

THE LEGISLATIVE ASSEMBLY OF MANTOBA
8:00 o'clock, Friday, April 19th, 1963

MR. EVANS: Madam Speaker, this being government business, may I ask you to call the second readings of public Bills.

MADAM SPEAKER: Second reading of Bill No. 72. The Honourable the Member for Swan River.

MR. BILTON presented Bill No. 72, an Act to amend an Act for the Relief of the Estate of Charlie Young, deceased, for second reading.

Madam Speaker presented the motion.

MR. BILTON: Madam Speaker, in 1961 this Legislature enacted Statute 72. It was assented to in April 15th, 1961. The enacting sections provided as follows - "Notwithstanding any provision of The Liquor Control Act, Flin Flon Hotel Company Limited may sell the Northland Hotel Limited and the Northland Hotel Limited may purchase from the Flin Flon Hotel Company Limited, the Flin Flon Hotel and the land described in the preamble to this Act upon which the Flin Flon Hotel is situated. Notwithstanding The Liquor Control Act the Liquor Control Commission may issue licences to the Northland Hotel Limited."

Following the enactment of the above statute in 1961, Northland Hotel Limited purchased from the Flin Flon Hotel Company Limited. Subsequent to the purchase of the Liquor Control Commission the Liquor Control Commission issued two licences under the Liquor Control Act to the Northland Hotel Limited in respect to the Flin Flon Hotel, and the hotel was operated by the Northland Hotel Limited. On June 9th, 1962, a fire occurred in the Flin Flon Hotel which caused substantial damage. I might add, Madam Speaker, that in Flin Flon itself now it has been reduced to one hotel for the entire community.

Subsequently the Northland Hotel Limited applied to the Liquor Commission for the required authority to rebuild the hotel so destroyed. The Liquor Commission considered that it did not have the necessary authority pursuant to Section 71, Item 3 of The Liquor Control Act, as that section applied to persons who had owned the hotel on coming into force of this Act in 1956. Northland Hotel Limited, of course, did not become the owner of the Flin Flon Hotel until after the Legislature enacted Chapter 72 in 1961. The Liquor Control Commission obtained the advice of the Attorney-General following which it wrote to the representative of the Northland Hotel Limited under the date of October 1962 and stated, in effect, that it granted permission for the rebuilding of the Flin Flon Hotel, provided Northland Hotel Limited sought an appropriate amendment to the statute which was passed in 1961. This is the amendment which is now before the Legislature. Its purpose is to remedy a technical objection which now exists so that the Northland Hotel Limited may have the necessary authority to proceed with the rebuilding of the Flin Flon Hotel.

MR. MOLGAT: Madam Speaker, I don't rise to object to the Bill at all. I agree with its passage. I wonder, however, why this should be a Public Bill rather than a Private Bill. It seems to me to be a Private Bill in nature and if someone could give me an explanation that would be fine. I have no objection to the passage of the Bill on second reading.

MR. BILTON: I appreciate the question given, Madam Speaker. Unfortunately I am not able to give that particular answer at this time but I would ask that it go to committee and I am sure that information will be provided for the Leader of the Opposition.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. GUTTORMSON presented Bill 77, an Act respecting The Rural Municipality of Coldwell, for second reading.

Madam Speaker presented the motion.

MR. GUTTORMSON: Madam Speaker, this Bill if it's passed will permit the Municipality of Coldwell to hold a vote in the municipality prior to the regular -- prior to when the regular elections are held.

Madam Speaker put the question and after a voice vote declared the motion carried.

MADAM SPEAKER: Second reading of Bill No. 82. The Honourable the Member for Elmwood.

MR. S. PETERS (Elmwood): Madam Speaker, I fully anticipated that we'd be going directly into Estimates when we came in this evening, and I've taken all my notes and

(Mr. Peters, cont'd.) . . . everything home with me. I haven't got my material with me and I beg the indulgence of the House to have this matter stand.

MADAM SPEAKER: Second reading of Bill No. 84. The Honourable the Member for Portage la Prairie.

MR. ROBLIN: The Honourable Member is not present Madam Speaker. I don't know whether anyone else would care to move this Bill.

MR. S. PATRICK (Assiniboia) presented Bill No. 84, An Act to amend The Portage la Prairie Charter, for second reading.

Madam Speaker presented the motion.

MR. PATRICK: Madam Speaker, I'm afraid that I can't explain at this time . . .

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. B. P. STRICKLAND (Hamiota) presented Bill No. 12, An Act to amend The St. James Charter, for second reading.

Madam Speaker presented the motion.

MR. STRICKLAND: Madam Speaker, I find myself somewhat in the same position as the Honourable Member for Assiniboia. However, I think it is pretty well self-explanatory except for one line which says that the aldermen's indemnity will be raised from \$18,000 per year to \$2,400.00. I think that's probably an error and it should be \$1,800.00.

MR. CAMPBELL: Would the Honourable Member who sponsored the Bill mention to the committee just what By-law No. 7377 is, please?

MR. STRICKLAND: . . . we must allow this to go to second -- to the committee and I'm sure that we'll get a sufficient explanation from the members of the council of the City of St. James,

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. COWAN presented Bill No. 80, An Act to amend An Act to incorporate The Sinking Fund Trustees of The Winnipeg School Division No. 1, for second reading.

Madam Speaker presented the motion.

MR. COWAN: Madam Speaker, this simply provides that documents of the School Division may be executed by any one of the trustees and the Secretary-Treasurer, or in the absence of the Secretary-Treasurer by the Assistant Secretary-Treasurer.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. D. M. MCGREGOR (Virден) presented Bill No. 97, An Act to amend The Virден and District Elderly Persons Housing Corporation Act, for second reading.

Madam Speaker presented the motion.

MR. MCGREGOR: Madam Chairman, one of the most important developments that has taken place in rural Manitoba in recent years has been the establishment of homes for our senior citizens who are more than worthy of this development. There is, I think, a great deal of merit in having these homes decentralized so as to allow the senior citizens to spend their latter days among their relatives and friends with whom they have associated all their lives, and in the same area where they have all made some contribution to their respective communities as a whole. When the government brought in the Elderly Persons Housing Act it encouraged many communities to plan and make arrangements so as to make the most out of this Act, and I can't compliment too highly the community of Virден and the surrounding municipalities, especially Reeve Odell and ex-mayor Cliff Cory and all the other mayors and councillors and reeves. The original bill enabled Virден to go ahead with the elderly citizens home at Virден. The contract is in excess of one quarter of a million dollars. I had the privilege only last Saturday of taking part in a program and associating with the turning of the first sod.

With this very good legislation there are still two areas which did not -- while the vote was over 50 percent, it wasn't high enough to qualify, and one of these is the very fine town of Elkhorn and this bill would allow Elkhorn to vote in now. The other area is my own municipality which I'm very familiar with. We're in rather an unfortunate position. To the north edge of our municipality we have the very good elderly citizens home in Hamiota. To the south edge we have the -- which will be equally as good a home on the south edge -- with the result that our municipality, it is very hard to see when they would ever vote either way, and this bill will allow them to split the municipality, and also as the whole project is sort of -- if Woodward and Elkhorn were to vote in there's no need of raising the mill rate, and this is, I think, very

(Mr. McGregor, cont'd.) . . . important, but without it, it will definitely have to be raised, and it is my sincere hope that this Legislative Assembly will see fit to support this bill.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. ROBLIN: Madam Speaker, I think that we now come to the motion of Supply. I move, seconded by the Honourable Minister of Industry and Commerce, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

Madam Speaker presented the motion and after a voice vote declared the motion carried, and the House resolved itself into a Committee of Supply with the Honourable Member from St. Matthews in the Chair.

MR. CHAIRMAN: Department XIV, Item 1 - Administration.

MR. ROBLIN: Mr. Chairman, before we begin, I wonder if I could have the indulgence of the Committee to make a suggestion on a point of order. As the committee knows, we did not debate further today the resolution about the Election Act and it will be debated next Thursday. May I request that those who intend to speak on the resolution be prepared to do so on Tuesday so that we can, I hope, dispose of the resolution and send it to a committee so it can be acted upon before long, otherwise I'm afraid time may be a bit pressing, so I solicit the co-operation of those who are interested in this resolution to ask them to speak on it on Tuesday so we may have the final disposition and make the other arrangements that are necessary.

MR. MOLGAT: Mr. Chairman, before we start off into the discussion of the estimates at hand, I wonder if the First Minister could indicate whether we will go on the termination of Industry and Commerce into the Labour Department or into the Welfare Department.

MR. ROBLIN: We'll keep right on going in the regular order and we'll leave Labour until the Minister's return, if he returns in time. If he doesn't return in time some other drastic measure will have to be taken.

MR. PAULLEY: Mr. Chairman, the Honourable the First Minister mentioned procedure insofar as the resolution dealing with the Election Act is concerned. I just want to make this observation. As the sponsor of the resolution I want to make this reservation. I agree with him that this should go to committee and I'm glad to at least hear by implication from my honourable friend opposite that the resolution is going to be adopted and it will be going to a committee, which was the objective of course in the original resolution, but I want to make this reservation however. I note that the resolution is in the hands of one of the honourable members of this House. There may be others speaking on the resolution, and I reserve the right to close the debate not on Tuesday, dependent on what they have to say dealing with the resolution. However, I am prepared at the present time, I might say, Mr. Chairman, to close the debate on the resolution providing -- providing there is nothing of a controversial nature as it arises that will make me, or place me in the position where as the sponsor of the resolution, I'll have to take a second look at what they say.

MR. ROBLIN: It'll be controversial, you can count on that.

MR. EVANS: Mr. Chairman, I want to thank my honourable friend from Burrows for yielding to me for just a moment. I touched very briefly last night on the representations that had been made to Ottawa about keeping the TCA base here, and I have provided enough copies of the brief that was submitted on behalf of the Manitoba Government by a joint delegation representing many interests in Manitoba that went to Ottawa. The pages have enough copies for the members and I'm going to ask them to distribute these copies now. I do so for this reason, that I hope we will keep this subject very much in the front of our minds, that we will see that our point of view is as widely recognized as possible, and that business and government and other interests keep this subject very much alive because it seems to me there's an excellent chance of winning, and I don't want the subject to be forgotten, and so if it's of any interest to the members and of any help in this cause, I'm going to ask that copies of this brief be distributed now.

MR. M. G. SMERCHANSKI (Burrows): Mr. Chairman, I want to say a few words at this time regarding the Department of Industry and Commerce. Although this is my first session in this Legislature, as a businessman I am very familiar with the work of this department, the service it provides, and its very enthusiastic staff. From personal experience I believe that I have done a good job in trying to analyze the work of this department in reference to its help to

(Mr. Smerchanski, cont'd.) . . . our businessmen and encouraging the establishment of new industries. As a Manitoban, I am very proud when I read in the papers that recognition has been given to the report which was prepared by this department, and also almost international recognition for its work in this particular field, and for this reason I want to congratulate the Minister of the well-deserved recognition, and through him naturally the members of his staff, because I feel that the report that we have before us today -- and I'm now referring to the Report on the Economic Future of Manitoba -- is one of utmost importance. I also would like to mention at this time that the civil service is possibly the most important part of the machinery of any government, and without the well-trained and honest civil service, efficient government is impossible and it is upon this service that we depend to see that the government's policies are realized in action, and then in the same manner and under the same conditions, the government of the day is to be judged on its merits. This may be assessed by answering three important questions. What does it propose to do? How does it intend to do it? And does it live up to its promises?

Now in the tabling of this report, this report again and again says that the number of new jobs needed in this province must be generated by a drastic increase in new jobs, jobs in the manufacturing field, otherwise we're going to have a serious unemployment problem. The report stresses the economic growth must be given much more importance in government policies. It urges that the government move quickly to do these things, those things needed, and which will act as a stimulus to the other sectors of the economy. I find that the programs which this government has announced are insufficient. Some of these are good, and some are urgently needed, and some of them do and some of them do not follow the recommendations of the Committee on Manitoba's Economic Future. However, on an over-all approach they are insufficient to meet the challenge facing us, and indicate to me that the government is not fully aware of the seriousness and the magnitude of the task facing us. Even to just look after our own labour force by 1975 will mean we have to double annually the number of new jobs in manufacturing alone. The present rate of acknowledged growth in Manitoba is approximately 1.1% per year, and in 1975 the labour force is expected to be something in the vicinity of about 422,000 and yet at the rate we're going, the work force will be only 347,000 that can be accommodated. This leaves one job in every five that people will be unemployed, and we must face up to the fact that these people are going to be potential candidates who will leave this province, and I almost am certain, and I know that most of us are certain, that these candidates who are going to be leaving the Province are going to be a better educated, a better equipped people that will leave the province to other parts of the world, and even if the government came forward immediately with a really new and unique program to promote expansion, we have to be fair and admit that it will take a couple of years to show results, and this makes the problem that more urgent.

The government should suspend the playing of the popular tune of economic planning and get down to some real honest-to-goodness action. One of the really critical problems we have to provide is a great many more jobs in rural Manitoba. I admit this is very difficult, but I also feel that our rural areas have a definite contribution to make to the future of Manitoba. Manitoba is not composed or comprised of Winnipeg or Greater Winnipeg, Portage la Prairie, or Brandon or Selkirk. The rural parts of Manitoba are equally as important -- Gimli included. Rural industrialization is quite honestly getting the short end of the stick, and is not receiving the special attention it needs and it should have. I know some good work has been done but again, I disagree and I find that the government is not aggressive enough in its approach. I think evidence of the importance or lack of importance the government gives to rural industrial development is that I believe that at the present time we've only got two full-time people employed by the department in this work, and let us just for a moment look at the comparison of what is being done in other fields.

Take, for instance, the field of Agriculture. We have over 40 people employed as agricultural representation in rural areas of Manitoba. We also have from the Department of Welfare, some 13 employed, in reference to the Indian and Metis problem. I'm sure these people are needed. I'm not being critical of these departments, but I only use this as a comparison and to bring it strongly to your attention, that we also must have representation of people from the Department of Industry and Commerce in order to give more effective industrial growth in rural Manitoba. The people have had enough of more spending and less concrete planning.

(Mr. Smerchanski, cont'd.) . . . Let's do away with these fine phrases. Let's do away with all this window-dressing and let us get on with the job and industrialize rural Manitoba. Rural Manitoba development will not expand fast enough without help, and I feel that the Department of Industry and Commerce should be employing special development officers and locating them in key points throughout the province.

I agree there has been some growth of industry in our rural points, but the employment generated falls short of the actual need. Again I repeat, and I say this quite strongly, that in my opinion, government plans show they do not really appreciate the urgency of our plan or problems as spelled out in this Report of Manitoba's Economic Future, and I have full cognizance of it. I was fortunate enough to serve on three committees. We also had possibly the best selection and representation of business and business ability and brains, the selection of which to a large extent, of course, was done by the department; but here again, action must be taken and the report has to be followed closely or otherwise we're going to fall short of our mark.

Experience has indicated that it may be difficult to convince professionals as well as laymen to think in terms of planning on a rural basis. Apparently, home town allegiance or other factors tend to serve as a barrier in many instances where the thinking is limited to one zone locality and confined to one's own political thinking. Now, this should not be permitted to hamper the development of our industry in Manitoba. Communication with the public to assure complete understanding is the task of this development board. The group must understand completely to what extent the local situation is to be investigated and properly planned for industrial growth and it will be the responsibility of this board to kindle or set afire the enthusiasm in the local groups and make them fully responsible and fully aware that they must assist in the building and expanding of industry in their community.

I now make a further comment on the observations of research problems, and much has been said in reference to research, and research is a very challenging -- it's a very interesting type of a word. In rural research, or for that matter in research of any nature, I can tell you this, there is never a shortage of what I would describe as "deadwood engineers", but there is always a shortage of good engineers. Topnotch research engineers are usually promoted to management functions because technical decisions are very much required in order to contribute to the total management of the over-all undertaking, but nevertheless, I cannot help but stress that good proper research is not a salary program, but rather a state of dedicated thinking. There is a very definite impact that an engineer's skill or ability and that his interest will have on a research problem. Another thing is that the result of any such research problems at times is completely uncontrollable, because the engineer or the individual, like some of the politicians or members of this committee, can develop statistics to argue for their own conclusion regardless of the situation, and the result of such a research project leads to internal distortion, misrepresentation, frustration and improper conclusions, because the engineer is still a human being. Some will negotiate well and others will negotiate not so well.

The proper impact of a research engineer -- and I want to dwell on this slightly, Mr. Chairman, because in order to implement the studies of the vast number of business brains and engineers who have contributed to the study of this report, is of prime and utmost importance, and on this problem is that some of the research personnel will do more than is expected from them, and in research an engineer should not be paid in relation to how scarce he is, or how old he is, but on his ability to perform research. Top management judgement is constantly required to properly define and evaluate the relative value of research, and this is equally as important as the undertaking of any research problems. To undertake a research problem is meaningless unless we are prepared to have some senior authority analyze these research problems and put them into actual practice and convert them so that we can live with them with our every day living, and try and benefit the community or the area in which we're working to interpret it finally in terms of jobs, in terms of being able to give somebody the satisfaction of being able to live and belong in a community.

And let us not be carried away simply by the saying of research, where it will be done. This requires, and I say this again, management responsibility of the highest calibre. I am an optimist and I always am going to be one, and when the Honourable Minister of Industry and Commerce, and when the Honourable Minister of Agriculture, tell this committee -- and I'm

(Mr. Smerchanski, cont'd.) . . . not being smart about this remark at all -- they are not just clear or certain as to what type of research will be done in reference to the Interlake area or other rural areas, and I again ask this, who is going to guide this research? This is of vital importance to me. This is of vital importance to our department, to know who is going to direct these people in research. We have at the present time under the Agricultural Research and Experimentation, we have had a feasibility study of the Interlake area. We have had by the same department the research on the livestock production in Manitoba. We've also had by the same group, the feasibility of p in the Interlake area, and I want to tell this committee that in this small little booklet, this represents many, many thousands of dollars of work extended and many, many hundreds of hours of very intelligent, scientific experimentation; scientific experiments in the lab; long hours of evening study and conclusions to draw up a proper conclusion to a proper report. These are the kind of things that can be put in action; converted into dollars and cents; converted into a rural industry that will help to give employment to our people in Manitoba.

