of interest between Industry and Commerce and MDC, with Crocus Foods. Because the news release given by the Minister of Industry and Commerce indicated that his department would be concentrating on assisting and supporting existing industries, yet his department utilized funds in the research on whey drying for the government agency. He said that his department provided assistance through Manpower for the particular study that was done for the whey plant. Yet this MDC is looking at possibly financing a plant in Selkirk that will probably put existing dairy and cheese factories out of business. Yet they state they're going to do it for pollution reasons; they're going to do it for the economics of saving milk. When we debated with the Minister of Agriculture on the feasibility of his plant, we found out how much milk that we were saving last year if we would have had a plant - \$18,000 worth; which amounted to I think eleven hours' operating time in

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(MR. MINAKER cont'd)the proposed plant for the year. We also found out from the various cheese plants and dairies that there's about three or four in Manitoba who would like to have the opportunity to buy whey, yet the government refuses them the right to have the license to do this. So there has to be conflict of interest when one gets involved in a web of circumstances like this.

Mr. Speaker, it's, in our opinion, incorrect and it would be unjust for the government to build the Crocus Food Plant and put existing business out of business with MDC money, because the object of the act, it states very clearly, to assist existing industries, to try and get them to expand. Yet in the case of Crocus Foods where we have the dairy industry wanting to take on and have a chance to process some of this whey, they're refused by a government agency to be allowed to, because that government agency wants to build a state-owned dairy processing plant.

Mr. Speaker, one can argue like the Honourable Minister of Mines and Natural Resources has in the past debate, that the majority of the capital money that has been expended was on previously committed projects or industries, but I might remind the Honourable Minister that it was his government that approved the capital estimates. There is a clause in the existing MDC Act that very clearly says, that when it is in the opinion of the corporation that moneys are not being used in its proper proposed agreement or contract that it can be called or it can be stopped. And one wonders what happened when the government took over and the First Minister spoke of having rectified the situation at CFI to his government's satisfaction. Two weeks before the receivership on CFI they were shipping pulp out of the plant. One wonders at that point if they had the \$88 million. What has the other \$64 million gone into? Because we now have it up to 152 million. What production machinery was bought? Where has this money gone, or what is it for? Because two weeks before they went into receivership they were shipping pulp. That's \$88 million was what they had received, it's my understanding. Now we've got it up to another 64 million. We have never heard what that \$64 million went into.

MR. SPEAKER: The Honourable Minister.

MR. GREEN: On a point of order, Mr. Speaker, the Receiver has reported that both to the court and to the members of this Legislature when he appeared before committee. Let the honourable member argue about it, but it has been fully reported while he was a Receiver, to the court and to the committee of the Legislature when he was here. The entire amounts that was advanced to the Receiver was reported and he indicated what was being done with it. Gave full financial reports of it.

MR. SPEAKER: Let me indicate that that was not a point of order, it was a matter of information to the House. The Honourable Member for St. James.

MR. MINAKER: Mr. Speaker, we cannot support the amendment before us, because as we stated, we believe it's time that the corporation has been wound down and a different approach taken because we believe the answer is to create a political climate in our province that will encourage the people of Manitoba to invest in our industries; not the opposite, which has been created by this government through its mineral royalty tax that it's now proposing. Because if one is an investor and looking at Manitoba, they're frightened away by this government, Mr. Speaker, because they don't know how long their future will be and how long they will have fair competition. And I would hope that this government would realize the road that they are heading towards is one of bankruptcy if they keep investing large sums of capital in industries that are being operated at a loss and the end product is sent outside of our province to the benefit of people who are non-taxpayers for their sake of trying to prove that state ownership is the answer.

I would suggest the alternative is to create that atmosphere here that you want people to come in and work, you want them to make a profit, you want them to pay their business tax, you want them to pay their corporation tax, you want them to pay a fair wage to our people, you want the economy to roll and get that money in so that the Cabinet Ministers don't have to stand up at the end of the year and say, I need another \$40 million because that hole that we drilled in the North where the mine was going to produce many millions of dollars of ore isn't there. If private industry does it, Mr. Speaker, that's their problem. But they will do it, if the atmosphere is there, they'll do it. But they won't do it at the present time when they are advised that an act before the House will encourage and develop the industry, and it turns out it discourages it. It turns out that the Minister responsible will make a statement that, oh fine, if they don't want to expand their mining operations in Manitoba, we'll do it, the government will do it.

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(MR. MINAKER cont'd)

Then on the other hand the First Minister stands up and says we must hold the line because we're in inflation times. Again conflicts of interest are posturing, Mr. Speaker. This is what we hear from this side of the floor, we read. And then we have the Minister of Industry and Commerce standing up saying how everything is all roses. Mr. Speaker, either the government members are very intelligent people who are trying to make the people of Manitoba unaware of it, or they're a bunch of imbeciles and they know it. Because when you look at what is happening, people would not make statements on one hand and turn around and do the opposite. Because this is what we have happening. We've had it with Industry and Commerce, we've had it with the Crocus Whey Plant, we've had it with the mining bill.

So, Mr. Speaker, I suggest that the MDC should be wound down, that the attitude of the government should be reviewed and they should realize that the answer is an approach where you encourage the development by private individuals and companies and not with government funds. People or public funds that at the present time seem to be going down the drain and the government feels they have an endless tap that they can open at any time and pour another million here and another million there, because if this continues we will commit our youth to a way of life and a debt that will discourage them from staying in this province and can only worsen the situation and result in leading to bankruptcy of our province.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Thank you, Mr. Speaker. I do not intend to take very long in this debate. There'll be another opportunity during the session to have some comments on MDC, and when that opportunity comes up we will have heard the Minister close debate, answering some of the arguments that have been put before him today by the Member from St. James. And I certainly think those arguments have to be answered and those questions have to be answered, and I'd be very interested to know how the government can answer questions like that, because basically everything he said is absolutely true. And, Mr. Speaker, I would be getting up and I would be saying, if I take a long time, it would be taking a long time to say what I've said for six years in the House, that the government in business in Manitoba, the NDP government in business in Manitoba, is proving to be a failure.

Government in business nearly everywhere proves to be a failure. Government in business during the time of the Progressive Conservative Party in power in Manitoba, loans that were made during that time, many of them proved to be a failure - some a success, some a success, and under this government some have been a success also. But, Mr. Speaker, the experiment of governments using people's money to go into business on the basis of creating jobs and on the basis of having a financial return for the benefit of the people, is mostly - mostly - a very dismal venture, ventures that in many cases, the large ones, have cost the people millions and millions of dollars.

I remember not too long ago in this House, on a resolution, the Minister corrected me when I was talking about having meetings or public hearings about the government going in business, and I think I pretty well proved to him what my opinion would be and he pretty well proved to me what his opinion would be, but what would be the sense of having meetings? He was very sharp, caught me flat-footed, made me absolutely look a little bit silly the way he led me into it. But, Mr. Speaker, the only basis that I would have to say at the present time, that if I were to go forward and we were to invite business to come forward to hear what they might have to say regarding government in business, I would be saying that I'm opposed to it because of the proof, because of the proof across this country and most places in the world, that government in business is bad. And I kind of mixed that up, so basically just to clear it up, the experiment of government in business anywhere is bad. So that's why I would be against it. That's why my philosophy is the way it is. And I have the proof of my philosophy. If you want me to get out my "library," as the Honourable Member from St. Johns calls it, and read you about the shoe factories in Saskatchewan, read to you about how many businesses, how the businesses in Saskatchewan, the manufacturing in Saskatchewan went down during the NDP period, it's all there. I recommend it to you all. It's called, "Douglas in Saskatchewan" and it's very true. But now we have "Schreyer in Manitoba." All businesses losing money the same way, which is modern proof - not old proof but modern proof. So my reasons for my philosophy can be backed up.

Now the Minister would say that I will change, "I'm going to stay with my philosophy and believe in government in business," and yet he's saying it just because it's a philosophy - not

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(MR. F. JOHNSTON cont'd)because he's got proof that it's good, just because it's a philosophy. Mr. Speaker, I know the Minister will come up with the Polymer Corporations and the ones that the Federal Government are in. You know, I had an interesting experiment not too long ago. An interesting thing happened to me not too long ago. I got on a plane coming from Edmonton and I . . .

A MEMBER: With two right wings.

MR. F. JOHNSTON: . . . and I - Right. Like a Saunders Aircraft. Mr. Speaker, I got on the plane coming from Edmonton. I was alone and there were some couples together and they asked me to shuffle around a bit on the plane, so I sat down. I got off in Saskatoon between Edmonton and Winnipeg, and there was a group of young people from the universities saying farewell and goodbye, and thanking a gentleman for the wonderful week that he'd presented to them at the University of Saskatchewan in lectures. He happened to sit beside me when we shuffled around again on the way between Winnipeg and Saskatoon, and we got talking. It was, oh, around the time when Mr. Lougheed and the Federal Government were trying to decide what they would do about the tar sands. I said to him, you know, if the governments generally would state . . . have a lot of it everything would probably run all right. He said, "Well I think you're probably right." So we chatted a bit more, and I was just about to say to him, "I guess I should probably identify myself," because I don't really believe in trying to drag secrets out of people without them knowing who I am or anything of that nature. At the same time, he must have thought the same thing, and he said, "I'd like to introduce myself. My name is Maxwell Henderson."

So we had a very very good discussion about government in business. And so, you know, the authority of his experience and in his capacity in Canada at the present time, who had the opportunity to look at the governments in business, and he basically said that, you know, his experience - not his philosophy, but his experience - was government in business and the Federal Government in business was generally a failure and costing the people a lot of money.

So, Mr. --(Interjections)-- Excuse me, Mr. Speaker, could I please say, "Quiet, Yappy" to the member over there? Thank you.

A MEMBER: Watch your language, Frank.

MR. F. JOHNSTON: Well Mr. Speaker, a member talks about the parliamentary form and I could say that the member's parliamentary form this afternoon, and lately, has been worse than anybody's in the House, so my comment to him is, would he please be quiet?

MR. SPEAKER: Order please.

MR. F. JOHNSTON: Mr. Speaker, we're now expanding, after all this proof that government in business is not proving to be successful, and as the Member from St. James mentioned, the treasury branches are coming, and we will have treasury branches probably opening up in community clinics, because in the bill for treasury branches they can open up most anywhere. We will have the government now basically in loans, and one would almost suspect, in fact I would be willing to bet on it, that the Member from St. Johns will probably be in charge of the banking system of the Province of Manitoba very shortly. And that will be a disaster if his decisions in that respect are the same as the City of Winnipeg and other things. But, Mr. Speaker, we have the government wanting to go in the loaning business and not be the place of last resort. And do you really think, Mr. Speaker, that they will become the place of first resort, middle resort? They will still be the loaner of last resort. They will not get the benefit of the better loans, and they will go out and look for the bad loans just to say, "We have loaned money." Otherwise why go into it?

Mr. Speaker, it boils down to this government's policy of land acquisition, which is basically in time, whether they realize it or not - and I'm sure the members on the back bench don't realize; they just listen to other members - that in time the government will own the largest percentage of land in this province, and when that happens the people will be working on the government payroll. They'll be working on the government land. Well, that's fine. I'm told it does now. Well there'll even be more, so even more people will be responsible to government. So it's happening and we now know that they want it to happen. You want to have serfs working for you. Now you have the situation that you're going to go more into the control of the dollars, and whether you know it or not, whether you realize it or not, you will have more control of the people, and you will have more control over the industry, and you'll discourage other industry.

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(MR. F. JOHNSTON cont'd)

Now I go back again, Mr. Speaker, and I said this six years ago, or five years ago, there's no way that a company will come in and compete against the government that can lose money and just turn around and tax the people when they do. Now it's just unfair competition. You've got competition that can turn around, lose money, tax you to make up their losses, and also sit in here and make legislation any time you want, for themselves against the others. Now who in their right mind - I don't even think one of the members over there would go into business in this province on that basis.

Mr. Speaker, now we have the situation of people like they did in Saskatchewan, when you had the . . . and Ross group, who came in from the same place, Vancouver, and took the Province of Saskatchewan, kept starting up little businesses and going broke and transferring money, and they started up a consulting business and the steel company had to pay \$250,000 to the consulting business, and it was all really all mixed up. And, you know, all of a sudden we have a fellow from Vancouver again coming in and opening a one-man operation that we won't get our money back on. If we do, it's going to be a year. So, Mr. Speaker, it's again a game of monopoly with the NDP Government. It's a game of a group of men who believe that they are businessmen, and didn't get into government, they weren't elected to government on that basis. They were elected to government for social reform is what they told us.--(Interjection)--Quiet, yappy. They were elected for social reform, Mr. Speaker. And they continue to tell the people that there would be a better way of life, is why we want the socialist government in Manitoba. And they have, as I have said before, passed some legislation that has been that way.

There hasn't been that much opposition from this side of the House on that type of legislation. The basic opposition from this side of the House is government in business. We oppose you for doing what you said you weren't elected to do. That's why we oppose you. Yet you play monopoly with the people's money all the time. And it's not a nice thing to do. It's really not fair to take the people's money and lose it in business continually. It wasn't fair for the Progressive Conservative Government, it isn't fair for this government. Quite frankly, that's why the Minister of Industry and Commerce, when he says we're twenty years behind, he's so wrong. We're just about twenty years ahead of you, it looks like. We recognize the failures of government in business. We recognize the failures of taking people's money and losing it is unfair to them. We recognize it has not created that many jobs in this province. We recognize that all over the North American continent it's happening, and in the world the socialist movement is wrecking us, and we recognize it. People are asking for leadership and determination as to where we're going, and you fellows keep going the way you did, that Marx wrote it 100 years ago.

A MEMBER: Right.

MR. F. JOHNSTON: So don't tell us we're twenty years behind. We know what has to be done in this province and other areas to see people move ahead. We know what has to be done to get self-initiative back in people's minds again. We're not sitting on this side of the House and going to agree with you, and you never said you'd do it but you're doing it. And we're not going to agree with you that you should take initiative out of people. We're not going to agree with you that you make a marching band of zombies out of Manitoba, and that's what you're really doing whether you know it or not.

A MEMBER: They don't.

MR. F. JOHNSTON: No, they don't. They don't really know it and they're hypocritical about it, too. They say at times, you know, they've taken, Mr. Speaker, the medical and the hospitals off our shoulders; yet today we're creating nothing but a deterrence with the decision of the Minister of Health and Social Services, because of his dictatorial attitude. That wasn't what they were elected for but that's what they're doing now.

Mr. Speaker, so again I repeat, I've been saying it and we've been saying it for six years, we're men enough on this side to realize the problems involved with the government in business. We're men enough to realize the mistakes that can be made with government in business when dealing with people's money. We fully realize that the elected member has not got the control over the bureaucrats when the government's in business to the point they should have for building empires, which will happen. And so that's why we're just about twenty years ahead of you. We're not twenty years behind the Minister of Industry and Commerce, and when he says we're behind in our thinking, we're well ahead of you in our thinking and we know

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(MR. F. JOHNSTON cont'd) what people want. Go out into the business world. I've told you, I wish one of you would come and follow me around for a week and hear what you hear about the government going into business and what the people think about it. You know, I doubt if any of you could keep up with me. I would say that most of you wouldn't know a hammer from a sickle, but nevertheless--(Interjection)-- that's all there is to that. Anyway, Mr. Speaker, it was a corny joke. It was a corny joke, I admit that.

But, Mr. Speaker, that's what they're doing. I don't think they realize it. They are basically, you know, moving in a direction of control of people, and the bureaucrats in the country are going to be the mandarins of the people, that are well paid, well taken care of, and if you're going to move in that direction you'll find yourselves in the position of not being able to control it. So, you know, for us to agree that the MDC should now go into loaning more money for expanding is something that this side of the House certainly can't agree with, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Well, Mr. Speaker, I want to speak at this particular time on the bill before us and on the Manitoba Development Corporation's role in the business sector in our community. I want to attempt to lay out, in the brief period of time allotted to me, just one or two things. I would at least like to challenge the Honourable Minister responsible for this corporation as to whether or not he will permit this corporation to be used in an ideological fashion that I believe he is quite prepared to use it, or whether or not he will use it, as he often likes to indicate to us on this side of the House, in that pragmatic and practical way devoid of ideology.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Has the honourable member seen and read the guidelines to the Development Corporation which were issued shortly after the corporation came under my portfolio, and which were the first guidelines ever held between the government and the corporation?

MR. ENNS: I accept the interjection. I cannot say that I am verbatim familiar with those guidelines, but in total I accept that I could repeat them fairly accurately, that the corporation was there to help with existing industry; that it was there to encourage it and build brand new industries where the private sector has chosen not to enter into. --(Interjection)--Well, Mr. Speaker, there is of course this ongoing difficulty that we have with members opposite, that they have the advantage of being able to look at legislation passed during the period of a Conservative administration, and then assuming that our interpretation of that legislation would be similar to their own. That's where polemics get mixed up. That's where interpretations of very ordinary and understandable English get mixed up. Mr. Speaker, if I chose now to read the guidelines, which I see is a revision, draft revision, 1973, so already somebody is interpreting what was passed in 1966 for me, which I don't necessarily accept, depending on who's doing the editing and who's doing the revising.

But, Mr. Speaker, let me proceed with the case that I'd like to make this afternoon. And I'm very happy that at least several members of caucus, of members opposite are there, because I would like them to listen too, because it does to some extent affect them.