I happen to have been a research fellow in my post-graduate years and I know what I'm talking about when I say that research has to be well guided, but I shudder to think what might happen with some of the present suggestions that have been put forward in this House by this government, in that there is a suggestion -- and I might be wrong on this conclusion; if I am, somebody can correct me -- that some of these research programs are a bit hazy and are somewhat unknown. It is comparable to a city youngster who has never seen a cow and claims that its milk comes continually from a milk bottle. The government has said a great deal about the plans to help increase exports, and I agree. This holds a tremendous potential, but unless the government is prepared and able to provide specialized aid and services of a very practical nature, most of the plans heard today will only remain to be paper plans. Our Province of Manitoba is not situated in the best of circumstances for primary industries. In order to create primary industries in Manitoba, first of all we have the difficult problem of transportation. We again have the difficult problem of being a long way from market. To service the customers is rather a difficult problem. But then in the field of secondary industries, this is where we truly can shine, and I would only want to read for the benefit of the committee, the report that was made on the Manufacturing and Community Development in Canada on behalf of the Machinery and Equipment Manufacturers Association of Canada, and this is what they say: "Secondary manufacturing industry has become a vital part of most Canadian towns and cities, and is indeed essential to the very existence that . . . potentially which such industry alone affords, for their continued growth and the increased prosperity of Canada is not yet generally understood." And the reason I say that is that times are changing. At one time it used to be that when you had the industrial revolution in England, to stage one was wherever you had coal and iron, this was the centre of industry. Later on, we got into the second stage of where you might have had electricity, oil, or gas, or chemicals, and you had natural raw materials and then this became the hub of your industrial growth. It seems that since the wartime the entire world over, we've entered into a third and new type of stage of industrial development. And this is a stage where the ability of any community -- and I think that this applies very well to our Province of Manitoba, being able to improve its own social and economic organization, and that it has the power to initiate through superior ingenuity, new processes, new technical organizations and productions. In other words, I want to draw to the attention of the members of this Committee that if we retain the high level of learning, the high learning of brilliant, able, research fellows which originate from ourselves, which originate in our province, if we can keep them at home we can not only outsell, we can do better research, we can out-produce, we can, with efficiency, do a better job than anybody else can do under the same type of circumstances.

This matter of active, aggressive planning has been a subject which has been given a great deal of attention in this report, and I consider this report almost being equivalent to the Bible in the household. This is the Bible of our industrial growth in Manitoba, and I think that so much effort has been put into it that we should never lose sight of the fact that this is what it's here to provide for. It is to provide and do a specific function for Manitoba, and I think we should get on with the job and get active on this report. I know that this is a very thick report and I don't know how many of you have read it from cover to cover. I've had a pretty good

(Mr. Smerchanski, cont'd.) . . . appreciation of what's in it from cover to cover. I would only want to read it once more to get a little better acquainted with it. However, I would like to read to the Committee one of the paragraphs that is of prime importance, and it is this: "Though it is the responsibility of business firms to open up foreign markets by exporting goods, there are areas in which exporters could be assisted. As indicated previously, successful overseas marketing is impossible without adequate information about markets for products, and a government can materially assist by expanding its markets intelligence service. Adequate marketing research is expensive. Large firms can afford these expenditures but small secondary manufacturing firms cannot. Identifying markets for specific products is a service that should be provided. Much information is already available from the Federal Department of Trade and Commerce, but more extensive information, oriented to the specific needs of Manitoba's exporters, is needed to encourage greater participation in exports. This information must be prepared by specialists familiar with the practical export needs of Manitoba businessmen. The Committee does not know the size of staff needed to carry out an effective export marketing intelligence function. It can be assumed it must be larger than the existing staff and must include technical marketing experts in forest products, process foods, textiles and clothing. Such a program will cost money, but failure to provide funds for these purposes would prove to be a short-sighted economy. The Committee therefore recommends that adequate funds be made available to permit a sustained full-scale program to promote export marketing."

As far as I can tell, the government is making no provision for trained practical men without whom these plants cannot succeed. Again, as far as I can tell from what the Minister has said, and by looking at the estimates, the government's program for creating new job opportunity lacks a basic sales function, without which any program of economic development simply cannot succeed. The importance of sales aspect of any development program is equal to that of any private company which can only achieve growth through increased sales of goods and services to the consumer or to our industrial markets.

Mr. Chairman, I don't simply want to be critical. I don't simply want to be drawing some conclusions from this report. I also want to be very specific in what I think and certainly what our Liberal Party feels should be undertaken in order to help and assist, in addition to what has been done now, to provide the necessary number of jobs in Manitoba, because this is the prime concern of every one of us within this Committee. Today, even a quality product requires a quality sales program, and I would say that the government's program falls down in three important ways. 1. A quality sales program entails a thorough coverage of proven and potential sales territory. If Manitoba's going to create more jobs we need more factories, and to get more factories you must develop legitimate industrial prospects. And, in my opinion, this can only be done if -- and what I am about to say, I'm saying this with all sincerity, and I know that the Honourable Minister of Industry and Commerce will agree with me -- only if our Deputy Minister of this department spends a great deal more time in other parts of Canada, the United States, or Europe, in developing new prospects. This is not a task that can be done, nor is it a task that can be delegated to assistants, or secondary type of personnel, and I am not being critical that the personnel in this department is being secondary, or anything of that nature, but what I am suggesting is that this has to be done on the highest of levels.

As the Honourable Minister knows, I was a member of the part of the Manitoba Trade Mission, and I think that the Minister will agree with me that in Europe we found Manitoba was not well-known by the businessmen or the investment men of Europe, the reason being that Ottawa has their own departments but Manitoba is not in that same coverage. This job cannot be done by an overseas representative who is not in daily touch with business conditions in the province, or who does not, and in all fairness cannot be expected to know the policy of the government. I feel we are fortunate in Manitoba in having the type of Deputy Minister who can talk the language of the businessman, and we should be using him more for this purpose. But I would again like to repeat that I think the government program fails in not providing for sufficient contact work at the proper level with industrial prospects in Canada, United States and Europe.

Secondly, I feel a much larger and a more aggressive program of industrial advertising and promotion needs to be provided. Too many people do not think of us as a manufacturing province. They think of us as a wheat-growing province and this makes it more difficult to get

(Mr. Smerchanski, cont'd.) . . . people to become interested in investing in the manufacturing companies in the Province of Manitoba. And I speak with personal experience in this respect. So, I repeat, that I feel the government's program lacks an intensive and a well-directed advertising program.

Thirdly, Mr. Chairman, one of the findings of the Committee on Manitoba's Future was the urgent and immediate need to better integrate action by various government departments on matters relating to economic development. And I would like to use an example in reference to this. The Honourable Minister last night mentioned the establishment of a design institute. In this House we have been given certain pamphlets from the Manitoba Institute of Technology in reference to electronics technology, certain phases of engineering, civil engineering, mechanical engineering -- very well, very good; but would it not be better, instead of establishing a design institute, would it not be better if Manitoba is a centre of the soft goods industry -- which we are -- would it not be better to establish under the Manitoba Institute of Technology, a design institute that would be called a design technology advisory committee, and we can go on along with a practical application, have 50 or 60 or 70 students enrolled in the courses at the institute, and carry on with the education of these people, with the training of these people from which the industry can draw, and from which we can expand and produce a better product which we can sell on a far better competitive basis in other markets outside Manitoba.

Another thing is, do you realize that in some of our smaller manufacturing industries where the cost of power is almost of vital importance, that we have to pay in rural parts twice the cost of power as compared to other areas of Ontario? And I ask you, members of the Committee, what incentive is this to industry when our power costs are double compared to what they are in other sections? And this can be eliminated if there is proper co-ordination with one department and another. When a new industry starts to get established it would be very advisable to have the inspectors, or people who have the final decisions to make in reference to health, sewage, water, sanitation, if they approached the prospective business enterprise with the approach that, "what can I do to help you?" instead of laying down a specific set of conditions and telling them "these are the rules you must abide by." and I tell you that this is not conducive to getting new industry to the province. It is not unlike running your own business establishment. Every customer that comes within your door is a customer, and you treat him with the utmost of respect, and I think if this can be passed down to the lower echelon of our Civil Service, I think we will have gone a long way towards being able to encourage new industry and the establishment of new industry in Manitoba.

MR. CHAIRMAN: I would like to tell the Honourable Member he has three minutes left of his 40 minutes.

MR. SMERCHANSKI: Thank you, Mr. Chairman. I shan't be too long. I'm getting to the bottom of it.

MR. MOLGAT: I'll be quite pleased to let the member speak in my stead. He is our official critic in this department.

MR. SMERCHANSKI: The first point is that one of the findings of the Committee on Manitoba's Future was the urgent need to better integrate the various government departments on matters relating to economic development. The program announced by the Minister gives no indication that the government plans to take any action whatsoever along these lines in order to integrate government activities towards the ultimate goal of increased sales with the object of creating new job opportunities through industrial growth. Other government departments could contribute a great deal more than they're doing at present if the government had a stated policy of all departments encouraging expansion. It would help, for example, if the Utilities Board was required to refer subjects affecting development to the Department of Industry and Commerce before giving a definite decision. I think the Department of Highways should check the needs of the business community to ensure roads are built to strengthen the industrial development position to the community. There's no sense in putting out a heavy construction or a heavy type of industry 40 miles out of Winnipeg on some road that cannot carry the weight and is subject to restriction, because you hamper the expansion of this industry by virtue of transportation.

The Department of Education should be required to consult with the Department of Industry and Commerce on training programs, such as the needle trade, for industrial workers which I understand is not being done at the present time. Another thing is, I honestly question

(Mr. Smerchanski, cont'd.) . . . -- and I know that I'm subject to criticism if I say this -- I would have sooner liked to have seen instead of having electronic technology, chemical technology or chemical engineering, because I want to tell you that we are facing one of the biggest expansion possibilities in the chemical and related chemical fields in this province by being able to break into the chemical market south of the border and they are there is we are willing to put our shoulders to the wheel, develop them and capture these markets on a competitive basis by comparing our ability and talent with the American ability and talent. I also think that the Manitoba Hydro should be more closely integrated with the Department of Industry and Commerce to establish rates which could attract new industries. Also the Department of Labour, for instance, should be required to refer all labour legislation so that its implication from a development standpoint can be properly assessed, and I can give you a prime example of what can be done.

There are many marginal industries that can be developed in terms of mines. Now I realize that maybe the basic rate is \$2.50 an hour, but if people are unemployed in the province I think that they would be quite pleased to get a basic rate of \$1.75 an hour, and I think that these people working at that rate would be very proud that they can carry their own weight and earn their own wages rather than be receiving some type of welfare. These are the type of things we have to consider, and it's not a matter that industry or the businessman is being selfish, because in the first instance the businessman has to make his investment and for every one dollar that he spends on capital expense, there's 20 percent of it goes back to the government in form of taxes to labour that he has paid, and sales tax, and another 20 percent goes back as a secondary tax rake-off because that money is spent within the community and churns around three or four times; so that it's only 60 cents that the government doesn't get hold of, and I think that the businessman is entitled to some type of a break until he recaptures his capital and after that I on my own am quite willing to share 50-50 with labour or anybody else that there is to share with, providing they work a 60-hour week like I do. I would then share it with them.

Finally, I would like to say something about the Manitoba Development Fund, and again I speak as a businessman who is thoroughly acquainted with the Fund and its operation, and Mr. Minister, my criticism is not what it is doing, but rather what it isn't doing. I acknowledge its operation is in accordance with the government policy. I am the first to recognize it has helped development, but it hasn't done nearly enough and in my opinion could be a much more important source of industrial development. At present the Fund is excessively conservative in its lending policies. Its interest rates are too high and its security requirements are completely out of this world. It operates too much like a bank and not enough like a development agency, and I speak from experience. And I would make a suggestion that we sell out the Manitoba Development Fund and turn it into a private enterprise and let private enterprise handle it. I think it is also much too restricted in the kinds of business it lends to. Before I hear these remarks of "oh, oh" I only would want you to put some of your own money into a business enterprise and try and make a go and you'll realize that there are more headaches in labour in itself.

MR. CHERNIACK: Is that Liberal policy?

MR. SMERCHANSKI: It's a free enterprise policy, my friend.

MR. CHERNIACK: Liberal Party policy?

MR. SMERCHANSKI: It's a free enterprise policy supported by the Liberal Party.

There are needs in transportation, in construction -- Well, I guess maybe it's just as well to laugh a little bit because that'll break the tenseness of it. I do believe that there are certain trades that are not permitted to get loans from the Manitoba Development Fund at the present time, but I do feel that these industries are equally as capable to provide jobs and provide new jobs in Manitoba, and I think that these should be included in the new industries that should be given the opportunity to take advantage of the lending facilities of the Manitoba Development Fund. I think the Fund is too passive in its activities. If the government agrees there is some urgency about developing new jobs, I recommend that the Fund be instructed to go out and seek new projects that can be brought to the province with the assistance of the Fund, instead of prospective business developments having to go to the Fund. In this way it will help develop and create new jobs and not just wait for somebody to come knocking at its door. Mind you this is

(Mr. Smerchanski, cont'd.) . . . not completely correct, because it is aggressive, but it is not aggressive enough.

I also feel that the interest rates on these loans to rural industries should be reduced in order to give some incentive to rural development. For instance our matter of assessment. Why should I or why should anyone of us locate in an isolated area and have to pay the same type of taxes as we would pay in a more settled area, and why should we have the inconvenience of having to commute a longer distance and not have all the facilities that a greater developed area like, say, the City of Winnipeg will provide, and unless this is done, you're going to get people leaving rural areas of Manitoba, coming to Winnipeg, and Winnipeg will grow bigger and you're not going to complete the industrialization of rural Manitoba. I feel that this Department has a key role to play in the future of this province, and as everybody knows, Manitoba is facing a tremendous challenge, and this is no secret. Read this report and you'll be just as convinced as I am.

Well I know this Department has done good work in the past. It appears the government does not realize the seriousness or the urgency of these problems of providing these jobs that are ahead of us. Neither do I feel that the government has come forward with a program of industrial development which is needed to create jobs at a fast enough rate. Now -- and I qualify that "at a fast enough rate" -- I say let's get along with the work and establish new industry. Some of you may say, "It's fine for you to get up and talk," but I opened up that I was an optimist and I want to tell you this, that in the last five years I'm very proud to say that I have been able to create new industries or get associated with new industries that has provided some 200 jobs, and I can tell you this much, that when I lift up pamphlets that describe industrial development in places like Trinidad and Tobago where they give you 90 percent of your capital allowance and charge you four percent on your money, and charge you no income tax, no realty tax, for a period of five years, I tell you that we people in Manitoba had better get out and work, and work mighty hard if we want to realize the fruits that the businessmen and technical men together with the Civil Service help in this Department that has made possible the creation of this report.

I also want to mention that some time back I was misunderstood in this Chamber when I was quoted as doubting the successful development of industry in the Interlake country. Nothing could be further from the truth, because as the Department knows, in the last six months I, with some of my associates, have spent close to -- or will have spent close to half a million dollars in establishing the only modern nylon hosiery plant in Canada west of Toronto, and I again say, I myself am an optimist, and as far as Manitoba is concerned I shall continue to remain one and I shall continue to be a good Manitoban, and I only ask you, Mr. Chairman, that if we are sincere, if we are honestly endeavouring to make Manitoba a better province to live in -- and we can only do this by increasing our industrial growth because this is the only way in which we can gain this growth -- all of us, irrespective of our politics, irrespective of our petty feelings, irrespective of our petty jealousies, that we can, we must, and we could develop industries in rural Manitoba, and I can tell you that it is a challenge, but it can be overcome, and it gives one a great deal of pride, pleasure and joy in being able to set up an industry; an industry that's successful, that operates at a profit, and being able to say, "Well at least I had a hand in getting it established," and with that, Mr. Chairman, I thank you ever so much.

MR. CHAIRMAN: . . . that as we did with the Department of Municipal Affairs and did, I think, very successfully, we'll confine our remarks under Administration to the general statements, and if we have something in mind concerning the other nine items that are under the Department, we will discuss those when we come to them. Shall we do that? I think we'll save a lot of time. We won't be wandering all over the map.

MR. PAULLEY: Well, Mr. Chairman, it's rather difficult to do that in a Department of Industry and Commerce because of the broad statement of the Honourable Minister on his introduction and also the comments just recently made by the Honourable Member for Burrows. I'll try not to be specific insofar as the items that appear in the department, but I'm afraid, Mr. Chairman, that in any remarks which I make at this present time, that I may touch on some of the subject matter that is contained in the individual items. I will, however, Mr. Chairman, try not to be too long in my general criticism or my general remarks concerning the Department of Industry and Commerce.

I might say at the offset, Mr. Chairman, having listened to the Honourable Member for Burrows, I wondered whether the names of the prolific philosophies or parties should be changed, because in listening to my honourable friend from Burrows, I thought I heard the remarks of a most reactionary Conservative that has ever sat in this House, at least during the time that I have been here. I'm somewhat amazed in this day and age to hear remarks from a Liberal, be he a Liberal with a large "L" or small "l", that's advocating a 60-hour week.

I wonder what my honourable friend means when he says the 50-50 share with the employer insofar as the profits are concerned. Does he mean 50 percent to him, as the employer, and 50 percent to all of the employees that he might have within his employment? The honourable member did not care to elaborate, or did not elaborate on this philosophy, and while I, as the Leader of the New Democratic Party -- and this might seem somewhat strange to some ears in this House -- do agree and believe that a management and the investor in management is entitled to a reasonable share of the profits of his endeavour, it seemed to me, listening to my honourable friend, that this was not the case on the 50-50 basis -- which reminds me of the rabbit in beef stew, one rabbit and one cow, is the 50-50 view. I suggest to my honourable friend that he should read Hansard on Monday and go over some of the remarks that he made in reference to his philosophy, and I wonder whether or not my honourable friend's statements tonight are compatible with some that I've heard over the last week in reference to profits of industry.

My honourable friend, in his remarks, suggested that the Industrial Development Fund of the Province of Manitoba should be abolished and handed over to private industry. This takes me back, Mr. Chairman, to the early days of me being a member of this Legislature, when I tried my utmost to convince the government of that day that, because of the lack of industrial development in the Province of Manitoba, because of the lack of investment from private sources, that it was necessary for a public source, namely the Province of Manitoba, to establish an Industrial Development Fund. Does my honourable friend want to return back to those days? I was very much pleased when in 1958 or '59 the present administration recognized the necessity of incentives to industry in the Province of Manitoba and did establish an Industrial Development Fund. I would suggest to my honourable friend from Burrows that if we turned back the clock, as he is suggesting, that the basic concepts of the Report of the Economic Development for the Future of Manitoba would not materialize.

I wonder whether his remarks are compatible to those of Mr. Cairn of the Montreal Stock Exchange who, just the other day, said that it is becoming more and more necessary in every field of industrial endeavour to have public participation in the advance of industrials and the industrialization in the Dominion of Canada. My honourable friend from Burrows when he was talking, if I recall correctly, suggested that here in the Province of Manitoba we should go to the same system that they're apparently adopting in Trinidad, where industry don't pay any taxes, they don't take any part in the community, and pay it's fair share in the development of the community. I also suggest to him that in any reading that I have made, they also don't pay the employees in their industry a reasonable standard of living. Is this what the Liberal Party of the Province of Manitoba want for Manitoba? I wonder if the statements of the Honourable Member for Burrows -- are those official statements of the Liberal Party here in the Province of Manitoba? I think, Mr. Chairman, that they must be, because when you, Sir, suggested to the honourable member that he had reached his 40 minutes that the Leader of the Liberal Party here stood up and he said, "Mr. Chairman, let him go on because he is making the official statement of the Liberal Party of Manitoba." If this is the official statement of the Liberal Party of Manitoba, I'm happy, more than ever, that the taxpayer of the Province of Manitoba and the elector of the Province of Manitoba saw fit to reject the bid of the Liberal

(Mr. Paulley cont'd) Party here in the Province of Manitoba. Further to this, Mr. Chairman, I would suggest that if the electors of the Dominion of Canada thought that the Liberal Party, dominion-wide, had the same philosophy as exhibited here this evening by the Liberal Party of Manitoba, it would have rejected completely the Liberal philosophy in the federal field. But I don't think this is so. I don't think this is so. So I suggest to my honourable friend from Burrows that he'd better start reading again what is required here in the Province of Manitoba is certainly not to adopt the standards of living of Trinidad, it's not to turn back the clock where industry was attempting to find a few nickels to invest here in the Province of Manitoba without avail. One of the reasons I think, Mr. Chairman, that we have had much industrial development in the Province of Manitoba in recent years is because of the fact that the present government saw fit to adopt my proposition which I first introduced into this House back in 1956 or thereabouts, and established an Industrial Development Fund for the Province of Manitoba.

My honourable friend from Brandon said "not socialism". Now I don't know what he means by that, Mr. Chairman, but I do know this, that during most of the remarks of the Honourable Member for Burrows, the Honourable Member for Brandon was saying "here, here", particularly when the Honourable Member from Burrows was talking of lower income, or so it appeared to me, insofar as the producer here in the Province of Manitoba is concerned. But Mr. Chairman, let me tell my honourable friend from Brandon that I'm not surprised at him saying "here, here", for I've had the opportunity of being in this House ten years with my honourable friend. I know his psychology and to me, Mr. Chairman, he's just as much of a reactionary Conservative as is the Honourable Member from Burrows, so I'm not surprised at all.

Now then, Mr. Chairman, my honourable friend has mentioned that I was going to mention the question too of the industrialization of rural Manitoba. I agree that it is desirable that we should lend of our efforts to diversify industry in the Province of Manitoba. But Mr. Chairman, with this basic difference, I think, between the psychology of the Members from Brandon and Burrows, that I do not think, that the employee or the worker in rural Manitoba should be asked or required to accept any less favourable working conditions than those in the urban Manitoba. I know, Sir, that this may be subject to argument by some of the members in this House. I know that this is a matter which we have raised insofar as these amendments in connection with The Fair Wage Act is concerned. But I do say, Mr. Chairman, that if Manitoba is to go forward unitedly, then rural Manitoba should not have to take a second place in industry to the urban centres of this great province of ours. I appeal to the government and I appeal to industry itself, do not attempt diversification of industry in Manitoba at the expense of individuals in rural Manitoba.

My honourable friend from Burrows when he was speaking on the question of wage rates, mentioned the figure, if I recall correctly, of \$2.50 an hour -- and then he turned around and he said: "Wouldn't it be better if they accepted \$1.75 an hour rather than relief?" What is the psychology in statements like that? Is this psychology that we shall forceably attempt to reduce the standards of the worker in the Province of Manitoba. Again, Mr. Chairman, I ask of my honourable friend from Burrows to read in Hansard on Monday, or when it is produced the significance of the statements that he has made here in this Chamber this evening. Because I say, Mr. Chairman, I repeat, that if this Province of Manitoba is ever going to become the great province that it deserves to become, then all of the citizens in our province should be treated with equality; that the fruits of the labourer in the rural areas should be no less than the fruits of the labourer in the urban areas; and this, Sir, I suggest is the only way in which we will become truly great and truly advanced. Yes my friends, I suggest to my honourable friend from Burrows that he check over the remarks that he made. He spoke with conviction; he spoke with sincerity and I give him credit for this, but I question whether he spoke with an intimate knowledge of the situation as it prevails here in the Province of Manitoba.

Now, Mr. Chairman, we have had the pleasure of having received just recently, this great volume from the Committee on Manitoba's Economic Future. I think it is a very comprehensive document; I pay tribute to those on the committee and its chairman -- who incidentally at one time was my great big boss in the Canadian National Railways, and I'm happy to know that the Canadian National Railways, either by association do have such great men as Mr.

(Mr. Paulley cont'd) J. R. MacMillan --but the committee, I think, Mr. Chairman, have attempted to do a good job. I find running throughout the whole of the committee report a plan for the future of Manitoba, but Mr. Chairman, I ask the Minister today and I ask the government today, are they going to do exactly the same self -- are they going to go along the same path as the former administration in this province did in respect of reports on Manitoba's Economic Future? I have here in my hand, Mr. Chairman, two of many documents that were tabled in this House in '54-'55, I have others in '56, Arthur D. Little Company Incorporated, Cambridge, Massachusetts. We have had many of these reports tabled here in this House and little, if any, advances in Manitoba's economic development have taken place as the result.

My honourable friend the present Minister of Industry and Commerce has before us in this House, three or four bills, setting up new organizations to plan and lay out for Manitoba's economic development. I have suggested already, that within the confines of the Department of Industry and Commerce over the last number of years that they've had the facilities to do the job of the commissions that the Honourable Minister is going to set up. I'm not going to vote against these bills, but I do say to the Minister that unless more is done in respect of the economic development of the Province of Manitoba, with this 1,000 page report, than was done previously with the reports that I refer to, Manitoba is going to go backwards, because there is in Canada, a competitive spirit at the present time among all of the provinces in the Dominion of Canada.

I have before me, Mr. Chairman, the Budget Speech of the Minister of Industry and Commerce in the Province of Saskatchewan. --(interjection) -- Yes, my honourable friend, the Leader of the Liberal Party, says, "ha, ha", and I might say to him that it was a similar project that is being suggested to the Province of Manitoba, and of course, needless to say, that the Liberal Party in Saskatchewan, attempted to obstruct there just as much as they are here in the Province of Manitoba, but despite that, I'm sure that that province will advance along the road. But what I want to say, Mr. Chairman, and the point I'm trying to make at this time is that in every province in the Dominion of Canada exactly the same approach is being made to the industrial development within each and every one of the provinces. The Honourable the Provincial Treasurer in the Province of Saskatchewan, Mr. Brocklebank, a very fine fellow and a very sincere fellow, as is our Minister and our Provincial Treasurer here in the Province of Manitoba. They're deeply concerned with the development of their province as we are here in Manitoba. And this evening, Mr. Chairman, I find a report or a news item in the Winnipeg Tribune, insofar as the Province of Ontario is concerned, headlined "300,000 new jobs for 1967" and I want to quote a word or two from this report: "A five-year economic plan to create 300,000 new jobs by 1967 by expanding industry as outlined in the Ontario legislature on Thursday. Economics Minister Macaulay said the plan may include" -- and this I think will be of interest to those who are interested in public utilities. "Economics Minister Macaulay said the plan may include construction of a \$500 million nuclear power plant, capable of generating 1,800,000 kilowatts of power." It's very interesting, when we here in the Province of Manitoba are considering a development on the Nelson River in hydro power. And then the news items goes on -- and I think this is most vital, Mr. Chairman, because Mr. Macaulay goes on to say in this report, and here's exactly what the report says: "Calling for greater economic co-operation among the provinces, Mr. Macaulay said it would be unfortunate if a growth race among the provinces resulted in destructive competition."

I think, Mr. Chairman, that I have raised this question already two or three times in this House this session and I think that unless we can get together provincial-wise in the lines of action that we're going to take, if every province in Canada, takes the same line with huge expenditures provincial-wise, what Mr. Macaulay intimates here may be the net result; that it will be destructive for the economy of the individual provinces and no gain for the Dominion of Canada as a whole. So I say to my friend, the Honourable Minister of Industry and Commerce, that while I think that I'm just as loyal a Manitoban as anyone in this Legislature, I do think that the national interest should also be taken into consideration; I think that we should have close co-operation among all of the provinces in the Dominion of Canada, so that we here in Manitoba are not trying to develop in an area where it will be more economical for another area, and so on across the broad expanse of our great Dominion. And I trust, Mr. Chairman, that no one considers because I have made this particular statement that I am any less desirous of

(Mr. Pauley cont'd) seeing that the objectives of the Committee on Manitoba's Economic Future is fulfilled.

Now, Mr. Chairman, I note throughout the whole of the report on Manitoba's Economic Future there runs a vein that there must be co-operation between industry, government and labour. I note with some satisfaction an announcement the other day that the Acting Minister of Labour said that there will be a Seminar -- I believe in June of this year -- between management and labour -- and I hope government as well -- to see what can be done to bring about this close association of these three very vital component parts of our province. But I want to say this, I mentioned it when I was discussing the question of the Throne Speech, I didn't like the verbiage in the Throne Speech, quite frankly, where it said "that labour has at last" -- or intimated -- "that labour at last recognized its place in society insofar as Manitoba is concerned." I want to say Mr. Chairman, that if we are going to have co-operation and understanding between labour and industry and government in this province, that we've got to be sincere about it and start from the bottom and start at the grass roots. And while I should not refer to matters that are before the House, I cannot help, Mr. Chairman, but suggest to the government that insofar as the legislation respecting fair wages was not a good approach to bring about this atmosphere of understanding and appreciation of the problems of these three major factors in the development of our great province.

MR. EVANS: and farming too.

MR. PAULLEY: Yes, farming too. But the only reason, Mr. Chairman -- I am not forgetting the farmer, but the reason I'm using those three terms is because those are the terms that are referred to in so many sections of the report. I appreciate, and I'm glad of the interjection of my honourable friend, the Minister of Industry and Commerce, that there has to be a recognition of the place of the farmer in Manitoba as well as these others. So, I want to say, Mr. Chairman, in these few remarks on the Minister's salary, there are mighty problems for the Province of Manitoba and I say -- and sometimes I'm accused of being just a representative of labour -- but I want to say as a loyal Manitoban, that these problems can be met and solutions can be made; but I want to close on this note, Mr. Chairman, that they cannot be met and they cannot be solved on the policies as advocated by the Honourable Member for Burrows. This is a job that we must do together and it is necessary in our modern complex in industry for government participation in such fields as industrial development loans. In such fields if necessary -- and I think this may be more true insofar as rural Manitoba is concerned than in urban Manitoba -- if necessary for the government to produce the funds that are necessary to establish the factories and to provide the machinery so that industry can find it economically possible to operate in rural Manitoba. It cannot be done, in my opinion, Mr. Chairman, on a basis of tax concessions at the local level. We found here in the Greater Winnipeg area to the detriment of many of our municipalities, that there was a dog fight among our municipalities in the field of taxation, and commission after commission has recommended that no further tax concessions be permitted. I say we don't want a dog fight in Canada as a whole as we've had in the Greater Winnipeg area in respect of tax concessions. And I say, Mr. Chairman, there is a job to be done for Manitoba and if we of this party that I have the honour to lead, the New Democratic Party of Manitoba, can assist the government and industry and management and labour in achieving the aims that have been set before us, you will find us most co-operative and most ready to assist.

MR. R. O. LISSAMAN (Brandon): I'm not going to attempt to defend the Honourable Member for Burrows but I realized as he was speaking that certainly immediately after the Honourable Leader of the NDP would rise to his feet and I would like to suggest that we have heard probably the two extremes. The extreme view of the socialists as compared to the extreme view of the businessman. Now, I have always felt that one of the real great pities -- and incidentally when I say that I am not defending the Honourable Member for Burrows, I should also like to say that I'm not speaking for the government, I'm expressing a few views of my own -- I felt that it's one of the great pities always that the facts are as they are in that when management arrives at the point of management it has generally come up through the ranks. It understands and realizes all the problems of the labourer, of the worker, but it has thrust upon it a new set of problems, those problems are the problems of management. And it is most unfortunate that labour and the people who speak for labour in this House very often, cannot

(Mr. Lissaman cont'd) realize and understand both sets of problems because they have not experienced the other set of problems. Now when I say, and I believe the Honourable Member for Burrows probably had this in his mind, although I'm not again defending him, but when it is expressed that there must be a difference in all ways between a highly technicalized industry in a large city, and a small industry starting to grow in a small rural community, then this must go all the way down the line, and anyone that fails to realize this is simply not looking the question in the face; because how does a small business start in a small town? Usually a man, maybe a relative or two comes in and helps him in the shop, or whatever the business is; he manages to hire a bit of labour, he can't afford the capital investment which cuts down the labour component of his product. Now the only way you can pay higher wages is to have machines doing a greater part of man's work, and for a small growing business in a small town, this just doesn't happen.

The Campbell Soup people coming into Portage la Prairie is one of things that happens probably once in a lifetime almost, as far as a small town goes -- an industry planted in there full bloom. Businesses don't grow this way. Ford Company started off very small. Now the point to remember is that those who pioneer -- and this goes as well for the employer as well as the employee -- those who pioneer never live as well as those who follow them. Businesses must become mechanized; they must have great capital investments before they can cut down the labour component of the job. So that this is one of the things that the Socialist Party in this province does not realize. They think that you can legislate wages and create employment. Nothing, gentlemen, could be farther from the truth -- Mr. Chairman, I beg your pardon. We must permit a different set of circumstances to prevail in rural Manitoba as compared to the largely industrialized centres such as Winnipeg.

MR. PETERS: Nonsense.

MR. LISSAMAN: Well, the man says nonsense. Mr. Chairman, you can imagine relating wages to a highly mechanized setup such as the motor car assembly line of Detroit and then going out to some rural blacksmith and saying now you must pay the same wages as is paid on the assembly line of the Ford Motor car, for example. This is absolute stupidity because the labour component part compared in the two operations bears no relationship whatsoever. So the relative economy of the smaller centre compared to the larger centre must be looked at, and it must be looked at with a bit of understanding and comprehension. The Honourable Leader of the NDP when he got to his feet immediately jumped upon a statement that the employer might split 50-50 with his employers. Well I would suggest to him that this is quite likely true. People who don't understand the problems of management assume that every employer is a scoundrel who is grinding his employees down into the dust to make more money for himself. Such a condition in this day and age just simply can't exist because the worker goes elsewhere. The plain fact of the matter is if you examine the earnings of small businesses you'll likely find that he's making not much more in fact -- I know in my own case I'm making not as much as my top foreman -- and -- I hear some amused laughter at the back. I would suggest that with the capital investment that an employer has at stake, at risk, he should be entitled to more but in many cases he's not receiving anymore than his most highly paid employee. And 50 per cent of five or ten percent of the gross proceeds might look pretty small. The Leader of the NDP made great play of this because it appeared to be that it was a wonderful point to make.

I would suggest that if we are to develop Manitoba that a Provincial Government should first of all urge upon the Federal Government that some concessions, some real concessions be made in the tax setup. Because, I want you to think of this situation, a review of history, or looking back once in a while can still in this day and age teach us some lessons. In the early development of this country, or this province, it was always possible, and it still is, for a man who ventured his capital to lose big -- this has always been the truth. But in the early days before income tax took such a cut out of the share of the earnings of corporations and individuals, he could also make big. It's got now so that the small businessman stands very little chance of creating the capital to create the plant necessary for the expansion, the rapid expansion to create jobs as we need today. And there must be relief, in my opinion, for business because we are living under the free enterprise system and still, yet and always the true incentive to create jobs is to make money. We might as well look it in the face, and the greater concessions that are made for people to make money the greater the number of jobs that will

(Mr. Lissaman cont'd) be created. I know that a worker can look at these loaded, greedy people probably -- in some cases their eyes look upon -- but I know in my own town there are examples of two men who probably wouldn't be well loved by many, but nevertheless no matter how self-seeking a man may be, he can't make money, create a business without bringing lots of other men along with him and creating plenty of jobs. Now, I don't of course, advocate greed -- it's farthest from my thinking -- but the fact remains that the incentive today, and in the past, and will be in the future, is the making of money and if -- I certainly wouldn't want to return to the old days with complete untrammelled freedom of capital and business -- (interjection) -- yes, I would agree that a 60 hour week is too much, although I worked a 60 hour week when I started work. -- (interjection) -- In fact, if you want old past history I can remember starting lathing during the summers -- lathers were paid 6¢ a yard -- a good lather could make \$6.00 even in those days and I had one devil of a job making \$1.25 for quite a while. However, that's beside the point. Before we ever think that by setting wage rates we can create jobs, we've got to take a balanced viewpoint and look at the fact that Manitoba, rural Manitoba is a rural, relatively primitive place compared to the larger centres. If industry's going to grow it certainly must start, and will start from small beginning.

And certainly, tax relief in my opinion is one of the great incentives to creating employment because it is obvious in the first case that corporations do not pay taxes -- individuals really pay taxes -- everything a corporation makes is taxed out again through channels and the ultimate consumer pays the tax. Now I'm going to express maybe an odd viewpoint and members may disagree with me, but I would like to suggest this that in the broad picture in my opinion it would be better to have -- granted that you need revenue to operate a nation -- it would be better to raise personal and private incomes to some degree and lower business taxes, for this reason -- and this is one thing that I've always noticed every time some new imposition is placed on a business by a government -- any charge upon a business must be entered in his books and in the normal course of events become part of the cost of that business, which makes the product cost higher. Now in the sense that the percentage wouldn't always be applied, the ultimate cost to the consumer would be lower and the moneys available for purchase of these things would be greater and the private individual would benefit in the long run.

Now, Mr. Chairman, I'm sure that the government might not want to fall heir to all the expressions that I have made but I couldn't let my socialist friends make their expressions without some counterbalancing viewpoint by way of explanation so that other members may have something to balance with it. Thank you.