Now, Mr. Speaker, we have heard earlier in this Session the Minister of Agriculture indicate to us that the dairy industry is in good shape in this province, and I want to put that down as some foundation to the remarks that I want to make. He has said - and I would ask you to check Hansard; those of you who were in the House will recall him saying these remarks - he has said that the consumer in the Province of Manitoba is in a favoured position vis-a-vis other provinces and other Canadian consumers. He has also said - it's recorded in Hansard - that the producer is in a favoured position vis-a-vis other producers in the country. Mr. Speaker, that tells me that the dairy industry is in reasonably good shape, that our producers are primary producers, are getting close to maximum benefits - there's no great rip-offs in between - that the consumer of milk products in this province is getting maximum benefits. He's paying less for milk here in Manitoba than he is in Ontario or in Alberta or Saskatchewan. I believe we stand fourth under this, sir. A few provinces like New Brunswick, P. E. I. and others, we're not ahead of them. In other words, Mr. Speaker, the dairy industry is in a healthy state here in the Province of Manitoba. I ask the members opposite not to take my word for it. I ask them simply to readdress themselves to the statements made by the Minister of Agriculture.

Now, Mr. Speaker, walking into that dairy industry, this government is prepared and is

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(MR. ENNS cont'd) currently entering into discussions with the producers and their self-appointed, totally-controlled marketing board. Now, just remember, we have had some experience about how they like to handle marketing boards. For instance, if somebody gets elected to that producer's marketing board that is not of their political persuasion or general acceptance, do you know what they do? The Ministers write letters to that person asking for his resignation. They vilify him in this Chamber and they actually hound him out of the organization.

Now, the Minister of Agriculture in this instance is not even taking that chance, as he had to put up with in the Hog Producers' Board. He is ramming this through now, while he has total control of this Producer Milk Control Marketing Board, because he hasn't appointed them all as yet. Not a single one has been elected. Not a single one, therefore, can be said reflects the broader producer concerns. This is a - and I have to table this, I would suspect, at the request of members - a discussion paper on producer ownership of additional dairy-processing facilities in the Province of Manitoba. And I'd like to read certain portions of it. It should also be indicated that it's again one of these documents that's not for distribution at this time, because the history of course has been in this Chamber. That very coy and sweet little game's been played by the Minister of Agriculture.

I, in my plodding way, once a week, twice a week, have asked the government what their position on Crocus Foods is, have they arrived at a decision, and we get the fun and games from the Minister of Agriculture. What is happening, of course, we know that the decision is made. The government is now seeking - . . . (?) perhaps is a good word, which I used on another occasion - is now seeking for . . . that decision on a broader based appeal. They would like it to come from the producers themselves so that that would take the government off the hook for pushing through its ideological reasons for getting into the industry right now. So what have they done? They have, through their control, appointed board members, put forward this position, discussion paper, on the producer ownership of additional dairy-processing facilities. And I quote from the paper:

"The Government of Manitoba is investigating the establishment of a whey processing plant in the Province of Manitoba. It is understood that the plant, to be economic would also have to process raw milk." Well now, that's an answer that we haven't really established up to now, but we now understand is the case. "The concept is being developed by Crocus Foods Products, a Crown corporation. The producer board is being asked, along with the Manitoba Producers Association, to support the concept of a producer-owned and operated dairy-processing facility in preference to Crocus being established as a Crown corporation. We are anxious to settle the method of such producer ownership. The following resolution is being asked to be passed by these outside groups of people:

"BE IT RESOLVED THAT the Manitoba Milk Producers Marketing Board request the Minister of Agriculture to take steps to convert immediately, or establish Crocus Foods Products Limited as a wholly-owned subsidiary of the Producers Board, provided that the Manitoba Government provide and arrange for all the capital costs and absorb all the losses of Crocus, until Crocus is on a profitable basis."

Well now, Mr. Speaker, that's a pretty enticing carrot for any group of individuals in Manitoba to get into business. In fact it goes on to say, quoting the Minister himself:

"The processing of whey may be uneconomic for some time. Mr. Uskiw has indicated that the plant may not show a profit for as long as 10 years from now. However, a public service will be performed by the plant collecting whey, which would otherwise be a pollutant. In order to make the whey processing plant more viable, it has been recommended that the plant be capable of processing raw milk. This capability will alleviate the problem of milk surpluses which arise during certain periods of the year. Producer-ownership can be accomplished in several ways. We are prepared to review the existing ground work and reports on Crocus prepared for the government, and carry on this work. We would not be liable for any of the planning and development costs incurred today. Credible factors such as capacity, location, construction costs, interest rates, anticipated profits and losses, method of ownership, possible rationalization of other producer-owned facilities, methods of increasing general supplies of milk, would be examined together with other producer organizations. Following this examination, we will present to the government a proposal for the establishment of Crocus as a producer-owned facility on terms which may involve risk on behalf of the producer, and a

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(MR. ENNS cont'd) contribution, a greater contribution, from the general public. Alternatively, if the government is prepared to embark on the establishment of a whey and milk processing facility at this time without review by the producers, we would ask that it be done on the following basis:

"Still, that the facility be producer-owned rather than Crown-owned.

"That the government would contribute to the venture by arranging for all financing of the whey and milk plant facilities to be installed in existing plants, either by way of loan or guarantee.

"That the government would continue negotiations with DREE with the formal support of producers.

"And that in the event of default in repayment of capital, the government would have the right to take over the existing plant but no other demand would be made on the producers;

"In other words, you're enticing a group of producers to get into a massive industrial complex, you're giving them a blank cheque, you're telling them that they can develop whatever plant they will, the government will pick up the tab.

"Part of the initial capital costs in implementing this pollution control program is to be borne by the general public." You know, Mr. Speaker, when we speak about the general public, let's understand who the general public is. And I don't know in what manner and way the general public will bear these costs. Will it be with a four, five cent hike in the price of milk every year, as is now the price of gas being hiked every year to pay for the Autopac deficits, as the premiums for Autopac have to be hiked every year to pay for their deficits, and how long will we enjoy the current favorable position that the consumers of dairy products now enjoy in this province by virtue of the Minister's own statements?

"All the losses associated with the processing of whey and milk be borne by the general public." Mr. Speaker, what kind of fair competition is this for existing industry? What kind of encouragement is this to the existing industry which, by the Minister's own statements in this House just three or four weeks ago, said was performing well and in the best interests of the general public. But we are now talking about moving into that industry. Mr. Speaker, this isn't the case similar to 1968 or 1969 when there was a broad, general discontent with how automobile insurance was being sold in this province. There are no demonstrations or no letters to the Editor every day complaining about the way the dairy industry is being run in this province. We have the Minister's own words in this Chamber that the dairy industry is being run fairly well, both for the primary producer and for the consumer. But you're prepared, perhaps through the vehicle of the bill that we're talking about, through the Manitoba Development Corporation, to walk with your eyes wide open into a situation, not something that you inherited from a Conservative administration, not a Saunders plant, not a Flyers plant, not a CFI; you are now prepared to walk into a situation that says to the producers, "We will pick up all the losses associated with the processing of milk and whey, and that they'll be borne by the general public rather than the producers by way of an annual appropriation."

Now the other clause is very understandable. This is the only contribution that you're asking the producers to make. You're saying the producers have to agree that as long as the government is making an annual appropriation to cover the losses of milk and whey-processing facilities, it could exercise a degree of control through a management contract or supervised loan arrangements. However, the producers should have the right, at any time after to terminate this control arrangement with the government, provided that once terminated, the government would no longer be responsible for reimbursing Crocus for milk and whey processing losses. Do you notice that throughout this document, they never talk of profits. They . . .

MR. SPEAKER: Order please.

MR. ENNS: It's simply a question of losses that . . .

MR. SPEAKER: Order please. I realize that there has to be some amount of relevancy. I can see that the honourable member can bring in some extraneous contracts in the Guides to the Development Corporation, but I do not think that repetition is one of the things that we should be involved in. The honourable member has been on the particular report for 8, 9, 14 minutes. I think he should try to debate the issue in respect to our bill before us.

MR. ENNS: Well, Mr. Speaker, with the help of the Honourable Member for La Verendrye, I attempt to stay in order, by and large. We're dealing with the Manitoba Development Corporation.

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MR. SPEAKER: Correct.

MR. ENNS: Part of the Manitoba Development Corporation's concern has been, and I quote from Page 6 of its Annual Report: "Crocus Foods Products Limited was incorporated December 1973 under Part II of this Act. It is proposed that this company will process whey and other milk products. A board of directors has been elected and a general manager has been appointed to prepare specific investment and operating plans which are subject to final government approval prior to implementation."