MR. PAULLEY: Mr. Chairman, I wonder if my honourable friend would just like me to say one thing insofar as I personally am concerned, that in my daily vocation I am a representative of management and I'm charged with the responsibility in that position of looking after the interests of management. But I think it's compatible to look after the interests of management and also the interests of labour at the same time so that both receives the benefit from industry.

MR. PETERS: Mr. Chairman, could we get back to the Minister's salary and get away from this three-way argument, please?

MR. CHAIRMAN: The Honourable Member for River Heights.

MR. STEINKOPF: One of the advantages of being a back bencher in the government is that you have a capable Minister in front of you and it's not necessary to pose as an expert and spout on almost every matter that comes into your head. "Let's get on with the job of industrial development in rural Manitoba" is a very catchy and a pretty phrase and certainly will make a very pretty headline. But what does it mean? Any industry -- the phrase is industry not a factory -- worth talking about takes at least a generation to create and can't be done overnight. The Honourable Leader of the NDP mentioned that we are in a rather competitive position and that every province in Canada is aware of the need of secondary industry as the only solution to its long-range unemployment problem. But only one of the provinces, to the best of my knowledge, has had the courage to step up and provide it for themselves; and of course that was the Province of Saskatchewan. There, almost 20 years ago, they set up a shoe factory, a woolen mill and a tannery, amongst other things. The shoe factory must have been built on quicksand because it's now in New Westminster, B.C. The tannery is also in B.C. and the woolen mill is probably in hock. I am not belittling the effort of the Saskatchewan Government because I give them full credit for having the vision and the backbone to

(Mr. Steinkopf cont'd) attempt such an ambitious undertaking and program, and you know it may possibly have worked if they hadn't relied on critics and experts that belong to the Liberal Party for their technical and engineering advice. I know something about the development of a shoe factory, because in 1939, with very limited borrowed capital, I started the first shoe factory in Manitoba and this industry, after 32 years, has reached its maturity. In Winnipeg the direct payroll in the shoe and allied leather industry, such as gloves and jackets, is around \$4 million a year employing 1,500 people.

The establishment of the Manitoba Development Fund has done more for secondary industry in all parts of Manitoba than the 40 little men -- the little experts -- running around the province giving expert advice to experts. Is the Honourable Member from Burrows wearing shoes that are made in Manitoba? Is he buying "Made in Manitoba" products? Is he selling his manufacturing friends in other parts of the world Manitoba as a location for factories in Manitoba? Is he investing part of his and his friends' money in untried factories catering to a very limited market, or is he borrowing from the very fund that he is condemning?

Now I want to talk about another constructive matter which indirectly assists our industry, both rurally and in the urban areas, and that is the tourist and convention business. Here is a product that can be sold, the income of which amounts to many millions of dollars and must be part of the general income of the Province of Manitoba. Yet the very people who are knocking our industries are knocking our tourist and convention business. It is impossible for us to get the type of convention we require in Manitoba until we have the facilities, and one of the major facilities would be direct air transportation between the southern part of the country and Winnipeg and Manitoba. Next week-end I find that I have to go to Mexico, and in order to get there on the week-end, I've got to take a plane from here to Vancouver, Vancouver to Calgary, from Calgary non-stop to Mexico. We lost a very large convention here a few months ago of the oil workers and atom workers; maybe 1,600 people, because of the facilities of getting to Winnipeg by air. Most of their members were in the midwestern States and they found that the connections were so bad that they'd lose an extra day in coming up here, so the convention was transferred to Chicago.

My friend, and I mean my friend, the Honourable Member for the Constituency of Burrows, seems to think that in taxes there should be a law for the rich and a law for the poor; one for the Persians and one for the Medes. Why there should be a tax differential for people living a few miles outside the City of Winnipeg and those living in the City of Winnipeg I'll never be able to understand. Many of those living outside in rural areas, and I have many friends in the country, wouldn't care to move into parts of Winnipeg where some of us live even if they had to pay no taxes. Taxes is not the beginning and end-all of industry. No one ever went broke paying taxes. It's the fellow who doesn't pay the taxes that one has to worry about, and I have excluded Tuxedo.

It's interesting to know that even our Department of Health, as every department of the government as my experience has been, has been very instrumental in trying to get industry for Manitoba. I was just given a letter today that a vice-president of the Canadian General Electric Company has expressed a desire to see a workshop that has been set up by private enterprise in the Town of Selkirk to look after, or to work in conjunction with, the inmates of the Selkirk Mental Hospital -- those that require the therapy that's required before they leave the area to go back into business -- with the idea of providing sub-contracts for that workshop. Now this has been started on the initiative of the Department of Health. The factory building that was available was purchased by a gentleman, private enterprise, and as a result of this there will be many, many more factories and contracts.

There must be a positive approach to industry in Manitoba, whether it's in Winnipeg or rural Manitoba. This is a big, big subject. A subject that none in this House can solve even in the speeches that run over 40 minutes, but we stand half a chance if every man in this House buys "Made in Manitoba" and really buys "Made in Manitoba" even if the suit doesn't fit quite so well. Invest in Manitoba, and really invest his money in Manitoba and doesn't talk about it; and sells Manitoba; and sells Manitoba every day in every speech that he makes; and does everything in his power to eliminate some of those childish Winnipeg newspaper headlines that push us back two steps every time we take one step forward in the industrial field.

MR. SMERCHANSKI: Mr. Chairman, I shan't be long. Apparently when you make a reply,

(Mr. Smerchanski, cont'd.) . . . the Honourable Leader of the NDP grabs hold of the remark of a 60-hour week, but he misunderstood because this is the number of hours per week I work. I think that if he had read the report, which he obviously has not, and if he had made it his business to get an intimate knowledge of this problem, he would have realized that labour was on these committees, that made the study of this report and the publication of this report possible, and if he had done his homework in this respect he wouldn't be speaking or making remarks about "pure nonsense" as far as labour is concerned. Cheap labour does not contribute to a good, efficient, well-planned community and far be it for me to say that labour should not be treated fairly. Labour must be treated fairly and given its proper place in connection with this rural industrialization. When I say the sharing of 50-50 profits I mean by the standard methods of profit-sharing that has been set up by other companies and this is a formula that has been worked out, and this is no fly-by-night idea. This is no idea as to what is profit -- what is 50 percent for the owner or 50 percent for labour. I don't think he even knows what the distinction between profit-sharing and profits really mean. I did not advocate a 60-hour week, but I do advocate that labour should become partners in this business enterprise and that labour should become shareholders in this business. This is the proper place for labour. When I view certain examples -- they were only examples -- inasmuch as I mentioned about the Manitoba Development Fund, it has performed a function; it's performing a good function; but I still say that it should be made and spread and made possible that loans could be made easier to obtain.

It's too bad that the Leader of the NDP Party is not in the House, because I would like to take him back to 1959, October 22nd, and when he addressed a letter with copies to the Honourable Minister of Industry and Commerce, the Honourable Minister of Mines and Natural Resources and to the Honourable Minister of Health in this very Chamber, he was completely and absolutely ignorant of all facts and conditions surrounding the establishment of a chemical plant in this province. You know it seems to be a popular sport on his part to jump up like a jack-in-the-box, latch on to some sly remark that somebody has made and say "well this is just what he is saying." But taken as a whole, what I have tried, or endeavoured to do, is to be constructively critical, based on having reviewed this report very thoroughly; based on having contributed many, many hours of my own private time and energy in contributing something to the study and preparation of this report; being a business man that I have gone out and because I am ambitious, because I want to work hard, because I enjoy working hard, because I enjoy creating things is no reason why I should have to stand up and take nonsense from the Leader of the NDP Party, and I think that -- I only say this in good faith because I do think that there is room for good constructive criticism no matter where it comes from. We can all get along with the job. I only say this to this committee, and I said this to the Honourable Minister of Industry and Commerce when we were on our trip over to England, I would be pleased for one dollar to contribute three mornings from 9 to 12 o'clock on Mondays, Wednesdays and Fridays and give the benefit of my experience to anybody that may want to have the benefit of that experience if they want to establish a new industry. This is what I am prepared to do and I say that this is a constructive method, not merely to jump up and grab hold of one or two words and say "he said this or he said that". Mr. Chairman, I thank you for giving me the opportunity to reply. Thank you!

MR. J. M. FROESE (Rhineland): Mr. Chairman, I listened with a great deal of interest to the members speak here tonight, especially the Member for Burrows and I think it's refreshing to hear a member speak in that way -- being optimistic as he was. I have several points I'd like to bring to the attention of the minister of this department which concerns more or less the matters that have already been raised regarding the provision of credit for industry, because as I already stated in my address that I made to the Speech from the Throne and wherein I referred to the farm improvement loans that are being offered through the banks and guaranteed by the Federal Government, I think this is the way we in Manitoba and this government should operate. Rather than be in the business itself, have the proper business men who are, in the kind of business to provide the necessary loans and if necessary guarantee some of those loans or a certain percentage of those loans so that we wouldn't necessarily be in the business as a government, but provide the necessary initiative for these organizations to provide the necessary loans.

The Farm Improvement Loan Act guarantees 15 percent, if I'm correct, of the total outstanding, and if this were provided in Manitoba I think it would provide the necessary initiative

(Mr. Froese, cont'd.) . . . so that the people would go out and get the necessary credit. I think the key to the whole thing is, risk capital. Personally, I believe that if we did the necessary things to provide this capital and to encourage people to invest in risk capital that the problem would be solved to a large degree. We have in Manitoba, both the Manitoba Credit Corporation, which provides loans to farmers and then we have the Development Fund which provides loans to businesses, and aside from that, I think that the expansion that we have in Manitoba is largely due to such measures as National Housing, whereby funds are secured to build houses in the bigger centres -- after all that's the only places where they can get these funds -- the farmers are excluded from this legislation and if it were not for this capital being available construction would be considerably lower than it is today. I notice from the graph in the report on page 5, that even today, industrial and commercial construction is down and it's on a downward trend and I think that it's time that we do something to arrest this trend and to make it go upward again.

I think our Development Fund is not fulfilling its proper role. I think they're too conservative in their operations. I have personal knowledge of one case where a group of businessmen, who I feel are topnotch men, tried to extend a local business and were refused the credit. They were willing to sign personally, but that wasn't sufficient. They asked the owner of the equipment to sign as well and he refused and therefore, these people had to go elsewhere and they did receive the fund elsewhere than from the Development Fund. I think this is a sorry state of affairs, certainly this is an area where we could improve.

I have noticed that as far as rural Manitoba is concerned since the early 40's the rural Manitoba communities more or less went into co-operatives to provide the necessary industries and newer and smaller businesses. People tried to effect savings that way and grouped together and started smaller businesses which they operated successfully. Recently, many consolidations and amalgamations have taken place and we now see shopping centres grow up in various areas of the province as well as in the urban centres. However, I think there is a different trend today, in that individuals will start businesses of their own, we see partnerships going up and they go into business; we have more of the smaller joint truck companies going into business and I think they should be congratulated for the initiative in doing so and providing secondary industries and businesses for this province.

I know for a fact that the Credit Union in many centres of rural Manitoba have certainly aided this development, because they, in many cases, have provided the initial risk capital to start off a business or industry. I know of cases where they provided 25, 35, 50 and even 100 thousand dollars to businesses to get started. They were unable to get the fund elsewhere in this initial stage, so they came to the credit unions and they being governed by local people, naturally they saw the advantage and they were public minded and therefore they provided the funds. They had the confidence in the community and in the people that wanted to start these business ventures and therefore provided the necessary capital. I feel that even our Development Fund is lacking this confidence in some of our key people in rural Manitoba communities who want to go ahead but who lack the finances.

We have a number of industries started in various areas; we also have newer industries. I note one -- the matter of exporting sunflowers to the United States as bird seed. It started in a very small way, but today, millions of pounds of sunflowers are being exported annually to the United States as bird seed and they derive a good return on this, much better than they do if the same sunflowers are sold for oil. So that here the people themselves saw fit to explore the matter and provide for themselves a business which is quite healthy today and was done on their own initiative.

I think the implementation of the COMEF report depends to a very large extent on the availability of risk capital and I think we should do everything in our power to encourage the making available of this capital. And what can be done in this regard? First of all, I feel that the people in Manitoba generally are much too security conscious today and I think this is being brought about because of the insurance advertising and insurance features that are available from all sides. This is being advertised so widely and so frequently that it is hammered in and therefore they are holding back when it comes to giving out or investing in risk ventures. I think we should encourage people to go into risk ventures. It's the initial capital that has to be brought up in any concern that counts, because once you have a certain amount of capital

(Mr. Froese, cont'd.) . . . invested in an organization or company you will be able to secure funds from some source or another; but the initial capital or outlay has to be invested by the individual and I think this is the key and the secret to success.

One other thing is that we should assure a supply of operating capital for lines of credit to the smaller businesses and industries. I know that in most cases normally they will get the necessary lines of credit; however, I also know that in 1958 when they had the tight money policy, the banks cut off the lines of credit and many a businessman was in serious trouble because of this. Some even went bankrupt because of it. I feel that this is an area that the government should look into and more or less secure for our smaller industries who are trying to get established.

Even farming today takes a lot of capital; it requires a large amount of capital to get started in a farming venture today. I know the government and the credit corporation which extends credit know this quite fully and that the farmer today very often does not get a proper return on his investment. The return is first of all very insecure; there's a lot of risk because he never knows whether he'll get a crop or not. Secondly, prices today are not of such a kind that he will get large profits because of the cost-price squeeze, and he too is looking for opportunities to invest in some venture where he'll have a more assured return on his capital that he invests. So that I think we have an obligation here and a duty to also see that the prices that the farmer gets for his products bring him a fair return, and that when the time comes that these agreements are being re-negotiated that we should be there trying to get a good and a better deal for the farmer.

I listened with interest the other night when the Minister made his speech and he also mentioned rail abandonment. I think this is a very serious matter. It disrupts the communities where these lines are abandoned. In my local constituency there is one line that they intend to abandon and I would very strongly urge the Minister to make sure where abandonments do occur that those communities are supplied with an all-weather road before such abandonment takes place. I think this should be one provision that should be there wherever abandonments occur.

MR. T. P. HILLHOUSE, Q.C. (Selkirk): Mr. Chairman, last December there was a great deal of speculation in the Winnipeg newspapers regarding the establishment of a new industry in the Town of Selkirk. I wonder if the Honourable Minister could give me any information regarding that industry. What is the type of industry and what his department had to do in connection with its establishment there and how soon it may be established.

MR. DESJARDINS: Mr. Chairman, I rise to do and to say something rather unusual. Some members might feel that it's wasting the time of the Committee, but I hasten to say that it will only take a minute. I think that today the Honourable Member from Brandon gave us one of the best speeches that I have heard in this House during the four or five years that I have been here. I think that it has been most sincere, down-to-earth devoid of partisan politics or selfish reasons and I certainly feel that this is the kind of speech I'd like to make on this department or anything like that. I think that it was a very worthy contribution and I would like to recognize that. We're not of the same party but I think it should be recognized when somebody tries to do the job, and does the job the Honourable Member from Brandon did today.

MR. COWAN: Mr. Chairman, there's one small group of men in this province who could greatly increase the production of goods in Manitoba and employment in Manitoba, and that is the architects. Each year millions of dollars are spent in Manitoba on the construction of buildings, a large number of them are public buildings and the architects in their specifications set out that certain materials will be used, made by a certain company. Now sometimes they say, "or equal" but generally speaking because of the troubles involved the contractors go to the company whose materials are specified and those are the materials that eventually find their way into the buildings. If they specified "made in Manitoba" products, we would have a lot more "made in Manitoba" materials going into our buildings in Manitoba and so increase our production of Manitoba goods and the employment in this province.

HON. MR. A. W. HARRISON (Rock Lake): Mr. Chairman, I might say that I've had a good deal of experience with businesses, manufacturing in rural Manitoba. Our company was established in 1878 and we have been in business, manufacturing business ever since that time. It's now in the third generation and I should like to give the Committee the benefit of some of

(Mr. Harrison, cont'd.) . . . my experience. I might say that the bulk of the manufacturing industries are, of course, located in the cities, particularly in Winnipeg, and there are certain advantages to a location in this centre. The main advantage is, of course, that the markets are available at their door usually for the products that they produce and they have a large labour pool that they can draw on from time to time as they grow and employ more labour. They also have to face in Winnipeg more rigid labour rules. In the rural areas sometimes the labour restrictions are a little more lenient; they are on usually a personal basis and management and labour get along very, very well and they do not have the very bitter labour disputes that sometimes our competitors in the city have to face.

In rural areas, of course, there may be some limit to the type and kind of industry that is available and can be profitably conducted in the rural areas. In the city, of course, there is no limit to the kind of business and we have very well rounded out commercial activity in the City of Winnipeg. The country businesses usually are not too large of a volume and they are usually family corporations. Their overhead, of course, is less than in the city and they have better labour relations as a rule. They're all friends together and it works out very, very well. The fact that the communities are usually loyal to the businesses that operate there is another factor that is an advantage to a rural manufacturing concern. Their cost is usually less. Their transportation problems used to be much greater than it is today. With the construction and maintenance and building of modern highways and the advancement in truck delivery, we find that the location of an industry is not so much of a disadvantage as it used to be a few years ago. We are able to take advantage of the somewhat lower cost in the country and better public relations and the advantage of low-cost trucking and it is much easier to compete with the city business with a well run and managed rural industry than it used to be.

Labour is very, very loyal. They consider themselves to be part of the business and they do go out of their way to help management and to ease us over the rough spots which occur in all businesses, whether it's in the city or whether it is in the country. The management, of course, are also more friendly and they are all one people with the people that work with them and there's very, very good relationship between labour and management in rural industry.

I remember when I was over in England last year I called on some of the management of different companies over there and I inquired how they were getting along with their businesses and what their problems were, and the complaint at that time was that sure they had quite a lot of volume and their volume and their turnover was very good; their profits were small, in fact they were losing money in many instances. I spoke to the management and I said: "Now, if you're losing money, why do you operate your plant?" And the answer I got, they said, "Well, my good man, our employees, their grandfathers worked for us, and their fathers worked for us; and we expect their children will work for us; and even if we lose some money we're going to keep the plants going, and we're going to keep employment and provide for those people that we feel that we have some responsibility for." Now, that condition exists to some extent in rural industry and it's a question of management co-operating with labour and labour co-operating with management. They get along very, very well and we don't have too much labour troubles in rural Manitoba, although the wages that are paid to the employees are certainly on par with what we obtain in the cities.

The problem of rural industry, of course, is somewhat tied up with the sales force. They do not have the efficiency in the selling of their products as the larger corporations do have. They have somewhat of a price advantage and the one counterbalances the other, and they usually get along very, very well together. It is hard, of course, to hold down expenses and that's what you have to do in any business that is successful. You have to allocate your money in the proper place and see that your products are produced at the least possible expense.

Some industries do have some troubles financially, particularly in the initial stages of their development and that has been somewhat eased in the last number of years because of the more lenient treatment by the banks, and I think that that is also attributed to the help that the provincial government has available to finance many of these industries in the country. It also calls for competent management and I believe that that is the key point of any industry, whether it is in rural Manitoba or whether it is in the City of Winnipeg. I am sure that you will agree with me that many of the companies in the country towns have competent management and are

(Mr. Harrison, cont'd.) . . . gradually growing and adding to the economy of the Province of Manitoba; and I am sure that the Government of Manitoba will continue to aid these concerns and also help them out and develop many more industries in Manitoba. That is one way where we can make Manitoba strong and it certainly should be done.

I might point out that -- I don't like to be pessimistic, but it's not improbable or not improbable that some day we may have to face very different conditions in Manitoba than we do today. If you could visualize a war like we had in the last Great War and with the means of destruction that is available it might be well and advisable even today to make sure that some of our important industries are located away from the larger cities which undoubtedly would be bomb targets in the event of another war. I'm sure that there are people today in positions of importance and authority that realize that even more than I do. The trend I'm sure should be, not to locate all of your industries in one large city but disperse them throughout Manitoba and space them far enough apart that in the event of a bomb raid we won't lose all of our industry at one go. I'm sure the government is to be complimented on their attitude in helping industry to locate in rural Manitoba and I know that I, for one, and most of the members of this Legislature, I'm sure, will go along with a move of this kind.

MR. CHAIRMAN: The Honourable the Minister . . .

MR. EVANS: Mr. Chairman, if those are most of the remarks that were given as a result of my address the other night, I'd like to reply to some of them and see if perhaps the time has come when I could have some salary. I'm sorry my honourable friend the critic for the Liberal Party isn't in the Chamber, because I would like to address myself to some of his remarks. If he does join us I'm sure that he and I will share a good many views and in fact I would say this, that in general I can't quarrel very severely with any of the remarks that the honourable gentleman made tonight -- the honourable gentlemen. I would say that on all sides of the House we share the same ambition, that we want to see more industry in the province; in fact we recognize it as an imperative thing and in general we agree on the means to be taken. There was a picture of my handsome and genial friend in the paper tonight, in the Tribune. On one occasion he came into a committee room and looked around and delivered himself of the profound remark of "where are the boys?" Well I wonder where the boys were when he made up his speech, because I wish he'd been around with the boys for a number of years past; I wish he'd made that speech in his own caucus last year -- he wasn't a member of the House at that time -- but I wish the views that he has expressed in the main tonight -- I don't agree on all details -- but I wish those views had prevailed some time in the past, because he has given approval I gather to such things as the trade mission, to the COMEF report, the Manitoba Development Fund -- and these things were not approved by his party, in fact they were voted against by his party -- (Interjection) -- Oh, I think we'll find this is true. I've taken the occasion to look these things up in the Votes and Proceedings which I commend to my honourable friend. I think if he will study this he will find what he did say and think on previous occasions in the House. Nevertheless I don't want to quarrel. I want to welcome what I regard as the first forthright, energetic and far-reaching or far-seeing statement of policy from the Liberal Party on the question of "let's get behind the industrial drive and see how far we can go with it."

My honourable friend from Burrows paid tribute to the staff of my department and I thank him for it, most particularly because I know he knows what he's talking about. He's dealt with them and he's perfectly right when he says the Civil Service is certainly the most important part of a department and I agree with him in that and I join with him in what he says. He offered congratulations to the Department on the recognition that it had received -- the international recognition -- and I take it he was referring to the award of the Society of Industrial Realtors. I thank him for that reference because it was a most gratifying thing to receive, largely on behalf of the same Civil Service staff that he spoke about it, it was a tribute to them. Now just how my honourable friend can offer the further criticisms of the department and what it is not doing, after having made that reference, I'm not quite aware, because the award was made for the most effective industrial development plan in North America. This award is open to all States of the United States and all provinces of Canada and on this particular occasion Manitoba was chosen and it was great gratification indeed to find that our runner-up was the great state of New York. This was, I think, something that brought us a good deal of pride

(Mr. Evans, cont'd.) . . . and I hope that Manitobans will view that not so much as simply something to be proud of, but something to inspire them indeed to greater efforts.

And he asks us, what are we going to do, how do we propose to do it and are we going to live up to our promises? He then says that the program itself is insufficient, largely on the fact that he claims that the program for rural industrial development is being put forward by three employees. I would like to tell him that in this case as in so many others he hasn't had the advantage of some of the information that he could have asked for before he made his categorical statement, because there is a very considerable staff that's devoted to this work. I could tell him that under the Administration side we have pooled the accounting and clerical and secretarial services for the entire department; and then under two or three different sections here, including the rural development section and the business development section, there is a considerable staff. I would like to tell him, for example, that under the business development branch which spends a good deal of its time dealing with rural industry, we have the Assistant Deputy Minister and Director and of course the secretary to the Director, two senior business consultants, three business development consultants, one assistant development consultant. And then under the rural development section of the department we have a further staff that spends its time on community development work including among others, one senior consultant, two consultants, one clerk Grade IV on community development work; largely concerned with business development on such operations as the regional development plan and the Community Development Corporations.

Now I should, I think draw attention to the fact that this program was offered to this House from that side, because in March of 1956 I made a speech from that side, when I occupied much the same position as my honourable friend does, as being the critic on the subject of Industry and Commerce, and I called for a regional development plan in the province which would take the province, divide it into areas, discover what resources there were both human and material, and try to discover industrial opportunities. And then I went further to say that that wouldn't really be enough because the people themselves, the businessmen in those communities would have to do their own developing; they would have to put up their own money and put their own energies into it and for that reason would have to be organized into groups and those groups eventually became the Community Development Corporations which we have today, and at the moment I think there are 27 of them in the province incorporated under the special form of corporation that we have for that purpose, and three others which are private industrial development corporations or organized in a slightly different way.

Well this was a program of some extent and it has been developed a good deal since that time. My honourable friend says that the government is not aware of the magnitude of the job, that we need a real honest to goodness action and to drop this window dressing, that we are not aggressive enough and that we have only two people, as I mentioned before, on full-time work for rural industrial development. Well my honourable friend has taken a good deal of credit for the COMEF report itself. He worked on it and I do thank him for the considerable effort he did put into it. He drew attention to the fact, and I'm glad he did, that labour had its part to play also in the COMEF report, and I want to acknowledge these things too. But I think we're entitled to a little credit over on this side ourselves for the COMEF report. We thought up the idea. We put it into our program as a government. I personally brought the estimates before the House, had them passed; answered whatever criticism, withstood whatever attack there was. The government itself put in some \$250,000 over a two-year period into it, and then we did some other things too. As a government we went out to business and said "we would like you to come into partnership with us and we would like you to put up a considerable part of the money." We did this in the name of the government in the first instance until there was criticism offered -- and I think perhaps justly so, that the government should not be going out and soliciting funds directly for the committee itself. Well we accepted that criticism and there was a good deal of criticism in that regard. We believed that perhaps it would have been better if we had organized the financing of the COMEF report entirely under the COMEF committee from the beginning. Mr. MacMillan and his committee agreed with us and agreed to take over the entire financing of it with the government making its contribution of \$250,000 in cash and a good deal in the way of services besides. So I think it would be right if I said to my honourable friend over there that this government deserves a good deal of credit for the idea behind the

(Mr. Evans, cont'd.) . . . COMEF report because we realized before the COMEF committee came into being that we were facing a serious situation and that something major had to be done about it. In fact we made these calculations ourselves before the committee was put into being or before the name COMEF was ever heard of. Our first calculation was wrong. We said that by 1965 there would be a shortage of jobs in the province to the extent of 40,000, and we thought that was shocking enough. We find that when the COMEF report came in, that the figures and the length of time were somewhat changed and that there would be a requirement for 75,000 jobs -- a very large increase indeed with only a slightly longer period in view and that is 1975.

So for my honourable friend to say anything as completely unfounded as to say that we don't realize the magnitude of the job ahead of us, is really passing understanding, because he knows better; he knows better than that, because I know his views and we have discussed matters of this kind and I know that he has been in a position to know better than to say what he said in this House tonight. And I say that to him in as friendly way as I can, but I must be emphatic about it, because this was our idea and we have received this report. Now, he doesn't seem to realize that his committee completed its work and presented its report to us, after the start of the present session, so he now appears to blame for not having put into actual operation a good many of the things that are recommended in the COMEF report. Well how silly can you get? I must say to him that we have anticipated a good many of the things that have been done, because we have been thinking along these lines now for two years and laying some plans. And when you read together with the measures that I spoke of last night, the four pieces of legislation of which notice has been given, I think you will find that this is about the most far reaching and practical program of industrial development that has been thought of in Canada, and will prove to be one of the most practically effective bits of machinery for industrial development that has been put together in any part, certainly of this continent, and may we hope rival, some of the effective machinery that has been put into being in other parts of the world, notably in Europe. So I had to make those remarks to my honourable friend because he was unfair to us. He has been blaming us for things that we have no opportunity to put into force yet and denying us credit for what has been an outstanding development in the industrial development field and that is putting the COMEF organization together -- an absolutely unique undertaking so far as I'm aware in the industrial development field -- to take all segments of the industrial community, including management, labour, government, agriculture, university and others and say to them; "This is going to be a great community effort; this is going to be a major development which has been unparalleled in its scope" and as I see by the report now that we have it -- "in its effectiveness, in laying a blueprint for the longer future for Manitoba" and I think he was not right in denying the government credit for putting this piece of work into being.

With regard to research my honourable friend delivered himself of a homily on what research should be and that we should not engage "deadwood engineers" and he asked who is going to guide the research. If my honourable friend would look at his estimates, he would find provision for a Director of Research here, and he will be a qualified person. But not only that, we have access to a good deal of highly qualified advice in our continuing contract with the Arthur Little Company of Cambridge, Massachusetts, and if my honourable friend sets himself up to criticize this organization, which is certainly a leading one in his own field of chemistry and a leading one in a great many other research fields as well, I think he has a good deal of temerity.

In the matter of exports which he says required specialized aid, he asks whether we are going to have some specialized aid in setting up a marketing branch, and I would like to pay attention to that at this time, although we will come to the marketing branch in due course as we go through the estimates. Nevertheless, very practical provision is made for technical assistance in this regard, and I would like to tell my honourable friend something about it. In the re-organized department, we have a trade development and marketing branch. This branch will be concerned with all the aspects of trade development and will assist Manitoba industry with the marketing of their products -- and this is the subject my honourable friend raised and he was right to raise it, because salesmanhip and securing markets, of course, is the life lot of any industrial development. As somebody said -- one of these American promoters he said: "Nothing happens until somebody sells something." And that is perfectly true, and realizing that, we are providing help in this department as well. It will be responsible for finding export markets for Manitoba products, part of the effort that my honourable friend and I engaged in together and which he seems to approve, and assisting provincial producers to sell in these markets. It

(Mr. Evans, cont'd.) . . . would seek new outlets for products now made in Manitoba, and would provide market intelligence to Manitoba producers as to market conditions, prices and stocks in store and matters of that kind. And to provide a good deal of information to support a program of import replacements and manufacturing under license that I spoke of.

Well, the salaries for four new positions are established and my honourable friend will find an echo in this because he quoted from the COMEF report, advising us to have some assistance in the marketing of various kinds of products; and he may find a familiar echo in this, when I read to him that the new positions are: forest products marketing officer; a food products marketing officer; a textile products marketing officer and a freight rate and tariff consultant. So my honourable friend berated me for not providing those things. I tell my honourable friend that I have provided them and that if he had provided himself with a little information before he made such slashing criticisms he would be in a better position.

Well, he said quite truly and I would like to follow his lead in this, that it's far better to be constructive and to offer some new suggestions and everybody pull in the same direction, than it is to be too critical, and I would like to not be less generous in that than he has been. He says "we must have a sales program." Well, I think I can tell him that those specialized marketing officers together with the support from the department, and expenditures of that kind, will provide a considerable sales program and that there will be, as already announced, another trade mission to the United States -- and I think he might have acknowledged that, knowing it as he did, -- he knew this -- but he gave us no credit for it. He said, and I agree with him, that certainly the senior officers, the assistant deputy and as far as I can myself, should spend as much time in the foreign field as possible -- and when I say foreign I mean outside of Manitoba -- in an endeavour to discover and develop new markets for Manitoba products.

COMEF found one thing and found it very, very firmly in their report and that was that to develop properly and to provide the number of jobs that must be provided by secondary industry we must export, and my honourable friend I think did well to attract attention to this. He says "that an industrial advertising program is needed." I must agree with this in principle; but then when you come down to finding out what should be done and how much money should be spent and in the way it should be carried out, we must investigate farther before embarking on a program. If I'm right, the COMEF report did not deal with this subject in detail, nor offer any practical suggestion as to how it should be carried out. It's something that I agree to look into; I think it's a constructive suggestion on his part and I thank him for it.

He draws attention to the necessity to integrate the action of all government departments and this is a perfectly sound principle and I agree with it. He says that the design institute might well be put out under the Institute of Technology that is being built. I would not agree with that. I think the Institute will have its hands full in carrying out its instruction and training program and should not be concerned with directing a program of independent design products for Manitoba. And he draws attention to the other elements that go into cost and of the competitiveness of Manitoba industry, including the cost of power; highway developments; education and training; and labour legislation.

Now, I find myself on the horns of a bit of a dilemma here to discuss some of these matters, because there is other legislation already on the Order Paper and I would prefer as I've indicated before to reserve my remarks in this connection, and I think I will, leaving just some comment tonight on this general line, that we do envisage a good deal of development along these lines and when I've had an opportunity to explain the program that we see under these various bits of legislation, I hope my honourable friend will, first of all, find some virtue in them and second, that he will continue to assist with his constructive remarks on how they might be even better adapted to our needs here, because we are going to need the kind of advice that he's in a position to offer.

"Manitoba Development Fund rather too much like a bank; we should sell it out." Well, the Manitoba Development Fund was brought into being only after we had undertaken the most searching examination of the sources of capital that were available and tried as hard as we could to provide or to persuade private capital to undertake this function. I don't

(Mr. Evans, cont'd.) . . . believe that the government should go into any other class of business when private interests can be persuaded to go into it, because I think that is the more efficient way of conducting business. Perhaps my honourable friend, the Leader of the NDP, won't agree with me on that, but that is my conviction; I know his; we have an honest difference of opinion on it. Nevertheless, acting on our principles, we did try to persuade those in the financial world to set up a private institution in Manitoba which would make capital available. It was found that there were competing uses for capital so attractive that this money could not be persuaded to be invested in some of the rural areas of which my honourable friend spoke, and about which we are all concerned. When you can get 7, 8, 9, 10 percent on first mortgages on good residential property in Manitoba, how can you persuade people to invest their money in a greater risk from the fire point of view and from other points of view in rural Manitoba at 6 and 7 percent? It did not prove to be practical and it was only with great reluctance that it was decided to embark on the provision of capital from government sources.

My honourable friend will perhaps know that in the Act -- The Business Development Act -- which is the name under which the Manitoba Development Fund was created, there is a provision that the fund must take an intending borrower and consult the other available sources of capital and it is only when it can be shown that capital is not available from other sources at a reasonable rate that the Manitoba Development Fund is entitled to make a loan. Now this touches on the point raised by my honourable friend from Rhineland, that your friends to whom you referred came to the fund and it turned out that other sources of capital were available, they did have their needs satisfied; they secured their capital and went on with it. We think that's a satisfactory situation that private sources of capital were found, whatever the source may have been. It may have been a Credit Union. If so, I say more power to them. My honourable friend from Rhineland has recalled some cases where people in credit unions have provided -- he referred to it as risk capital and I assume he meant the equity capital -- for the start of several small businesses. I say this is most commendable. I think the credit unions are entitled to credit -- an odd phrase to use in that connection -- but they're entitled to Manitoba's thanks for providing capital for industry to start in rural Manitoba, and I'm glad he mentioned those cases so that we would have them on the record.

There is some view that the terms under which the loans are made are too restricted, both in the kind of security that is required and in the kind of business in which the fund may invest. Experience may well prove this to be true, I don't know; but I think experience has to go on for some period a little longer than we have already gone before we know exactly what has happened. I'm sure we would all agree on all hands that it would have been wrong to make improvident loans and have a very large loss ratio at the beginning, because if this thing can establish itself firmly, secure people's confidence so that it is recognized as doing a useful job on all sides, it can then, perhaps, expand from there. But at least we were providing something that didn't exist before, and that is capital for small business in rural areas. It wasn't there; we provided it.

. Continued on next page.

(Mr. Evans, cont'd).....

My honourable friend from the NDP is quite right that he introduced the resolution at the time we were in opposition together, and we had a lively debate at that time. I supported him personally. Our Party supported his Party in putting forward this program, and so it is only of comparatively recent times that there has been a pool of capital made available to these country areas, an absolute essential for industrial development. And we have taken a first step and it has been a successful one, and perhaps as experience dictates the directors may come to us and ask us for our permission to extend their credit into other lines of business.

It is concentrating its loans, I think almost altogether in two fields. One, of course, is in tourist facilities in resort areas, and the second is in the secondary industry field, both of which are mentioned in the COMEF Report as being the most likely fields for the expansion of employment in the province.

Well, my honourable friend says that the program that we have announced will not create jobs fast enough. I would like him, if he will, to reserve his final judgment on that until we have had the discussion on the other four bills which are to come forward, because I will not anticipate my remarks at that time but simply ask him to consider that. I would ask him to also keep in mind the point that I mentioned a little while ago that we received this report after the House began. It was tabled the day that we received it and I've forgotten just what day that was; but it was scarcely possible to read, mark, learn and inwardly digest so large a body of material and reduce it to a program of action, and I think we will find that within the estimates we have provided a good deal of assistance, such assistance as can be expected from the government side, toward implementing a good many of the things that I have now had the opportunity to read, because I have read, if not all of the report, a very large part of it, and I must say that it's not easy reading, because that is a very solid packed thing and anyone who is making a serious study of that work will not find it easy going, nor fast reading, and as time goes on I think my honourable friend will see perhaps in the other measures to which I have referred, that we are indeed looking toward the implementation of the blueprints as provided in that 1,000 page report.