Sir, we are dealing with a bill involving the Manitoba Development Corporation. I will submit to you, sir, that in fact it is not the government's intention to involve the Manitoba Development Corporation in any way on the subject matter that I'm talking about, if the Manitoba Development Corporation is in fact going to restrict its present involvement, which is of some \$184,000 in Crocus Foods, and not get involved in the \$8 million or \$9 million that we're talking about or that is being rumoured about, with respect to the proposed plant in Selkirk, then, sir, I would have to ask you to reconsider your admonition of me and request that an \$8 million or \$9 million future investment by Manitoba Development Corporation, even though it comes under the heading of Crocus and in general encompasses the dairy industry, is not out of order at this particular time.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, if the honourable member is talking about a future investment - I'm not sure that he is not able to use his skill in debate to talk about what he is talking about in any event, but if he is talking about a future investment upon the Manitoba Development Corporation, then I suggest to you that he is presuming something that is not so, and I believe that the Minister of Agriculture has already indicated that it will not be done through the Manitoba Development Corporation.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Well Mr. Speaker, this is where we of course have some difficulty. On the one hand, the Development Corporation has already committed itself to the tune of \$184,000 in this direction. Now, you know, if \$184,000 is not to be considered a commitment, then it's not to be considered a commitment.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: In this debate on a bill, the principle of the Act is entitled to be brought in, and the principle of the Manitoba Development Corporation Act I suppose is something that the honourable member can allude to. I've even indicated that he can, with his skill in debate, virtually spend two hours on what he is talking about and nobody is really going to make an objection. But if he's doing that on the assumption that the Development Corporation will be the vehicle for Crocus Foods, I believe that the Minister of Agriculture has already indicated that that is not so, and I will again indicate if that will be of help to him.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Well, Mr. Speaker, with all due respect to the Honourable House Leader, I have difficulty in accepting the assurances of the House Leader that there is not a commitment with this Corporation. --(Interjection)--Well, we're speaking at cross purposes, but I can also shift into second gear, Mr. Speaker, very quickly and get into the principle of the matter that I want to speak to, and I perhaps have spent too much time in detail about what I'm talking about. What I am suggesting, Mr. Speaker, is that it has not always been all that easy for us to have, you know, painted for us in such clear and concise manner, the ideological approach of this government in its intervention in the business sector. I have been quite prepared, Mr. Speaker, to accept, acknowledge the fact that they have in many instances inherited situations from previous administrations which left them little choice, and the vehicle was there, the Act was there, it was called a different name, and I suspect that given the same responsibilities, we might have in many instances responded in not entirely unsimilar fashion, although I would hope not quite in the same way. But, Mr. Speaker, what I want to address myself to in the moments remaining to myself, is, and give at least - I think "warning" is the wrong word, Mr. Speaker, I see it as my responsibility of raising it as an important issue, and it was only for that reason that I painted, you know, the background that I painted. You know, we're not talking about an industry that's in trouble, we're not talking about an industry that is failing to serve its consumers, we're not talking about an industry that is not responsible in serving its producers. What are we talking about, sir? We are talking about the wilful use of public money

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(MR. ENNS cont'd) on the part of this government and this Minister to annihilate a certain sector of the private business, namely Beatrice Foods. And that's as clean and simple as it is. That's as clean and simple as it is. It is an outright use of tax dollars to drive out of this province existing business. That's what it is. And that's where they're getting their tax dollars from, from that private sector. Now, Mr. Speaker, I'll not tolerate interruptions on the part of the House Leader because I now am talking on principle. I now am talking on principle.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: . . . has referred to myself as the Minister. Now I will be solid with the Minister to do it if it is done, but the Crocus Foods project is not being done through the Manitoba Development Corporation. It's done by the Minister of Agriculture. Now if you said "this Minister" and pointed at me, and you meant the Minister of Agriculture, that's okay.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I want to stay in order. We are not dealing with Crocus Foods as an agricultural matter, we're dealing with the Manitoba Development Corporation Act, and this Minister is responsible. And this Minister will be handing out the money. And this Minister will be driving out business out of this province, legitimate established business over the years.

A MEMBER: The little guys.

MR. ENNS: Whether it's big business such as represented by Beatrice Foods, or whether it's small business such as represented by a little dairy in Pilot Mound. Because implicit in the proposal, of course, is the acknowledgement that - and I would just read one more time from this document - "they hope the government also acknowledges that some financial assistance may be required in reorganizing a dairy industry. This may involve the diversion of milk from present dairies; it may involve the closing down of present dairies." And this Minister is prepared, this government is prepared to consider . . . All right. Let me put it in its . . . term: "to consider the advisability of" using the very tax dollars extracted from these same businesses in the private sector to drive them out of business. On what grounds, sir? They have already indicated a willingness to try to solve the problems, the polluting problems that they have created in this province, except that they have been denied the right to do so by this government. They have been denied permits to do so. They set up straw men, and I can tell you right now, Mr. Speaker, on the first, hot, long weekend this summer, there'll be 40,000 gallons of milk dumped into the sewer - deliberately by this government. So that they can create the environment, create the climate, that says, "We need a public-owned plant."

None of that milk had to be dumped. If they would phone - they know where that milk is coming from. None of it had to be dumped last summer. Plants were asked, on a Saturday morning, long weekends, to take an additional load of milk and they couldn't handle it. Had they been called 24 hours earlier, all the milk could have been used, because the industry is under-utilized. You can't expect a plant to accept on two hours' notice a heavy additional inflow of milk. With the kind of control that's exercised by the board, none of that had to take place. But I can - you know, the scenario is there before you. We will have a few instances this summer, particularly hot long weekends, we'll be dumping milk. Indeed, I suppose, the press will be asked to watch the dumping of the milk in the sewers. There'll be a general outcry that this is terrible and we should all rush into building a massive plant at Selkirk to alleviate that.

Well that's all nonsense, Mr. Speaker. It's all contrived. It is all a deliberate part and parcel of a program to get this government deeply committed, deeply involved, in what up to now has been a successfully-run private dairy industry. And Mr. Speaker, to me it comes as no surprise. To me it comes as no surprise, because I listen carefully to people like the former Member from Crescentwood, Mr. Cy Gonick, when he spoke with feeling in this House about the evils of Beatrice Foods taking some measure of control in our dairy industry. I suspect that one should perhaps ask, you know, have the consumers felt any of these evils? Not according to the Minister of Agriculture. We're still being better served than every before. Not according to producers; they're still getting more money than every before and more money than most other places in the country.--(Interjection)--I hear from the background that there was about a .04 percent waste in milk last year in the entire industry. I would suspect that in

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(MR. ENNS cont'd) . . . any other industry, in the vegetable industry, in any other industry that waste ratio would rise much higher.

Mr. Speaker, I don't know whether this Minister is going to use the Act currently before us to do the kind of things that I have suggested that he will do. I don't know whether his interpretation of the powers that were granted him under the Manitoba Development Corporation Act are such that he will want to do these kind of things. Mr. Speaker, I have put it firmly on the record that if he does in this instance, if he does in this instance, then the ideological wall that I see separating him and I becomes all that much clearer and firmer, and that I would have no difficulty in physically seeing then perhaps from time to time I have had up to now. The Minister has been reasonably skillful in from time to time saying, "Look. Call me what you want to call me. I don't particularly care about labels. If I know I can find a better way of doing things, then I think it's my responsibility to do it that way. It's my responsibility to the people that I serve, my responsibility to the people of Manitoba."

We have been unable, with the efforts by the Member for Portage, with the efforts by anybody else in this House, to get anything but the barest of facts on this subject matter of Crocus Foods. We haven't had any of the studies made available to us. In fact, it's been deliberately resisted by them. I suggest that the Honourable Minister in charge of the Manitoba Development Corporation would take cognizance of remarks that I have made this afternoon before he allows his corporation to be used in this manner, before he allows the corporation and public funds to be used to deliberately disrupt a current successful industry in our province. What is the gain, Mr. Speaker? What is the gain? New jobs created? Hardly. Better situations for consumers? Hardly. In fact, if the track record is even to be treated benevolently, the consumers have little hope that they can end up with a better deal. The producers in a better deal? They have a good deal now. Surely the only thing that's left that can be gained is that an ideological battle has been won.

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

MR. GRAHAM: Thank you, Mr. Speaker. When we're dealing with this particular bill and the Manitoba Development Corporation, I often wonder if the Minister is fully cognizant of what can occur to business once government gets involved. And I say that, sir, knowing some of the problems that exist in the business world today, and the fact that in most of our business that exists in Manitoba today it's of a competitive nature. There are very few businesses in Manitoba that are a monopoly situation. And in the highly competitive field of business, we find that one of the major problems that exist in almost every facet is the control that is essential on top-heavy expenditure, is at the executive level. The problems of management, skillful management in business today, dictates a rather ruthless use of the knife in cutting out all unnecessary management expenses because of the highly competitive nature of the business. But, sir, if government gets involved - and it's quite clear from the MDC that when they are involved they take an active involvement - that when that occurs there will just be one more level of executive salary to be paid, which in turn will diminish the returns from that company and could conceivably turn a profitable company into a losing business venture. And I would ask the Minister to consider that very carefully; to consider the nature of the business they're going into when they are making their investment; to consider what the implications will be to the profit picture once the added expense of top-level management is added. And I would say, sir, that in more cases than we would care to point out, that when government gets involved then the efficiency of the organization is very liable to diminish to the point where it no longer becomes profitable.