He refers to other desirable things, and reference is also made by some other speakers to the desirability of having some tax concessions available to new industries. I do not agree that this should come from local taxation and I find that most industrial leaders do not want to have at least very sharp tax concessions from local authorities because they do want good municipal services; they do want good protection, both fire and police; and they do want good schools when they go there for their employees and so the enlightened industry today does not ask for sharp cuts in local taxation, and we have not encouraged industry to ask for this kind of concession because in principle I think it's wrong. But there is another kind of taxation which I think might well be considered and some consideration has been given to it in Ottawa recently, and we may see more of it -- I don't know -- and that is some consideration for new industries beginning or industries which are undertaking operations in the export field, or are undertaking new research or new tooling expenditures, and that trend, I feel, should be encouraged and I hope to see that it will be.

Now, my honourable friend the leader of the NDP and I have discussed across the floor and even sitting side by side, this kind of industrial development program, and I don't know that I can say anything tonight that would be new as between his views and mine. I think that our views are identical as to goal. Even more identical than perhaps some people believe from the outside, because while we use the short hand in discussing economic affairs of increasing industrial output, or industrial development or whatever the case may be, I think it can be said that our ambition, as his, is to improve the lot of people; to provide jobs for them to work at; and to provide proper living conditions and housing and some of the pleasures of life, and also an element of security. And so we have a good deal in common. And I couldn't find it in my heart to quarrel very much with his main theme, and I never have been able to do that. I do disagree with him in some small details and briefly and quickly I'd like to mention one or two of them.

He draws attention to developments in Saskatchewan and Ontario and notes with approval that Ontario is doing two things: that they're advancing with atomic power, and endeavouring to set themselves a target of some 300,000 jobs. Well, I think that I would be justified in

(Mr. Evans, cont'd)... boasting a little bit here, because with respect to setting this target, Mr. Macaulay, when he first assumed office, sent his Deputy Minister to Manitoba to study what we had here and he told me afterwards that a good deal of what he has done down there has been based on the model of what we had started here. And then I may say that I can return the compliment to him because I attended a conference in his office in Toronto where I learned a good deal about his new developments including his form of trade missions, and he has already made an offer to Manitoba of very practical co-operation and assistance and the exchange of services between ourselves so that we can help each other in getting export business. We believe that there is such a market in Europe and elsewhere for Canadian goods that we don't need to be too savagely competitive with each other, that there is plenty for both of us and plenty for all Canada for that matter, and we believe that we can co-operate in bringing that business to Canada and that if we play our part properly in Manitoba, we in Manitoba will get our share.

I think it might be right to mention here just in passing that the First Minister has already proposed to other provinces in Canada a form of economic consultation and exchange of views and perhaps integration of plans. This is a principle with which we agree. I am hoping, as we discuss these other matters that I referred to before, that we will establish firmly in people's minds that we want to get everybody together in the same drive for new industry in Manitoba. I also say that we want to co-operate with every other province so far as we can by that means "grow a larger melon" because if we can grow a larger melon by co-operating with each other, my view is that everybody's slice is going to be bigger. And I will agree with him that the largest amount of inter-provincial co-operation that can be arranged is to the good.

Now I'm not sure of the wording that caused my honourable friend some pain -- was it in the Speech from the Throne -- and I am sure, and I assure my honourable friend, that there was no such thought in our minds as the wording of this Speech from the Throne, if that was it, seemed to suggest to my honourable friend, of criticism that perhaps the labour force, or whatever constituency he is referring to, had not in the past been picking up its share of the load and that now this would be something new. Whatever it was, no such criticism has ever been in my mind, and I don't think I would like to raise a debate now on the semantics of it -- what did the words mean? We could get out dictionaries and look them up. I just want to assure my honourable friend of my own attitude because I am firmly convinced -- and I'll speak this one sentence on this subject only because I have somewhat more extended remarks to make on another occasion -- but I am convinced that the COMEF job will not be accomplished unless it is by a united team of labour, management, government, agriculture, and with liberal assistance from a good many other constituencies, including technical people and professional, and I refer to labour as working people and not those of an individual party because -- well, I'm going to stop there, because I'm inviting my honourable friend's co-operation and offering a statement of views, an offer of co-operation from our side of the House; an offer of co-operation from government, which I hope will be taken up by other constituencies including labour in its broadest sense, including management in its broadest sense, and agriculture in its broadest sense; and so on the principle of co-operation which he enunciated in one field tonight, I agree in that field, I agree emphatically throughout the whole piece.

Well, I think the phrase that we don't want the dog fight of tax concessions is a very good way of putting it. I don't think we want a dog fight of tax concessions in the local government field. I do think that some consideration can be given in the major taxation field, which is the federal field with regard to the stimulation of industry and of new industry and of export industry in Canada.

My honourable friend from Brandon I think gave us a very useful phrase when he said that "making money makes jobs," and I would hope that that proposition might be acceptable on the other side of the House as well; that if industries can be started, my honourable friend being a Winnipeg declaration man rather than a Regina manifesto man, if I'm right, will agree that there is a place for private industry and that if private industry can flourish it will make jobs. If it doesn't make money it won't flourish and the jobs won't be made. And so surely, there is more in common between the views of my honourable friend from Brandon and my honourable friend the Leader of the NDP Party than might have appeared

MR. PAULLEY: Not very much

MR. EVANS: than it might have appeared as the conversation went on tonight, and as we go forward into this rather delicate field of inviting co-operation between people who from time to time have opposed interests, we are going to have to make haste slowly, but I hope surely, and that we will proceed together on the things that we have in common and not emphasizing the things that we do not have in common or that seem to be opposed.

My honourable friend from Rhineland made some very useful suggestions and raised, I think, some important points. He did say he would prefer to keep the government out of the -- I think he put it -- the risk capital business, and that loans should be made more through a bank, if necessary with guarantees, than by the supply of independent government funds. If this were possible I would be certainly very willing to consider it, but I don't think that the banks would subscribe to a view that they should provide money of the length of time that is required, because in most cases the period of the loan would be 10, 15, 20 years. I don't think much longer than that. But this is not in the field of the chartered banks, and we have found no other means by which we might provide capital in that way, with or without a guarantee.

The key is in the provision of risk capital and this is right. The first money to find is the hardest money and that is of the owners of the business and their friends and the people who are willing to put their money in with them in the form of common stock or whatever it may be. That's the first money to be lost and that is the difficult money to find. I agree with my honourable friend that that is the key to development. We have to find the management group; we have to find the people with money who have confidence in the management group, and then if there is further capital to be found, I think that with the institutions that we have now, including the Industrial Development Bank to start with for one, the chartered banks and very often with the Manitoba Development Fund closing the gap that's left after those others have been consulted, I think that we will move forward, but it does require that risk capital first.

The Manitoba Development Fund rather too conservative. You gave us an example and related the fact that they were able to go elsewhere and find their money. I can't think that that's all bad. I think they have found that other source of capital and that the Manitoba Development Fund then did not prevent the financing of a business in what, to my view, has been the traditional way. I think my honourable friend, when he says government should keep out of the financing business, might agree with this, that if the requirements can be provided in some other way than going to the government, that that's a good thing to do. However we don't want to get in too much of a discussion of that point. In another way you could say that the provision of risk capital is the key to the situation. That's another way really of saying that local initiative is really the main point of industrial development in the rural areas. My honourable friend told us about credit unions that have financed business. He told us of the initiative which took sunflowers -- the sunflower seeds -- and got a new market for them as feed, as I understand it, in the United States -- a good piece of local initiative and a further illustration of the fact that local initiative must come first.

With respect to line abandonments -- the position that the government took before the McPherson Royal Commission was that out in papers that were tabled, I think a session or so ago, we have pressed the view upon Ottawa that abandonment should be stopped until a co-ordinated plan is arranged; until we can see far enough ahead what the program is going to be. It is our hope that a co-ordinated plan of abandonment will be announced by the railways which will then give all of the government departments some opportunity to plan, and the people who are in the towns affected will also have some opportunity to plan their own affairs.

My honourable friend from Selkirk asked about the rumour that appeared in the newspapers some time ago, naming even a certain iron and steel giant of the world as intending to come and settle in Selkirk. At the time I knew nothing about it; I have heard nothing about it since. I am not able to confirm that either that giant steel corporation or any other is actively interested in the property at Selkirk. No information originated through or was known to my department with respect to this one newspaper announcement before it appeared in the press. So I'm afraid that I am unable to either raise or lower my honourable friend's hopes in that regard at this moment. I will say however and it's confirmed by the COMEF report, that an opportunity is seen for a primary iron and steel industry in Manitoba and this would certainly be something that our department would have under review constantly and would be one of the main things that we

(Mr. Evans, cont'd)... would hope to achieve, but I'm afraid that I cannot give him any practical information at the moment.

My honourable friend from Winnipeg Centre raised the point about the influence of architects and design engineers can have on the use of local products and local materials, and this is true. Our department plans to hold a conference at some time in the coming year between those who are responsible for writing specifications for things, to see whether we can at least arrange specifications so there is no bias against Manitoba products. He points out, very rightly, that in many cases specifications are now written in such a way that there is a bias against local products. It works this way: that an architect will specify, shall we say, a bit of material or -- I don't want to use any trade names and that's why I hesitate --but he will want to specify a piece of machinery, or an engineer will, and say that the motor required here should be such and such a company's number so and so, or catalogue number so and so, or equivalent. Well that is thought to be fair to local industry, but really it isn't because if there's the slightest bit of doubt in the contractor's mind, or in the architect's mind, about whether you should take the thing specified or something said to be equivalent to play safe, there is very often the tendency to specify the actual article that was named and to ignore that phrase about things being equivalent. This is a very great difficulty. I don't know how it can be overcome. In many cases it can be overcome, at least partly, and we are going to seek the advice of those who write these specifications and deal with them to see how we can do our best to avoid the bias against local products and local materials in all manner of construction and machinery in Manitoba.

I hope those were the main points that were dealt with by my honourable friend. If there's anything I've missed, I would be glad to know.

MR. MOLGAT: Mr. Chairman, I noticed the Minister mentioned briefly the matter of an iron and steel development in the Province of Manitoba. Recently in the newspapers there was an item that appeared regarding Edmonton, I believe, as being the logical site in western Canada for such a development. I know that we here in Manitoba have been hopeful for many years that Manitoba would be the chosen site. I wonder if the Minister could give us some further details at this stage as to what progress is being made in this regard in Manitoba and what hopes there are of attracting this most important industry to our province, rather than to Edmonton.

MR. EVANS: I am aware of the report that was made by two engineers, I believe in Ottawa, to that effect. That's the opinion of two engineers. We have some technical advice that indicates that we have a more attractive situation here in Manitoba than in Edmonton. Part of the COMEF report was based on an exhaustive study of the opportunities for a primary iron and steel industry in Manitoba. I am not able to give my honourable friend any more concrete information than I indicated I could to my friend from Selkirk. I regret that there is nothing more that can be said at this point.

MR. PAULLEY: Mr. Chairman, I am somewhat interested in this question of an iron and steel expansion here in the Province of Manitoba. Now I have before me the Arthur D. Little report on the feasibility of new iron and steel capacity in the Province of Manitoba Report, the Department of Industry and Commerce in the Province of Manitoba, in the year 1954. Now I do appreciate, Mr. Chairman, that we're dealing with -- and this was March 5th, 1954 -- we are dealing with a report that was compiled about nine years ago. Now at that particular time, in this report, mention is made of the Manitoba Rolling Mill in Selkirk as a merchant mill and on page 2 of the report it says: "that this mill produces some 60,000 to 70,000 tons of bar, light structural, narrow plate, etcetera and nearly supplies the total prairie demand for these products" -- and here to me is the significant part of this report in respect of this -- "a duplication of this mill would not be in the best interests of the province." Now there are other phrases in the report at that time which suggest that it would not be economically advantageous to have set up here in the Province of Manitoba, or indeed in the prairie provinces of Canada, a new factory. Now I must confess, Mr. Chairman, that I'm not conversant with all of the terminology insofar as iron and steel factories are concerned. You talk about an integrated iron and steel facility; they talk about other types of iron and steel. However this is the report of 1954. There have been set up in the Province of Saskatchewan, and I don't mention this because of the fact of it being in Saskatchewan principally

(Mr. Pauley, cont'd)... or the type of the government that is there, but there is the Saskatchewan iron and steel factory that has been established within the last two or three years.

Now then I note in the COMEF report that a considerable amount of emphasis is placed on the number of jobs, I believe 8,000 if memory serves me right, that would be established if there was a new -- I think in the Manitoba report it mentions an integrated steel and iron mill. Now also in addition, if I am correct, to the mill that has been established in Regina, there also is the mill in Transcona which is a user of scrap iron, namely the Griffin Steel Factory in Transcona, and I'm happy to know that, Mr. Chairman, that I had something to do with the negotiations at the particular time that brought that industry into Manitoba and particularly into my home town of Transcona. I think my signature is on the document of agreement.

But the point though, Mr. Chairman, is this, in view of the report of 1954, again appreciating the time difference of nine years, and also the fact of the establishment of a steel factory or iron factory, or whatever it is in Regina and, as mentioned by the Leader of the Official Opposition, consideration of the possibility of one in Edmonton. I am wondering whether the Minister has any information. I might say to him, Mr. Chairman, that if he hasn't I can understand it, because of the complexities of the industry itself and also the report. How might this affect the possibility within the Province of Manitoba.

MR. EVANS: It can be said that the operation in Edmonton that was referred to might be a rival of such an operation as we're talking about in Manitoba, but the one in Saskatchewan and the one in Transcona would be customers for us. They are users of iron and steel, where the one makes wheels out of it and the other makes skelp for pipe if I'm right, and both of them use the raw material steel that would be made by such a plant as my honourable friend is referring to.

In the ten years now that have occurred since that report, I think there have been very considerable advances in two ways. First of all, the market for this kind of thing has expanded much more rapidly than was anticipated at that time, and in the second place new processes have been brought into being, notably the strategic Udy process and another equivalent one that's available in Canada for making steel in small lots instead of having the very large investment in a huge steel mill that was contemplated in the older days. So I think there have been technical developments and an enlargement of market that now makes it possible to look forward to a primary iron and steel operation in Manitoba earlier than anyone would have thought.

MR. PAULLEY: Mr. Chairman, for importing of the raw products from the Mesabi range or the eastern Ontario or the western Ontario ranges if they were developed for the production in a primary mill here in Manitoba, would it?

MR. EVANS: As far as I'm aware, there are no available iron deposits in Manitoba which would provide the raw material for a steel mill of this kind.

MR. CHAIRMAN: Item 1 passed. Item 2 passed....

MR. E. R. SCHREYER (Brokenhead): Mr. Chairman, you're calling Item 1. What about (a)(b) (c) (d)? I think you were doing that in other departments. In any case, I have -- (Interjection) -- yes, well it's under (b) to be specific -- at least I think it's under (b). It has to do with the paying on behalf of the Minister, his club fees for entertainment and so on. I want to raise the matter because I think that, distasteful as I find it, I think that when a problem arises that it should be faced and not simply ignored.

Now, I asked for an Order for Return back in March, inquiring as to whether or not the government paid out public moneys on behalf of any Minister of the Crown or any employee of any of the commissions to any private club, for club fees and entertainment expenses, etcetera, and I got this return back in the course of the last few days, and I find that all told there are some -- there is one Minister and approximately seven employees of the Telephone System and seven or eight of Manitoba Hydro. I want to say at the very outset that certainly the membership practices of any of these private clubs are an internal matter and really don't concern us here in any direct way, and similarly if any Minister of the Crown wants to belong to any of these private clubs, that too is a personal matter which does not concern us here, but as to whether or not public money -- even if small amounts are involved -- as to whether or not public money should be expended for the paying of fees on behalf of the Minister or Crown agency employee to a club that practises discrimination is something that does concern us, and I suggest that among the clubs listed here as having received public moneys for

(Mr. Schreyer, cont'd) membership fees -- there are some six or seven clubs -- at least two of them do practise discrimination as to membership.

Now, we have here on the walls of the Legislature a number of plaques, extolling the contribution made to our culture by the people of Jewish and Ukrainian origin. We have on the grounds of the Legislature a statue commemorating the Ukrainian poet, Taras Shevchenko. We have also a statue of Robert Burns -- I think we do, I'm not sure -- whose motto, or I suppose you could say his motto was "that a man is a man for a' that," and yet we are in this moral dilemma here. I understand that the amount of money involved is small but we are in the moral dilemma of having public moneys going to private clubs that do practise discrimination. I don't know if I should have to mention them, but I think that members have a pretty good idea of what clubs they are. If members want me to mention them I will. One of them for that matter, is the Manitoba Club; the other one is the St. Charles Club. I would like to be shown to be wrong. If anyone can produce evidence that anyone of Jewish or Ukrainian descent is in fact a member of either of those two clubs, then of course there would be no need for the remarks that I'm making at the present time, but this problem should be faced. It was considered important enough for the Council of the City of Winnipeg to deal with, and after going into the problem, after facing up to the moral dilemma involved, Council decided to discontinue the practice of paying out public moneys for the membership fees of two, or three, or four of the top echelon employees, and I suggest that the same practice should be the case here at the provincial level.

I suppose that one could start a pretty vociferous debate on the matter, but my tone of voice should indicate that this is really the last thing that I want to do. I do believe that the Minister -- and for some strange reason it is only one Minister of the Crown who has had his club fees paid for him -- that the Minister should be able to get up here and defend the practice, if he believes in fact that we should not discontinue the paying of these fees, on his behalf, and on behalf of other members of the Hydro and Telephone System. I would guess that other Ministers of the Cabinet must belong to some of these private clubs, one or another of these private clubs, and there are six or seven here, and as I say, obviously that's their own personal judgement that's involved. I would imagine that they entertain too at some of these clubs and there again, if they don't entertain in the manner of La Dolce Vita, I imagine they still entertain -- that's their business. But as to whether or not we should continue this practice is really doubtful. As a matter of fact, I would say, I would put it in a more positive tone; I believe we should discontinue it. Other jurisdictions have seen fit to do so, I suggest the same should apply here.

If the Minister's convinced that it's so important to maintain contacts at this level, being so concerned as he is with the development of Manitoba industry and so on, I'm sure that he would not find it adverse himself to join them, and no one could complain about that, but certainly I don't think that we -- especially in view of the fact we've passed Fair Accommodation Practice legislation, we've passed Fair Employment Practice legislation on one hand, and on the other hand we are sort of inadvertently condoning discriminatory practices, and we have nothing really to do about it. We can't really impinge upon the internal functioning of a private club, so the only alternative then, Mr. Chairman, is for us to desist from the practice of paying in public moneys for membership fees for individuals, and accordingly, Mr. Chairman, I move, seconded by the Member for Seven Oaks, that the amount of Resolution No. 86 being \$308,815 be reduced by \$350.00, that is the amount paid on behalf of the Minister for club fees and entertainment assessments at the Manitoba Club. I move that so that there can be discussion on this matter.

Mr. Chairman presented the motion.

MR. ROBLIN: Mr. Chairman, I think I'd like to say a word on this. I really think that my honourable friend could have arranged for the matter to be discussed without his motion, but I can't really object to it. It is a very delicate matter and it's a difficult matter to deal with. I may say that this matter has received some consideration for the reasons that he mentions. There is a conflict here between idealism in a sense, and a certain practical situation that one faces, in that it is a fact that under certain circumstances it is difficult to find a suitable substitute for the club which my honourable friend, the Minister of Industry and Commerce, belongs to. I suppose that it's inevitable that we should have some press comment

(Mr. Roblin, cont'd)... on this, although I regret it, but I must say to the committee that I, myself, have refrained, as head of the government, from joining that club for the reason that my honourable friend states, and we have perhaps in our own way made a declaration of our feelings on the principle involved in that fact. This was not the case in days gone by and I make no reflection on the previous holders of my office, because I think that I don't want to make any reflection of that sort, because I don't impugn their ideals or their motives at all. I can say though, that as head of the government I have deliberately refrained from accepting a membership in that club or asking for one for the very reason that my honourable friend states. So the position of the government on this as a matter of principle I think, is clear. But it was a fact that my honourable friend was a member of this club, as some other members of the Legislature are, before he assumed his present office, and it was considered that it would not be unacceptable that he should continue in that membership, and as he used it for official purposes to entertain some people, that it would be not inadvisable for his expenses in this connection to be paid. I must say I stand on the same ground as the gentleman who has just spoken in respect of the matter of principle. I stated my own view on it; I stated the action I've taken with respect to it, but I think that perhaps more harm than good would be done by the Legislature or this committee accepting the motion. The money that's involved is nothing -- we all know that -- but my own view would be that the matter should be left where it is at the present time. I've stated my own position, and my position was taken when I first assumed office deliberately in order to express our view of the situation that prevailed there, but I really think that under the circumstances we should not press this matter to a point of a vote tonight.

MR. MOLGAT: Mr. Chairman, unfortunately my colleague, the Member for Lakeside, who previously occupied the Chair across the way and then was the Leader of the Opposition, is not here, and I cannot check this definitely. I am under the impression that he paid his own fees when he was in that position. However, be that as it may, this is my understanding.

There certainly is here a problem insofar as discrimination in the clubs and what the First Minister has said, my position is exactly the same. I have refrained from joining these clubs myself on the basis that discrimination is practised and I cannot agree with this principle and therefore do not belong. It seems to me that the member who has brought up the resolution has brought what is certainly not an easy point. There are times undoubtedly when the Ministers do have to entertain people from outside the province. They have distinguished visitors coming through. We certainly want our government to treat people who do come here in the best way that they can. I think we don't expect them to be lavish in their entertainment, but there is after all a necessary amount that has to be done. Exactly how this should be handled I'm not quite sure, Mr. Chairman. I see here another item under (d), Government Hospitality and Presentations, and whether this is meant to cover it or not, I don't know. I would want to see certainly the Ministers and the government in a position where they have legitimate people who must be received, people from outside the province, that this be done in a proper manner. If it can be done without belonging to these clubs I think it would be a better system.

MR. SCHREYER: Mr. Chairman, in view of the reaction to my motion, I think no useful service will be made by proceeding with the motion, and I would ask leave to have it withdrawn, only to say though that I feel strongly -- I'm sure many members feel strongly about this and rather than force the issue now, perhaps it would be more desirable that I introduce it next year. I serve notice that if no one else does, I will re-introduce a similar motion next year if this kind of action persists. In the interval it seems not unreasonable and not impractical to suggest that perhaps some other way can be worked out whereby the Minister and anyone else who is in a similar position might be able to carry out his function, which includes entertainment, in another way. The point I'm making is that if it must be, increase the expense allowance, increase the salary, instead of having this kind of fringe benefit which in effect puts us in the painful position of having public moneys expended directly to clubs that are discriminatory. Let them put the Minister and others in the position of having a certain sum of money to do with exactly as they please -- sort of private money. I ask leave to withdraw this.

MR. ROBLIN:my honourable friend; I think he's done the right thing.

MR. CHAIRMAN:passed.

MR. FROESE: Mr. Chairman, before we leave Item 1 completely I have one matter which I'd like to have the Minister give me some clarification. That has to do with the matter of the Canadian Wheat Board, which is a federal Crown agency. We have international wheat agreements with other countries and what is this government doing in connection with such agreements? I understand that we had to pass special legislation in this House in order to make the Canadian Wheat Board operative in regard to coarse grains, and do they not also now have a responsibility to the Manitoba farmer in that they assure them of good price and that we would have some say in the price that the farmer gets for his product? I'd like to have some clarification, and also whether this government has made representation in the past when such agreements are being reached?

HON. GEORGE HUTTON (Minister of Agriculture and Conservation) (Rockwood-Iberville): Well, Mr. Chairman, on the question of the relationship of the Provincial Government to the Canadian Wheat Board, I might say this, that the only thing that was ever required of the Provincial Government was a bill ratifying the inclusion of the sale of coarse grains under the compulsory marketing through the Canadian Wheat Board. The province is in no way responsible for the operations of that Crown corporation. It is a creature of the Federal Government, and the only way in which the province can exert any influence is to use our good offices to apply to the Federal Government, or, indeed, at times directly to the Canadian Wheat Board, officials of the Canadian Wheat Board, on behalf of the farmers of Manitoba. But it is entirely beyond the jurisdiction of the Government of the Province of Manitoba.

MR. CHAIRMAN: 6 -- passed. Resolution 87 -- passed. 88 -- passed. 89 -- passed. 90 -- passed. 91 -- passed.

MR. ARTHUR E. WRIGHT (Seven Oaks): Mr. Chairman, it seems that we wait so long and then all of a sudden comes a splurge. On Resolution 90, Mr. Chairman, I wanted to say something on Research, Special Investigations, Freight Rates and Publications. I wanted to say something on freight rates. I've been thinking about this for a long time.

I'm prompted to speak on this first of all because I am a railway worker and many of my constituents are too. But what prompted me to say this was the resolution I had last year from the Thompson Chamber of Commerce. Now first of all, Mr. Chairman, I want to say that I don't feel unfriendly toward the Chamber of Commerce and I have not forgotten the fine brief that they presented to us here on housing and urban renewal, but I do find myself at variance with their line of thinking in regard to the matter of freight rates. I would like to read to the House a letter that I received, and I imagine the rest of the members received this letter from Mr. Murray Campbell, the President of the Thompson Chamber of Commerce. "Dear Sir: The Thompson Chamber of Commerce will be submitting the attached resolution to the 1963 Convention of the Manitoba Chambers of Commerce. The development at Thompson has been retarded due to the higher cost of living in this area. Where a road has been built to link Thompson with the Manitoba highway system we will benefit by the lower rates on express and freight due to the trucks being in competition with the Canadian National Railways. At the present time families find the cost of sending their cars out by rail to The Pas and back almost prohibitive, and this adversely affects their holiday plans, particularly those with limited cash resources. It is felt the Provincial Government should give a first priority to the building of a road to Thompson. We have been assured that the engineering problems have been solved and that it would be possible to complete the winter road for the '63-64 season and the all-weather road soon after. A road to Thompson will show us in a very tangible way that the development of the north is indeed a vital consideration of the present members of the Provincial Legislature. Yours very truly, H. Murray Campbell, President."

Mr. Chairman, I want to put on the records, too, the resolution of the Thompson Chamber of Commerce: "Whereas the Canadian National Railway Company provides the only form of all-weather service transportation between the Townsite of Thompson and the remainder of the Province of Manitoba; and whereas a lack of a competing common carrier serving the Townsite of Thompson contributes to inferior service and excessive rates on freight and express carried by the said Canadian National Railway Company between Thompson aforesaid and points south which are served by road; Be it therefore resolved by the Manitoba Chamber of Commerce that the Government of the Province of Manitoba be urged to undertake a comparative study of freight and express rates charged and services supplied in respect of goods

(Mr. Wright, cont'd)... carried between Thompson, aforesaid, and the other similarly isolated settlements in Manitoba and points south served by road, with freight and express rates charged and services supplied in respect of goods carried between centres of population in southern Manitoba, having available truck transportation as an alternative carrier system; and be it further resolved that the said Government of the Province of Manitoba, through its representatives in that behalf, make representation to the Government of Canada and the Board of Transport Commissioners with a view to having freight and express rates charged on carriage to and from the Townsite of Thompson aforesaid, and similar isolated communities equalized with rates charged to and from industrial areas in southern Manitoba." It's quite a mouthful Mr. Chairman, but you'll notice in the first "whereas" that Canadian National Railway Company provides the only form of all-weather transportation. I suggest, Mr. Chairman, that if it hadn't been for the Canadian National Railways there would not have been a Town of Thompson.

Mr. Campbell, in his capacity as the President of the Thompson Chamber of Commerce, has asked for comments concerning the economic development of Thompson. I want to make a few observations. The first such resolution urges early completion of a highway into Thompson. Now, Mr. Chairman, I think I should pause here because I'm not opposed to a highway to Thompson. I think this is a natural thing. In the evolution of things it will come about. But the type of highway that I visualize is not the kind of highway that Mr. Campbell envisages, because he's thinking of taking heavy freight over that road, and what he considers to be excessive railway freight rates between Thompson and points south, which are now served by road, Mr. Campbell does not see fit to give any particulars or comparisons. He does, however, say that the resolution is basic to the growth of Thompson, and goes on to refer to nickel as a major Canadian export.

As Mr. Campbell doubtless well knows the very existence of the Town of Thompson is directly related to the production and the sale of nickel and other products relating to the operation of International Nickel Company. These in turn are directly dependent upon railway freight rates, on the mining products and supplies being maintained at a level which will enable this northern industry to compete in world markets with other supply sources. The initial success -- and this is important, Mr. Chairman -- the initial success and subsequent expansion of the mining operation is proof that railway freight rates are not retarding the growth of Thompson as Mr. Campbell would have us believe. His resolution and his covering letter are couched in such vague terms that it is difficult to determine just what yardstick he is using in referring to freight rates as being excessive. Is he asking us to believe that how we come -- completion would result in nickel and other mining products and supplies being trucked at lower rates than already accorded for railway movements? Is Mr. Campbell aware that highway construction into Flin Flon, for example, resulted in no such diversion of the Hudson Bay Mining and Smelting Company and its traffic? Is he aware that not far from my own constituency there is a most sizeable mining operation with a greater volume of output being handled by rail than at either Thompson or Flin Flon?

I refer you, Mr. Chairman, to Steep Rock, where since its inception 3-1/2 million long tons of lime rock leave Steep Rock for the Canada Cement Company, and there has been no diversion to highway haulage despite the fact that there is a paralleling road built at public expense of the expensive type suitable for handling loaded trucks. Now surely Mr. Campbell cannot seriously expect us to accept his statement that the continued growth of Thompson is dependent on the province -- upon the provision out of the public purse for a similar highway. Mr. Campbell's letter does, however, indicate that he is concerned directly with the cost of transporting foodstuffs. He implies that the cost of living in Thompson would be substantially reduced should a highway be completed. He must expect us to believe that the truckers' transportation charges for services over a newly-completed highway would be so far below the charges for service -- so far below the present railway freight charges -- as to offset the cost of providing a highway for the trucker to use.

Supposing we just see what effect the present railway freight rates in themselves might have on the cost of living at Thompson. Fresh meat, for example, is handled by the railway to Thompson and The Pas, and curiously enough for Mr. Campbell's argument, The Pas has long since had highway connections. Examination of the railway freight tariff shows that the difference in rates on meats from Winnipeg to The Pas and from Winnipeg to Thompson is just

(Mr. Wright, cont'd)... over one half a cent per pound -- to be exact $\frac{53}{100}$ of a cent per pound -- and from Prince Albert, where supplies are sent by rail both to Thompson and The Pas in volume, usually less than full carloads, the difference in the railway freight rates between The Pas and Thompson is the equivalent of $\frac{6}{10}$ of one cent per pound. The per capita consumption of fresh meat, including poultry, is according to the DBS figures, around 175 pounds a year. Now suppose that the potential population of Thompson were 10,000, and supposing that because of the bracing northern atmosphere in this location 230 rail miles north of The Pas, each of these 10,000 men, women and children eat 200 pounds of meat and poultry each year instead of the average 175 pounds, the difference in the railway freight rates per person per year on 200 pounds shipped to Thompson as compared with 200 pounds shipped to The Pas would be at the most \$1.20. That makes for a total potential population of 10,000, a difference in the cost of living in Thompson as compared with The Pas, so far as railway freight rate charges on meats are concerned, the amount of \$12,000 a year. This is hardly sufficient to warrant the construction of a highway, especially the kind of highway that Mr. Campbell has in mind.

Let's take another extreme example and again examine the railway tariff. All the foodstuffs and clothing and miscellaneous household supplies for an individual in Thompson, man, woman or child may reasonably be considered as not to exceed 2,000 pounds a year. Now suppose that all these goods were first brought into The Pas which has the blessings of a highway, and according to Mr. Campbell's reasoning can't have accepted freight rates, then let us ship all those supplies by railway from The Pas to Thompson, not in carloads on which the lower railway freight rates apply, but instead in lots of 10,000 pounds. The railway rate from The Pas to Thompson would not be higher than the equivalent of $\frac{1-37}{100}$ of a cent per pound. Each individual would be responsible on the basis of his 2,000 pounds a year for \$27.40 of railway freight charges. Now suppose a highway were constructed through to Thompson. The road distance is estimated at 250 miles. The highway scale of rates as prescribed by the Manitoba Motor Carrier Board would govern between The Pas and Thompson, the same as between any other point in the province. How does this highway scale compare with the present railway rates from The Pas to Thompson? We have seen that the highest railway rate for meats or other foodstuffs or supplies in lots less than a regular carload, is \$1.37 per one hundred pounds. The comparable highway rate for the distance of 250 miles by road from The Pas to Thompson is \$1.46 per one hundred pounds. Where would the saving be to warrant the highway construction which Mr. Campbell claims is essential to bring down the cost of living? How could he claim that the railway rates are excessive when they are already lower than those which a trucker is authorized to charge?

Now suppose we examine a few of the railway carload rates on building supplies and other commodities from the actual supply sources and compare the rates to The Pas with those to Thompson, remembering that the railway has the additional haul of 230 miles beyond The Pas. All these rates are related to the difference in mileage and there is no additional charge made by the railways because Thompson is not served by a highway. On fuel oil from the refineries here in East Winnipeg, the railway rate to Thompson is the equivalent to only $\frac{2}{10}$ of a cent per pound or $\frac{1-6}{10}$ of a cent per gallon higher than from the refineries to The Pas. On cement from the plant here at Fort Whyte, the railway rate to Thompson is the equivalent of $\frac{16-2}{3}$ cents per bag higher than The Pas. On fresh vegetables the railway rate from Winnipeg to Thompson is exactly $\frac{1}{4}$ of a cent per pound higher than to The Pas. Plasterboard and on building tile from Winnipeg to Thompson, the railway rate is $\frac{1-9}{10}$ of a cent per pound higher than to The Pas. On lumber from British Columbia post points to Thompson, the railway rate is $\frac{12}{100}$ of a cent per pound higher than the rate to The Pas, and on all these commodity rates the difference is based upon the additional mileage to Thompson. For the extra haulage of 230 miles the railway gets the equivalent of somewhere around $\frac{1-1}{3}$ cents per ton per mile.

Those of you who are familiar with trucking operations will quickly realize that no highway operator could subsist on such a payment, even if he secured capacity loads constantly. The Board of Transport Commissioners has prescribed a scale of class rates which the railways can't exceed between points in Canada for their very existence. There is no discrimination against points not served by highways in its class rates scale. The rate under this board scale known as the Class 55 rate, and which applies on both fresh meat, either in the

(Mr. Wright cont'd)... straight carloads or in combined carloads with other supplies, is \$2.17 per one hundred pounds from Winnipeg to Thompson. The Class 45 rate, which applies on such general merchandise and supplies for which no special commodity rates are published, is \$1.78 per one hundred pounds for the distance of 698 miles from Winnipeg to Thompson.

Mr. Chairman, these rates are exactly the same as apply between any points of the same distance anywhere in Canada. Suppose now, for the sake of example, that all the one ton a year of foodstuffs and other supplies for individual use for the average citizen in Thompson were shipped from Winnipeg under these class rates, assuming 500 pounds, which is overly generous, for fresh meats and fresh fruits taking the higher rate, and 1,500 pounds of other supplies taking the lower carload rate, we find that the freight charges would be \$37.55 for the year or just about 10 cents per day per person. On this basis it is difficult to concede that the cost of living at Thompson is directly related to actual railway freight rates when compared with either The Pas or Winnipeg. It was hard, Mr. Chairman, to see that it is the formidable factor which Mr. Campbell indicates is seriously affecting the well-being of his fellow citizens. It is, however, quite evident that the railway freight rates to Thompson are not excessive as compared to other points where there is direct highway access from principal supply sources. On all the principal carload commodities, as well as the class rates, the actual difference or spread in the rates between The Pas and Thompson is considerably lower than the cost of trucking. It is quite clear that highway completion would not result in any over-all reduction in transportation costs and resulting in lowering of the cost of living in Thompson such as implied in Mr. Campbell's resolution.