And that is one of the basic weaknesses that exists in any government business. It's inherent in government that efficiency diminishes once government gets involved. And we can stand up here and tell the Minister time and time again, as other members of this Chamber have done, and yet, sir, I think, to the Minister of Mines, he'd say we don't know what we're talking about. He is the only one that knows and through his skill and his sharp intuition that he will make these businesses pay off. I don't think he's that smart, Mr. Speaker. I don't think he's that smart at all. And I find that when he is talking this way or when plans are being made to involve government, that we will find out, time will tell us how many cases where government is involved where the profit picture diminishes. Because two things happen. You get top-heavy management and you get lots of incentive, and either one or both will have a serious detrimental effect on what up to that time has been a very profitable or a potentially

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(MR. GRAHAM cont'd) . . . profitable business.

So, sir, I want to give these few words of warning to the Minister. I know that he has no intention of withdrawing the bill. I know that he is going to bring it forward anyway. Anything we say on this side of the House he'll sit and smile. He won't change. But as long as he is willing to accept all of the responsibility and then when he comes back here next year and gives us his reports that, "I was responsible for this failure. I was responsible for that failure. Here's one over here that had a little profit, not as much as it was the year before, but I'll take the credit for that little profit that's here."

MR. SPEAKER: Order please. The hour being 4:30, subject to our rules we now go in to Private Members' Hour. The Honourable House Leader.

MR. GREEN: Mr. Speaker, just so that the honourable member will be aware. I would intend to continue this at 8:00 o'clock.

MR. SPEAKER: At eight?

MR. GREEN: Yes.

MR. SPEAKER: Very well.

PRIVATE MEMBERS' HOUR - PRIVATE BILLS - BILL 32 - THE RELIEF OF SUSAN THIESSEN

MR. SPEAKER: Bill No. 32. Private Members' Bill. The Honourable Member for Radisson.

MR. SHAFRANSKY: Mr. Speaker, we've looked at this bill. It is one of the usual annual bills that is presented to the House. A lot of arguments are used as to why the Statutes of Limitation should be allowed, because the time has lapsed and because of some, I would say sometimes inefficiencies, that the matter was not proceeded in within the two-year period. However, we're prepared to have this bill go to committee and to listen to the presentation in committee.

QUESTION put.

MR. SPEAKER: The Honourable Minister of Mines on the same question. Bill 32.

MR. GREEN: Yes, on the same question, Mr. Speaker. I believe that this is being treated as a Private Members' Bill. I just want to make it clear that I have not voted for a bill which removes the limitation period. I expect that it will go to committee but I don't want it to be understood that I'm supporting the bill.

MOTION carried.

BILL NO. 35 - THE COMMERCIAL CLUB OF WINNIPEG

MR. SPEAKER: Bill No. 35. The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, we have had an opportunity to look at this bill, and see that it seems to be in order, and while it strikes us as somewhat as an irony that the Member for Radisson would be promoting the interests of the Commercial Club of Winnipeg, we think that it may show a certain sign of broadening in his outlook and education, and therefore we are quite prepared to have it go into committee.

QUESTION put. MOTION carried.

BILL NO. 38 - GUARANTY TRUST CO. OF CANADA

MR. SPEAKER: Bill No. 38. The Honourable Member for St. Johns.

MR. SAUL CHERNIACK, Q. C. (St. Johns) presented Bill No. 38, an Act Respecting Guaranty Trust Company of Canada, for second reading.

MOTION presented.

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

MR. CHERNIACK: Mr. Speaker, I'm informed that on December 2nd, 1963, an agreement was entered into between Guaranty Trust Company of Canada and Prudential Trust Company Limited, whereby the Guaranty Trust Company of Canada took over all the assets and appointments of the Prudential Trust, and accepted responsibility for all its liabilities.

I'm further informed that both of these corporations, being federally chartered, the agreement required the approval by the Federal Treasury Board under Section 79 of the Trust Company's Act, and that this approval was received on December 19th, 1963.

Mr. Speaker, the question apparently was raised as to whether under the British North America Act such an agreement required provincial sanction since the agreement affected

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(MR. CHERNIACK cont'd) . . . property of civil right. And I'm informed that bills similar to the one we have before us have been enacted in British Columbia, in Alberta and in Saskatchewan where the Prudential Company had been active.

I understand that the problem came to light in Manitoba when certain land leases and options, which were taken out by the Prudential Company, had expired or the options were not exercised, and the owners of the land - and I'm told it's mainly in the rural areas, in the farm areas - the owners wished to have the caveat which Prudential had registered, to have that caveat removed from the title. And when that happened and the Guaranty Trust attempted to complete and file and register Withdrawals of Caveat, that the Registrar-General of the Land Titles Office stated that he believed that provincial sanction was required for the Guaranty Company to sign on behalf of or in place of Prudential, and just as in the other provinces had been done, he felt that there should be this kind of sanction from this Legislature.

That, I am told, is the reason for this bill. That is the reason for the need for the bill. But honourable members will note that the bill is much broader, it's general, it's all encompassing and all-embracing to take care of possible future needs to recognize that assets in the name of Prudential indeed are now owned by Guaranty. Members will also notice an unusual feature, and that is that the bill, or the proposed Act, is being made retroactive so as to include any previous actions by Guaranty in the name of Prudential, some of which we know to be certain caveats that have been filed by Guaranty.

It appears that this is necessary in order to carry out the intent I've already expressed. There are apparently a number of owners of land who are anxious to get the caveat removed from their title so it be clear, and therefore I propose that this bill ought to go to committee, should pass second reading, and representatives, of course, of the company, of the applicant, will be available at Private Members' Committee to explain further and to clarify any of the issues involved.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON (Sturgeon Creek): Mr. Speaker, I would like to thank the Member from St. Johns for his excellent explanation of the bill, and certainly the bill, from what he has said, is a logical and probably the right thing to do as far as having the continuity with other provinces, etc., and the fact that people will be coming before the committee after we have read the bill and we can ask questions of it, is certainly satisfactory to us and we believe it should go to committee, as the member suggests. Thank you.

QUESTION put, MOTION carried.

MR. SPEAKER: Bill No. 12, proposed by the Honourable Member for Morris. The Honourable Member for Radisson.

MR. SHAFRANSKY: Stand.

BILL NO. 33 - THE TOWN OF PORTAGE LA PRAIRIE

MR. SPEAKER: Bill No. 33, proposed by the Honourable Member for Portage la Prairie. The Honourable Member for Radisson.

MR. SHAFRANSKY: Mr. Speaker, we have examined the bill, enquired from the Department of Municipal Affairs, and I understand that they are prepared to have this bill go to committee where we'll have an opportunity to question those people and explain in more detail the actual application of this bill.

It should be noted that the bill does have a retroactivity to January 1st, 1975, and I'm sure the members will be given the answers as to the reasons behind the moving and introduction of this bill in the House. We're prepared to let it go to committee.

QUESTION put, MOTION carried.

BILL NO. 36 - THE CITY OF PORTAGE LA PRAIRIE

MR. SPEAKER: Bill No. 36, proposed by the Honourable Member for Portage la Prairie. The Honourable Member for Radisson.

MR. SHAFRANSKY: Mr. Speaker, on this bill, likewise we are prepared to have it go to committee where members will have an opportunity to deal with this in more detail.

QUESTION put, MOTION carried.

MR. SPEAKER: Bill No. 4. The Honourable Member for La Verendrye. He's absent. Resolution No. 10. The Honourable Member for Riel.

RESOLUTION NO. 10

MR. CRAIK: Mr. Speaker, I move, seconded by the Member for Swan River, that WHEREAS the constant increase in costs of government and the constant increase in taxes are of major concern to the people of Manitoba, and

WHEREAS the need for closer examination of government expenditures become apparent as these expenditures rise, and

WHEREAS the appointment of an independent Auditor-General in other jurisdictions has uncovered waste and inefficiency in government that has resulted in savings to the taxpayer;

THEREFORE BE IT RESOLVED that this House consider the advisability of establishing the office of an independent Auditor-General to be appointed by and responsible to the Manitoba Legislature.

MOTION presented.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, this Resolution is probably timely to the extent that there has just been an exhaustive study done of the role of the Auditor-General of Canada, and I think many of the observations that have been made in that study are directly applicable to the topic under discussion here, which is the role of the Provincial Auditor in Manitoba.

This issue has been debated, as you well know, Mr. Speaker, before. It was discussed in this House last year. And we've seen in the last two years alone, some pretty substantive issues develop with regards to audit of the books of the Province and those of the agencies closely associated with the Province, and I refer here in particular to the issue of some of the co-ops that have been set up in Northern Manitoba by the Provincial Government. And these particular examples, and others, have spelled out the very important role of the Provincial Auditor in looking after the well-being of Manitoba's financial affairs.

I want to point out that the role of the Opposition is to a very large extent in the House, in the Legislature, a role which is to examine governmental spending. In fact, I think one of the prime reasons we come here is to examine and study the estimates of expenditure of the government. But once having examined those thoroughly, Mr. Speaker, and having them passed on for execution by the government and their staff, it's then important to come back at the end of that year for which we approve the money-spending, and then to look and see if, in fact, it has been spent according to the reasons given when the estimates were approved, and in-between there are shifts made, of course, which is logical, and also the government enters into programs that may not have been fully examined at the time of the estimate expenditure, mainly because it's probably not possible to foresee in all cases just what the program is going to lead to.

Now, with that responsibility of the Opposition, I think in the main to examine the government's estimates of expenditure, it's incumbent on all members of the House to make sure that these financial affairs are carried out in the best interests of the province. And I have to say, in all frankness, I think that many people on both sides of the House would agree that it's really not possible for the average member of the Legislature to have any sort of, you know, in-depth examination of the procedures for the spending of public dollars, partly because the role of the Member of the Legislature is a many faceted one that includes many other areas that have very little to do with the expenditure of money, but strictly with determining and representing other interests on behalf of its constituents, and also recognizing that we're far from being, in most cases, accountants or accountant-minded in terms of looking at whether or not money is properly handled. And there's no real means of looking into the expenditures. You simply trust that they are being expended properly and trust that the government of the day knows that they are. So that it's become pretty obvious over the last few years, with the increasing role of government, that Members of Parliaments and Members of Legislatures pick off the surfacial items that happen to come up - they get the tops of the iceberg - that they recognize, and those are discussed and brought to light and so on, and then a whole effort is being made to make sure that the tax dollar is being properly spent. But it's also been very evident in the last few years in Canada, particularly through the role of former Auditor-General of Canada, Maxwell Henderson, who exercised an authority of an Auditor-General to its limit, he took it upon himself, Mr. Speaker, to show exactly how far an Auditor General could go in uncovering the procedures of expenditure of the money of the Government of Canada. And of course his examples that he brought to light have been very revealing and very important, and certainly must be some sort of an incentive to governments to beware of their handling of the public's money.

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(MR. CRAIK cont'd)

Now this may imply that it's naturally assumed that the money will not be spent properly, and that is certainly not the case. Everybody recognizes that the vast majority of public funds are very scrupulously looked after by the civil servants who administer. But there's always some, of course, that gets into the bad investments and the bad administration and gets into the bad disposition during the course of a year, either to satisfy the political needs of a government or probably even, more extensively, the bureaucratic requirements of an establishment. And an auditor can get at that sort of thing much more effectively than a member of the Legislature can, or a Member of Parliament can. So that's why we present this Resolution at this time, to consider, ask the government to consider and the Legislature to consider, whether or not the role of the Provincial Auditor could not be made more extensive, to try and encourage him, by means of either legislation or direct recognition by both sides of the House, that his role is a pro-active role, a role where he goes in to ferret out the problem areas that exist in government expenditures, full realizing you know, in proposing this, that the government in power is not likely to come up in a good light if in fact he finds a matter that must be brought or should be brought to public attention, but full well realizing that, as an opposition, that that opposition may also be in power one day and will have to live with those embarrassments that will inevitably come to light.

So we ask the government to look at this from a long-term point of view and to examine fully whether or not in this day and age, with government expenditure being far different than it was in the early days of government where public expenditures were a small part of the total sector, but in this day and age where, for instance, we find this year capital investment in Manitoba, either through the utilities or the government Crown corporations or through government, represent about half of the total investment in the Province of Manitoba, whether or not it isn't absolutely mandatory to have an auditing staff that has very wide-ranging powers to go in and make sure that expenditures are in all cases, within reason and within the best intentions, providing facilities and services to the public of Manitoba.

Now, Mr. Speaker, I've made reference to the study that has just come out from the Government of Canada, and let's say that before this study was undertaken, even before this study was undertaken, the powers of the Auditor-General of Canada have always been more impressive than the powers of the Provincial Auditor in Manitoba, and in part it's been because of the pro-active personality, in part because of the pro-active personality that occupied the position of the Auditor-General of Canada.

But let's go through this. Well, let's say - the former Minister of Finance, the Member for St. Johns, was saying, you know, how is his role different from that of the Province of Manitoba? Well, let's look at some of the sample cases. The sample cases, as the member full well knows, has been that the Auditor has taken it upon himself, in the Auditor-General's case, to go in, find the trouble spots, and then report it directly back to the committee. Now the tradition in the Province of Manitoba has been that the Auditor here pretty scrupulously adheres to the traditional role of clearing a problem area with the appropriate government authority first, and particularly with the Minister of Finance, goes in and makes his investigation, and if the problem is solved satisfactorily, it may or may not appear on the report of the Auditor to the Manitoba Legislature - may or may not. He's in power here to bring such matters to the attention after investigation as he desires. He can report that. If he so desires, he can report that after the fact. I don't know of a particular case where an announcement is made in a report that such and such an investigation is now being initiated and undertaken to advise that this thing is under way, and I presume that there are many cases that don't come forward.

Now in the federal case, the Auditor-General has traditionally much more actively gone in and done his investigation and reported with less dependence on his reporting to the government alone, but more a dependence only on reporting back to the parliamentary committee. Now as I say, the differences have been pretty noticeable in the performance of the two auditors, the federal and the provincial. The provincial has been changing, particularly the last two years. The last two years the Auditor's report here, and in part, I think, from the pressures put on by this Legislature, has reported back in detail on some real problem areas with regard to government spending and cast a fair amount of light on a lot of these expenditures. He has, for instance, advised the Chamber that the procedures of the MDC are not appropriate

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(MR. CRAIK cont'd)for proper - well, let's not use the word financing, I've forgotten the exact wording of it - for proper administration of public funds and procedures and the reserve for liabilities and this sort of thing, has not been appropriately looked after, and that of course has brought forth significant debate and perhaps it will bring about changes in the operation of the MDC as a result of it. But in part it's been as a result of the pressures that are being exerted, have been exerted over the last few years, to make this happen.

I recall when the changes were made to the Provincial Auditors' Act in 1970. The Minister of Finance at that time, the present Member for St. Johns, made the comment that the Provincial Auditor will truly be the servant of the Legislature - will truly be the servant of the Legislature - and when that was said, the Legislature looked at the dawning of a new era when the Provincial Auditor would, in fact, really be very much more untied from the apron strings of the government and would much more freely offer his services to the entire Legislative Assembly and be reporting back directly with a much more limited referral to the government itself on the different cases that were undertaken.

Now, in part, as a result of the present style of the reports we get each year, but only in part, that is true - only in part. We get the important cases. They come back. We assume that they are all of the cases, we don't know that they're all the cases. We don't know how many cases that he has wished or thought he might like to undertake but couldn't, that is not indicated, and it's hardly a likelihood, unless it was a real serious problem, that the Auditor himself would want to point this out to a legislative committee. But, traditionally, the Federal Auditor has operated in a much more open style and with less referral to the government and more referral to the Parliamentary Committee than has the provincial counterpart in Manitoba.

Now, having said that, the provincial has never sort of had the impressive record of ferretting out financial anomalies, if you like to call them, in the administration of public funds. Despite that, the Federal Government undertook a complete study of the office of the Auditor-General of Canada, and have just issued this report that has been distributed to Members of the Legislature in the last month. I would think that it might be well worthwhile taking these in study to try and examine whether we could not map out a much more effective role for the Provincial Auditor here. Let me refer only here and there to the important points that are made here. Incidentally I think that we should recognize here the basic premise from which this was undertaken.

"The first premise is that the administration is accountable to parliament and for the use of public funds as it only receives money from taxes and other sources in trust for Parliament. It has a responsibility to see that moneys are properly collected, that assets are protected from loss, that expenditures are made only for purposes approved by Parliament, and that in making such expenditures care is taken to ensure that value for money is obtained.

"The second premise is that in accepting this trust the administration also accepts the responsibility for reporting to Parliament as to how it has been fulfilled. This involves presenting to Parliament complete and clearly understandable information as to moneys received and expended, the assets and liabilities of Canada and the changes in financial position during the year. The increasing complexity of government" - and I think this is the most important point that has to be recognized - "the increasing complexity of government, the magnitude of transactions and the use of Crown corporations, social security accounts and working capital advances make this more difficult to achieve, but they do not invalidate the premise. On the contrary, proper reporting becomes even more important.

"The third premise is that there must be an independent person identified as the Auditor-General who can assure Parliament that the information supplied by the administration is fair and represents complete reporting. This implies that he should be free to report to Parliament where there has been a breach of trust in handling of public funds by the administration or where information supplied is less than fair and complete, and to bring to the attention of Parliament matters of concern that would otherwise pass unnoticed. To achieve this Parliament must ensure that the Auditor-General can carry out his responsibilities without being subject to any possible pressure from the administration that would erode his independence."

Now, that's pretty key points. It enunciates the necessity of setting out the Auditor-General at arm's length from the administration which he has to examine.

"These premises are firmly rooted in history and tradition. They developed in earlier times when the relationship between the administration and Parliament was different than it is

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(MR. CRAIK cont'd) today. Under our present form of parliamentary democracy it is sometimes difficult to comprehend the distinction between the administration and the parliament." And so on, it goes into it in some more detail.

Some of the points in the conclusions that are drawn here,

"8. The personal independence of the Auditor-General must be ensured and Parliament must be certain that he could not be vulnerable to administrative pressures that would hamper him in carrying out the examinations necessary to the discharge of his responsibilities.

"6. Procedural changes should be considered with a view to minimizing delays between the time the annual report of the Auditor-General is submitted to the House of Commons and when the Standing Committee on Public Accounts can begin its study of the report."

Well, you know, that's an old point here, too. We have the same problem here. We're examining estimates of expenditure that are a year and a half old by the time we get around to examining them here. So, again, some of the same problems at the federal level.

Now the book is full of conclusions that are directly applicable to the scene in Manitoba or any other province. They're detailed and I think that in the time limits we have here, we can't go into them, but I think that it would be very worthwhile for us to even consider here establishing a special committee of the Legislature to sit off-season and examine this report of the Federal Government with an eye to tailoring it to Manitoba's requirements. I look forward, Mr. Speaker, to some pretty serious consideration of this and some changes that will help the Auditor in Manitoba do a better job for the people.

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

MR. JOHANNSSON: Mr. Speaker, the Honourable Member for Riel reminds me of a water buffalo. He shows the same level of intelligence and imagination as a water buffalo which is eternally treading in a circle to power a waterwheel.

This Resolution has been brought before the House year after year, with the same wording year after year. In fact, the same resolution was brought before the House by the Liberal opposition before 1969. They don't even have the intelligence to amend the wording. In 1969 this government, of course, did change the Act and we brought in a separate Act, we brought in the Provincial Auditor's Act. The honourable member also displayed the kind of laziness that you find in a water buffalo. He wants the Provincial Auditor to do his job of criticizing the government. The problem is that the honourable members opposite really aren't interested in government efficiency. What they want is they want the Provincial Auditor to do their job of digging up government scandals.--(Interjection)--And they're too lazy to do the work.

Mr. Chairman, I've sat now for a number of years on the Public Accounts Committee, and since this government took office the work of that committee or the nature of the proceedings has changed quite a bit. I am informed by members of our caucus who were in this House prior to our coming to government, that generally the committee did not sit very long and that its proceedings were relatively non-partisan. But since this government came to office, this committee has been used by the opposition as just another vehicle by which to discredit the government and to attack the government. Now I've sat through the proceedings of the Public Accounts Committee now for many years and every year the same questions come up, every year the Provincial Auditor gives very similar answers, and I'd like to deal with some of the Auditor's statements about concerns raised in the committee this year. I think they give a pretty good picture of the kind of power he has, the kind of procedure he follows, and whether he's really handicapped in carrying out his job. And I took these notes. During the Public Accounts Committee there are transcripts of the proceedings, so if you quarrel with any of my notes feel free to check them with the proceedings.

The Provincial Auditor said that there is basically the same kind of legislation in the provinces of this country and federally. There's virtually the same kind of legislation, same kind of legislative authority. And he said in committee that there is no inadequacy in our legislation. So the Provincial Auditor finds nothing wrong with our legislation. The Provincial Auditor also said that the Provincial Auditor of Canada has no more authority, contrary to what the Member for Riel was saying, the Provincial Auditor of Canada has no more authority than our - the Auditor General, pardon me, of Canada, has no more authority than our Provincial Auditor. Now, he did amend his statement to say that he has practised his role in a rather different fashion, and I want to get to that later.

The Auditor also said that he does not need more power to carry out his functions and he

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(MR. JOHANNSON cont'd) said that he would not need more power to carry out the same kind of functions as those of the Auditor-General of Canada. The auditor said that he does not need the authority of the Minister of Finance or Cabinet to look into departmental accounts, in other words, he can on his own authority look into departmental accounts, but he does need permission to audit the accounts of private companies.

The Auditor again said that there is no power now which prevents him from periodically, between sittings of the Public Accounts Committee - between Sessions if necessary - reporting on a serious situation that has arisen in government. So there's no power to prevent him from making extraordinary reports. He also stated, in response to questions he stated that if this government obstructed him in any way he would certainly report it to the members and to the public.

In Manitoba the auditor had nothing to do with auditing MDC until this government instructed our auditor to audit MDC because of the CFI fiasco. This government asked the auditor to look into CFI. Under our government, the Provincial Auditor took over the audit of five Crown corporations and all wholly-owned companies with the exception of the Manitoba Museum of Man and Nature. This is something that the federal auditor-general does not do. Provincial auditors here on our instructions proceeded to audit the accounts of all wholly-owned companies.

I can recall, Mr. Speaker, sitting in the House listening to attacks on this government by the Member for Wolseley, the former Leader of the Liberal Party, saying that we were --(Interjection)--yes, we were putting the independent auditors out of business by taking business from them. And I'm not sure if I recall correctly, but there may have been some attack from the Official Opposition, too, on that same score. But I don't quite recall so I won't say that.

Our Provincial Auditor has a pre-audit power which the federal auditor-general doesn't have, which many of the provinces' provincial auditors don't have. Our Provincial Auditor has a pre-audit power, which enables him to prevent a lot of inefficiency from occurring, I would think . . . And in fact the report that the honourable member read from doesn't even recommend giving to the federal auditor-general a pre-audit power. That is not one of the list of recommendations in this report. So we have given our auditor a power that isn't even recommended in this report.

In response to questions, the Provincial Auditor again in committee told - and he has said this a number of years successively - told members of the committee that he feels he has the staff he needs, he isn't being starved for funds or for staff, and he said that he feels he has the power that he needs.

So, Mr. Speaker, I really think that our Provincial Auditor has substantial power, and I think he feels at least that he has the power to do his job. Yet the problem is that the opposition don't feel the same as the Provincial Auditor, because they want the Provincial Auditor to do their job.

The other day we were in Quebec, three of the government members, three of the opposition members, and I must say that one can learn things on these Commonwealth Conferences. One of the things that we learned was that in the Quebec Legislature the Provincial Auditor has been called before the Public Accounts Committee only once in the last 20 years--(Interjection)-Pardon?--(Interjection)--They're pretty corrupt. The Honourable Member for Minnedosa says that they're pretty corrupt there. I wouldn't make that statement.--(Interjection)--He has no constituents in Quebec. Our Provincial Auditor, of course, appears every year before our Public Accounts Committee and he'll appear before the Public Accounts Committee on Thursday, and again you'll have an opportunity to question him.

The Member for Riel says that opposition members have difficulty keeping track of government expenditures. The only thing that the opposition members question the Auditor about, or the primary things they question him about are Wabowden and Northern Co-ops. They really don't seem to be very much interested in learning about the system of expenditure controls within the rest of the government.

I noticed that the Member for Riel didn't really quote very extensively from this book, the Report of the Independent Review Committee on the office of the Auditor-General of Canada, and there was a very good reason for that. Because this book doesn't really give much support to his argument. --(Interjection)--It certainly does not give much support to your argument. The

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(MR. JOHANNSSON cont'd) . . . fact is that many of the things that the report recommends are already in effect in Manitoba. It recommends, for example, that there be to some extent auditing by the Federal Auditor-General of Crown corporations. We already have that. It recommends that there be separate legislation for the Federal Auditor-General. We already have that. It recommends that the Auditor-General have the authority to issue a special report to the House of Commons on any matter of pressing importance or urgency that in his opinion should not be deferred until the issue of his annual report. We have that here.

MR. CRAIK: Mr. Chairman, I rise on a point of privilege because I think the member has read into the record there a statement which is incorrect from the report that the Auditor-General of Canada do the Crown corporations. The recommendation is that the self-sustaining Crown corporations be done either way, an Auditor-General or an outside audit. Which they are of course done already by.

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

MR. JOHANNSSON: I qualified my statement to some extent. I can read through the recommendations, Number 15, 16, 17, 18, 19, 20, deal with that particular recommendation, but the Auditor-General - 15 - should audit the financial accounts of all Crown corporations whose expenditures directly affect the budgetary accounts of Canada. No. 16. The audit of commercially oriented and financially self-sufficient Crown corporations should be conducted either by the Auditor-General or by accounting firms as deemed appropriate in each case. So there is a recommendation for an option. But this is something that the scope of our auditor is already greater in Manitoba than what is being recommended for the federal auditor-general.

I can't disagree with a lot of the recommendations in this report and I don't think the members of the government would disagree with a lot of the recommendations. However, there is one area, one area wherein I would disagree with the report, and that is when the committee recommends that the federal auditor-general have the power to move into management audits. This is something where I would have reservations.

The committee examined the role of auditors in a variety of countries, including some in the British Commonwealth, and I would like to read briefly what they have to say, for example, about the British practice. I quote from Page 132. "It is not the view in Britain that the Comptroller and Auditor-General should move into the area of overall evaluation of program effectiveness or that of management auditing." So this is an area where the British do not feel their auditor should expand into. "The former, when it goes beyond the efficiency with which policies and programs are carried out is considered as getting into the field of policy and value judgments," is another interesting comment on the British practice which is substantially different from ours. "By convention because of the quasi-judicial role of the committee." - this is the Public Accounts Committee - "its members are expected to take a non-partisan approach in their work." Now contrast that with our committee, which is anything but non-partisan. "This convention is in fact rigidly observed and as a result the committee concentrates its attention and reviews of administrative issues. Its main objective is not to record criticisms of specific mistakes but to make recommendations based on actual cases which may be effectively applied over a broad field."

The Australian Auditor-General also is not permitted by practice to move into the area of management audits. And I quote, "At present it appears the Auditor-General has no statutory authority to conduct efficiency audits." And I skip one line, "The view of the Auditor-General is that were powers of this nature to be vested in him, he would need to recruit or have access to staff with disciplines other than accounting and auditing." Page 138 of the report.

Mr. Speaker, just in conclusion I'd like to make one basic point. I don't accept the proposition that any man is God-like, is unbiased, above reproach.

MR. SPEAKER: Order please. ORDER PLEASE.

MR. JOHANNSSON: I don't accept the fact that a judge is unbiased, that he has no faults. I don't accept the fact that even my leader has no faults. Or myself. I am biased and I have many faults. So I don't accept the proposition that one can erect a God-like figure who is the final arbiter of truth. And in fact I think it's pretty obvious that the Honourable Member for Sturgeon Creek proved very conclusively that the former Auditor-General of Canada was certainly biased, when he gave away his conversation and told us that Maxwell Henderson agreed with him that government had no business being in business, that it should, --(Interjection)-- Maxwell Henderson - that it should stay out of business. And this is the man whom

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(MR. JOHANNSON cont'd)the Tories feel is a God-like figure. Well my opinion is somewhat different.

I think there's no question but that the former Auditor-General in Canada, Maxwell Henderson, was an empire builder, he was attempting to increase his own power within the system, and I think given the fact, I think given the fact that he had disagreements which seemed to be so fundamental with the present federal government, he should have taken the logical course of action, which was of course to run for office, which he didn't.--(Interjection)-- Yes, he didn't run for office.

I feel that policy-making is the right of the elected representatives of the people who make up a majority in an elected assembly. And I would oppose any impingement upon that democratic system. I would oppose, for example, any auditor trying to estimate the benefits or non-benefits of a school milk program. I quite recognize that the Honourable Member for Pembina has every right to criticize that program, he is an elected representative of the people, and ultimately I think that the rightness or wrongness of programs have to be decided by the people and by the elected representatives of the people.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Thank you, Mr. Speaker. I notice the Member for St. Johns, the former Finance Minister, was beside the Member for St. Matthews and was giving him some coaching and I see that the member has developed a pretty good argument.

But, Mr. Speaker, this resolution has been before the House, as everybody knows on many occasions. For instance, I have an old, just by coincidence, and old Orders for Return some ten years old, and it was at that time presented by the Member for Roblin, I believe Mr. Hryhorczuk, and I know it was presented a year prior to that by the Member for Ste. Rose, at that time, Mr. Speaker. I know the argument was used at that time by the government that an auditor-general would be a duplication of a provincial auditor, and I took the time to read Hansard what was said at that time. In my own opinion, Mr. Speaker, either the present Provincial Auditor does not have the staff or it doesn't go to the extent that the Auditor-General in Ottawa does because there is some difference, Mr. Speaker, and there's a considerable amount of difference. Because on covering certain matters that where money has been spent wrongly or, for instance, money has been wasted, it is brought to attention of the public, it is brought to the attention of the people who do get concerned and you know the Auditor-General in Ottawa certainly has sort of made a big name for himself by doing this and has brought to the attention, not only to the people but to the government to start checking what's happening.

For instance, just recently we have discovered there's many accounts in the millions of dollars by Air Canada that has not been collected and perhaps the government will start doing something that these accounts be collected. Now the auditor-general in my opinion has full right to look into all kinds of records in connection with any particular project and I don't know if this is what takes place in here. Now I know the Provincial Auditor in its report has made some references and there is some indication where certainly, that there should be some action taken or something should be done. I know on Page 23 where it's indicated, and this has been quoted to the House before, but I would like to . . . I know my time is very very short and I would like to go back to the debates of yesteryears, March 23, 1965 and I mention that sometime during that period, between now and that time, I had the opportunity to present that resolution myself, so it has been before the House on many occasions.

But Mr. Speaker, I'd like to quote, and this is the Member for Souris-Killarney speaking, and he was speaking against the resolution at that time, and he said "I think then the duties of the Comptroller-General that we have in our province today, he does a free audit, a post-audit, which in my opinion serves the purpose very well. Most of us know on looking at our cheques that we receive, his signature is there and I would consider that before he has authorized expenditure of that money that he has approved on it and checked every aspect that needed to be checked upon." That was the argument, and I have no argument or no quarrel with that.

Then we have the Member for St. Johns speaking, and I wish to quote him, what he had to say, and he said, Mr. Speaker I'm quoting what he had to say, he says, "The comptroller's task, as I understand, is to make sure that the moneys are spent in accordance with a budget allowed and after same has been approved and certified by the responsible Minister or other person having authority to approve of an expenditure. What that is is a very important task, and that is to make sure the moneys are spent in accordance with the budget. As I understand

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(MR. PATRICK cont'd)the proposal dealing with the appointment of an Auditor-General, which is really what we are discussing today, it is to give an objective person an opportunity to view the method in which moneys are being spent on behalf of the people of this province and to indicate whether or not same is being spent in a proper and careful manner. The question of prudence, Mr. Speaker, is important." He's talking about prudence. "The question of proper methods of obtaining lowest possible price. . ."Mr. Speaker, that doesn't take place at the present time. It doesn't happen. The Member for St. Johns said. He says, "obtaining the lowest possible price" - and we're talking about the tender system - "or the best services, or the best returns for the money would be a matter for the Auditor-General to review and to report on. And certainly the last speaker must realize that when reports are brought into the Federal House from the Auditor-General they are brought in with a view to indicate that there has been waste or error, bad judgment, which could be corrected in the future." Now, Mr. Speaker, I don't think the present provincial auditor reports on bad judgment, I don't believe they ask for estimates or tenders or such things as when government's purchasing cement or tenders for supplies or tenders for advertising, well that doesn't take place.

Perhaps I can just continue a little further, Mr. Speaker. "I think he must know that our Comptroller in this province has no right to indicate that there was a bad purchase made. All he can say is money was spent in accordance with the budget which was passed, and approved and certified by the person in authority to do so. This is a very good check on how moneys are spent, not whether or not they are spent legally but whether they are spent prudently. So, Mr. Speaker, this is the type of review, a constant review is beneficial to the people of the province. I would therefore like to suggest that this resolution be viewed from the standpoint of this second review, this second opportunity to inspect, and be looked at in that light rather than in the light of redundancy of the position of the present Comptroller."

That was the position then of the government or the member of the opposition, which now is on the government side and I wonder if he has changed his mind. According to the speech that he made then, certainly he must have changed his mind, but from the information and from what - I'm not saying that the present provincial auditor hasn't got the powers and the right to do so, to see if there were tenders called on many items and purchases and so on but this has not taken place, so it would appear to me that he hasn't got the white powers that the comptroller-general has in Ottawa, Mr. Speaker, and somehow we're told by the government side that the powers are there. But if the powers are there well certainly according to the reports, and as you know yourself, Mr. Speaker, it isn't as complete as the report that is produced by the Comptroller-General in Ottawa. So perhaps the resolution certainly has some merit and I know that we had the debate which I know at least we weren't involved in the Wabowden affair and if you look into the provincial auditors section there is some argument that there were some problems and perhaps he could have looked into that area and would have been able to do . . .

The other thing, Mr. Speaker, we would ask at the present time is all the money from the sales of lotteries, is it properly accounted for and is it properly distributed. We don't know because when the bill was passed in this House, that money was supposed to go, or all of the money - I just got a couple of words - all the money was supposed to go to recreation and parks in this province and according to the Public Accounts it doesn't seem so. So there is another area that we could find out.

MR. SPEAKER: The hour being 5:30, I am now leaving the Chair to return at 8:00 p. m.

MR. GREEN: Well, Mr. Chairman, just let's have it on the record. I gather the honourable member is not finished, so that his name should remain as the speaker.

MR. SPEAKER: I am now leaving the Chair to return at 8:00 p. m.