There are quite likely good reasons why a highway should be constructed at public expense into Thompson, but savings in freight rate charges however is certainly not one of them. Before highway construction to Thompson or to any other point is undertaken, I seriously suggest that it would be expedient to consider the additional expense of building that highway to the width and to the depth and of the type required to withstand heavy trucks. This additional cost over and above what would suffice for private automobiles, light local delivery and farm trucks, might turn out to be entirely unwarranted. Why should we build highways of the expensive type needed for heavy commercial trucking operations if the purpose is solely to enable them to compete with the railways for general merchandise traffic. The very existence of our northern mine development at Thompson and elsewhere in the province is dependent upon the railways continuing their essential services for the handling of our basic products which the trucks scorn to handle at the rates the railways provide. How long can the railways maintain these rates for our basic products if we should agree with Mr. Campbell's proposal that a super highway be constructed solely for the purpose of taking business away from the railways? Mr. Campbell's resolution and his covering letter to the members is silent as to the extent and the actual transportation charges on foodstuffs are a factor in the cost of living at Thompson.

I would suggest, Mr. Chairman, that this is another case of the railways getting blamed for a differential in prices which are not wholly or directly related to the actual freight rates. If it costs only 10 cents per head per day to eliminate the high cost of living in Thompson as compared with Winnipeg based on the individual consumption of foodstuffs which is Mr. Campbell's only specific point, would it not be cheaper to provide the allotment of 10 cents per day for Mr. Campbell and his Chamber of Commerce members rather than build a highway for them so that they could take the business away from the railways which are essential to the mining operations, which is the only reason for the existence of the towns?

MR. MOLGAT: I didn't like to interrupt the Member for Seven Oaks during his speech, although I must say he's going to have a tough time convincing the people in Thompson about his statements, but I wouldn't want to disappoint you, Mr. Chairman, or the other members of the committee without getting up on Friday evening at midnight to observe once again that according to the rules we should not be sitting. The rule book does not provide for sitting on Saturday, Mr. Chairman, and I submit the committee is not in order.

MR. CHAIRMAN:that the rule says "that when the House rises on Friday, it shall stand adjourned unless otherwise ordered until the following Monday," but we didn't rise on Friday.

MR. MOLGAT: Mr. Chairman, there is no provision for sitting on Saturday. Therefore, according to the rules, we should rise on Friday. The same as on Wednesday we rise

(Mr. Molgat, cont'd)... automatically at 5:30, there being no provision for a Saturday sitting, I submit we're not in order.

MR. CHAIRMAN:before us on the 24th of March, 1961, and I would like to read from the Votes and Proceedings....

MR. MOLGAT: Mr. Chairman, if I may, I'm not going to press the point; I'm just making the point for the record. I am not expecting that my proposal will be accepted, I've made it now, I think, for the third time; it hasn't been accepted. I'm just making the point. It's not necessary to read what went on last year.

MR. CHAIRMAN: Well then, I would declare that it's in order for us to sit on Saturday.

MR. GORDON BEARD (Churchill): Mr. Chairman, I'd like to reply to the Honourable Member of Seven Oaks. I can see that he has not resided in Thompson. I believe that you have left out many things, Sir, in quoting your freight rates, express rates, and what has led to the high cost of living in my town of Thompson. I say "my town." I spent about three and a half years there. I've conducted business in this town since I've been there, so I've paid a fair share of my freight rates.

Now first of all, the freight stops at the station in Thompson and unfortunately, being a very modern wonderful town, they've built Thompson so that the railway will always be on the outskirts of Thompson, and thus we cart our own freight from the station to our places of business or homes. This also extended to express until the last year. Now, in all other places in Manitoba the freight and express, as I understand it, are delivered to the door. Now this makes quite a lot of difference -- quite a lot of difference. I, in the restaurant business, freight my commodities from The Pas to Thompson, and I can assure you that it costs more than a tenth of a cent to bring my tomatoes from The Pas to Thompson. First of all he says, or rather during his speech he said, "why should the public have to pay for a road to Thompson at public expense when the CNR had to put their own road into Thompson? This is not right. The CNR paid for their road by the poundage, and if I'm not mistaken the CNR paid for this spur in somewhere around 16 months. Now I could be wrong on this, but the spur is paid -- long gone.

When we go out on vacation, if we're fortunate to have a car, it costs us \$150.00 to take the car in and out of The Pas, plus our transportation. Now this is an expensive way to start on your holidays. I just had a letter from Lynn Lake which is also in our constituency, also has the same problem, and they advised us that their rates have now gone up. For a man, wife, two children to take their car and get out to Cranberry Portage to start their holiday -- to start their holiday -- it costs them \$147.10. The railway, themselves, have suggested and even gone as far as putting it down on paper, that they admit that their rates will drop once the highway competition comes to northern points in Manitoba. We have not only had to unload, or rather cart our own freight, but to get it in any reasonable time we've had to unload this freight ourselves as businessmen, or pay somebody else to do it. This has become very expensive at times. It is improving, but it should improve; it couldn't get any worse. But conditions were always bad at Thompson. We progressed very fast and many businesses couldn't keep up with the progress in Thompson and I presume this is why the CNR were always behind, but to this date, if we want something, they phone us up and tell us to come down and pick it up. It may be on Track 3; it may be on Track 2; it may be in the warehouse; but it'll be somewhere around there. But if we can get down and get it as fast as we can, then possibly we'll get it before it's lost.

Freight rates are high throughout northern Manitoba, not just in Thompson. Our Chamber of Commerce has gone ahead and got the resolution out, which I agree with, but Thompson isn't the only place. Fortunately, we have no roads so we don't have to worry about any bumps on them, but we do have to worry about it being a monopoly and I disagree with my friend. I feel that the railroad are taking advantage of the fact that we depend on them for everything being brought into these points in northern Manitoba. I can't disagree with them too much maybe. They've got a monopoly and they're taking advantage of it, but you haven't talked to businessmen in Churchill, Lynn Lake, and in some other small places along the bay line, if we say, Mr. Chairman, that freight is not one of the reasons for the high cost of living in northern Manitoba. When they first moved in to the northern area, they were assured of a port at Churchill, or Fort Nelson, wherever it was going to be, but at all times, the railway

(Mr. Beard, cont'd)... has never had to really pioneer -- not really. There has always been an object ahead of it. Whether it happened to be Lynn Lake, whether it happened to be Fort Churchill, Thompson, there was a goal that they would be investing their money and assured of an income, and up until now, assured of actually a monopoly. Maybe I shouldn't bring it up at this time, but if I'm not mistaken, I read at one time where the American army had found it cheaper to transport some of their commodities by plane in preference to paying the freight rates to Fort Churchill.

But I'm sure that the good people of Thompson, and Mr. Campbell, and the Chamber of Commerce would be very happy with the CNR if we had a highway built to Thompson, and we hope of course in the future on to Churchill, because then we would enjoy the advantages that you people in southern Manitoba have where we could go by rail if we wished; we could have roads to have bumps on; and we could widen these roads; hard surface them; modernize our town; and bring this industry we have heard about so much tonight up to a lucrative northern Manitoba, where I'm sure you wouldn't have to go scurrying around so much, seeing if one part of the province were lucrative; whether we could produce industry. I'm sure that if you take advantage of my invitation, get that road finished up there as soon as you can, and come along with us, we can find an opportunity for each and every one of you. Thank you very much.

MR. WRIGHT: Mr. Chairman, I would just like to assure my honourable friend that I did enjoy my visit to Thompson. I wouldn't have missed for the world, and I think it's the jewel of the north. I think it's well planned; but I just want to answer some of his -- I think he has me wrong -- because I certainly -- I'm not against a road. I made that clear at the beginning, but I'm not in favour of the type of road that the Chamber of Commerce are asking for, and as my friend says about delivery, well it was in 1946 before many portions of West Kildonan qualified for free express delivery -- as late as that.

MR. PETERS: East Kildonan still doesn't.

MR. WRIGHT: Yes. So you see that you have to have a certain density of population and that before you do qualify for this. As far as monopoly is concerned, would my honourable friend suggest that there should be two railway lines in there? Has he any idea of the cost of punching that line through into the north? And, Mr. Chairman, while I'm on my feet, I'm speaking as a railroader and I think that the railways are called upon to -- usually in the beginning -- to develop the northern country, whether it be Quebec or whether it be Manitoba, and here I have a clipping, and it's -- I quote: "New CNR line means more profit for the CPR." As everyone knows here the Consolidated Mining and Smelting Company at Trail, British Columbia, is a subsidiary company of the CPR. The CPR are also in the railway business but the smelter at Trail is running out of ore -- and I won't keep you long on this, Mr. Chairman, but I think it is worth putting on the record -- the ore supply at Trail is petering out, so now they are going to ask the CNR to develop the north in British Columbia to supply ore for the CPR smelter, and I suggest it's most unfair to have to ask a government-owned corporation, a class A railroad like the CNR to have to do that. Why if the CPR -- why would they not develop this, because it's mainly and exclusively, I should say, for their benefit, but no! Then there will be people like my honourable friend come along a little later after the CNR put this railway into the north in British Columbia and after the CPR take the ore out of the country for the profits of the Consolidated Mining and Smelting Company, then there will be people come along and say that they've got a monopoly. I think it's as simple as that.

MR. CHAIRMAN:passed. 91 -- passed.

MR. CHERNIACK: Mr. Chairman, on Item 91, I don't have a speech to make -- I have a question to ask. I'm having a little difficulty, Mr. Chairman, trying to sort out the work of this department as it's been split in the creation of the Welfare Department, and I'd like to get some idea of the allocation of responsibility between the Community Services Branch and the Community Development Program under Welfare. I notice that in the last report there was reference to community recreation as being in this department. I can't conceive that recreation belongs in Welfare. I can't find anywhere else where it might belong. I'd like some clarification.

MR. EVANS: The Community Development as used in Welfare refers, of course, to the development of Metis settlements and employment for them. With regard to Community Services, the main function of the Regional Development and Community Services Branch will

(Mr. Evans, cont'd)... not differ significantly from the old Regional Development Branch, but its functions will be expanded to participate in specific development programs having regional implications. For instance, a selection of locations for industrial parks, and the assistance to communities wishing to finance and manage an industrial park would fall within this scope. It really has to do with the development of business facilities such as industrial parks in local regional communities, and dealing with Community Development Corporations. Quite a different field from the services that are provided for these Indian and Metis communities.

MR. CHERNIACK: Mr. Chairman, clear and sensible, and I'm still lost when I try to find out where the community recreation program fits into the government structure. It's Welfare, is it? Well, I'll ask my question then.

MR. CHAIRMAN: 91 -- passed, 92 -- passed.

MR. MOLGAT: Mr. Chairman, I wonder if the Minister could tell us what plans he has for the ski development, the one called the Aggasiz Ski Development. This, I realize, is in the federal park, but there has been some delay in the development of the project and the tows and so on that were to be put in. I think the whole process is not going quite as quickly as certainly we would like to see it. I think we've discussed it here before. I'm not going to make a speech on the subject. It is agreed that the area is one of the best, certainly the best between the lakehead and the Rockies, and insofar as the Province of Manitoba there's a very big reason for hastening the development as quickly along as we can.

MR. EVANS: right that it's a federal development. My understanding is that they have called for tenders, that the Agassiz -- I think the name Agassiz is used by one of the private groups that's endeavouring now to get it's finances and proceed with the building of a resort in the park. I'm sorry that I'm not aware of the details of the ski tows and other facilities.

MR. CHAIRMAN:passed.

MR. MOLGAT: Mr. Chairman, under Tourist Branch as well, could the Minister tell us what appropriations there are and what are the plans for the Peace Gardens -- the International Peace Gardens?

MR. EVANS: Yes, there is a grant for the Peace Garden provided and I think that comes under my Administration section here rather than under the Tourist Development. This year grants are to be made to the International Peace Garden \$10,000.00. If I'm right the grant last year -- this is increased from \$7,500.00.

MR. MOLGAT: From \$7,500 to \$10,000? Well, Mr. Chairman, last year on the last day of the session, in fact in the dying minutes of the session, the following resolution was passed, proposed by the Member for Brandon: "Whereas the International Peace Garden is dedicated to and is a symbol of lasting peace between the two free nations, Canada and the United States of America; whereas the Peace Garden offers a growing tourist attraction to citizens of Canada and the United States; whereas Highway No.10 which passes the Peace Garden is the main entrance to our National Park, to our untold mineral and forest wealth, our sporting and scenic wonderland of the north; therefore be it resolved that this House affirms its support of the principles for which the Garden was founded, and requests that the government give consideration to the advisability of increasing its support to the International Peace Garden." And there was a brief debate and it was agreed to unanimously by the House. Mr. Chairman, since that time I'm advised that the United States have taken some very major steps in developing this. I understand, for example, that in the winter session of the Legislature of North Dakota they appropriated \$35,000 for the construction of a dining hall and kitchen for the International Music Camp, and this passed both Houses of their House; it was approved by their governor; it was immediately enacted into law so that the work could be started this spring. In addition to that, the North Dakota Legislature passed an appropriation through the State Historical Society, and that contained an appropriation of \$20,000 for the two-year period for development and maintenance of the Gardens. In addition to that, the Federal Government of the United States, the U.S. Congress, last December passed \$30,000 for the Peace Gardens, and then in President Kennedy's budget there was a further \$70,000 for further development. It seems to me that with the resolution that was passed unanimously last year with the obvious interest that our neighbouring state is giving to this, the amounts of money that they are prepared, the increase that the government has provided is not quite in keeping with

the resolution that was accepted.

MR. CHAIRMAN: 91 -- passed. 92

MR. DESJARDINS: Mr. Chairman, there's just a point that I'd like to bring to the attention of the Honourable Minister. It's under the Tourist Bureau in this building here. I would like to say, first of all, that the little bit that I've had to do with this office, the young ladies there have been very co-operative and very courteous -- they're also very pretty -- I certainly would not -- it's too bad Campbell's not here. I think you're so right, Mr. Chairman, it is in order that they should be pretty because they meet the public. But my suggestion would be this: I haven't checked lately, but last year I remember at one time they didn't have any bilingual girls there at all, and I remember this incident -- I never thought about it before, I might add -- there were some people from the Province of Quebec, a group that could not speak English, and I was a little embarrassed. I think that this would be an answer to something that the Honourable Member from St. Vital talked about today -- if there was something else, why learn French? I don't suggest that these very pretty girls should be replaced, but because they are so pretty I imagine that they change fairly often, and they go and get married, and I think the Honourable Minister could keep that in mind and it would be nice in the future to try and have one bilingual girl there anyway. This is just a suggestion.

MR. EVANS: Mr. Chairman, I think that's a valuable suggestion my honourable friend makes. He will undoubtedly keep in mind that we do give one additional grant for a tourist office in St. Boniface for the very purpose of being bilingual. But I have no objection to my honourable friend's observation. I would think that if it could be done by a bilingual operator, that would be an advantage, and we'll keep it in mind.

MR. PAULLEY: Mr. Chairman, I would just like to say a word. We've laid emphasis during the Committee hearings on Industry and Commerce as to tourism in Manitoba. The COMEF report makes reference to it in many instances. Now I received a communication a short time ago, I think, Mr. Chairman, that reflects on tourism in the Province of Manitoba. It might be a round-about sort of a way but I do think it is a way worthy of consideration. And I would like, Mr. Chairman, just to read a paragraph or two from the letter that I received. It deals with the question of various groups from the United States of America, particularly school choirs and school bands that come here to the Province of Manitoba periodically on a tour, and to give to us here in the City of Winnipeg, in the Greater Winnipeg area, the benefits of their talents. I don't know how many -- as a matter of fact, I don't even know where they came from today, Mr. Chairman, but I was pleased to hear the lovely voices of a choir echoing through the corridors this afternoon, or just at noon hour. They were very good incidentally.

Now I received this letter, Mr. Chairman, and I would be glad to give it to the Minister, although I think he's aware of the fact because I mentioned it to him, but I just want to read a paragraph or two. "For a number of years the Tourist Promotion Committee of the Winnipeg Jaycees have encouraged high school groups from the United States to visit Manitoba. Admittedly they have used the fact that Winnipeg is a large Canadian city within reasonable distance of their home towns. Most of these groups are senior classes, school choirs and school bands from the States of Wisconsin, Iowa, Minnesota, North and South Dakota. To date this year we have on hand other than the usual, requests from some distant states, such as, Cambridge, Massachusetts, Dallas and El Paso, Texas." The letter goes on to remind me that I addressed the Pine Tree High School Band of Greggton, Texas, in Transcona in June of 1960. Now, then, Mr. Chairman, they did have a request to be hosts of a band, which is the band from the Western Texas Collegiate of El Paso, Texas. This band was planning an international tour that would begin in Juarez, Mexico, and work north to Winnipeg. And the letter goes on to say that "due to a lack of support from those agencies who promote tourism in Manitoba and Winnipeg, the Jaycees have decided to drop this project." It went on to say that one of the local hotels has offered to house them and provide them with two meals for the small sum of \$200.00. The City of Winnipeg has turned down a request for this amount. The letter goes on to say, "Metro will tell us that this is not a Metro project. A letter to the Manitoba Travel and Convention Association remains unanswered. The Manitoba Travel and Publicity Bureau will tell us that there is no moneys in their budget for this type of promotion. For the want of \$200.00 we may have to tell these 50 young people to stay out of Manitoba. The various levels of government spend thousands of dollars each year on tourist promotion, but fail to provide funds to

(Mr. Paulley, cont'd.) . . . back up their claims of hospitality, etcetera, when visitors arrive. We feel this is wrong," and they go on to make a suggestion that a sum of \$2,000 be set up in the Department of Tourist and Publicity for gratuities of this nature to provide hospitality for these touring bands, and I think, Mr. Chairman, that there is some substance in the request.

I know that it's easy to say -- it's easy to say: "Well, the Jaycees or any other organization could quite easily go around to various industries and receive a donation for this," but I think it even goes deeper than that, Mr. Chairman. We're attempting here in the Province of Manitoba to attract tourists and particularly the tourists from across the line to the south of us, and we're hoping that in the future that this will progressively grow larger and larger, and I suggest to the Minister of Industry and Commerce, how better a way would it be to increase at a very nominal cost each year, the amount of tourists we have entering into Manitoba by being very hospitable and setting aside a certain amount of funds for these young people, for after all, if these young people as these are from El Paso, Texas come here, they go back home and they tell their friends and their neighbours and their parents that "we had a swell time in Winnipeg, in Manitoba," and they rouse curiosity, and I would suggest, Mr. Chairman, that for a figure of say \$2,000 a year in a hospitality grant from the Department here in the Province of Manitoba, it would more than pay for itself. I think we would get greater publicity through this media of being host to these young boys and girls from our high schools and colleges in the United States; I think we'd get more value for a couple of thousand dollars spent in hospitality toward them than we would in three or four thousand dollars in publications which may be sent down into these areas simply to lay in hotels and other areas there, and I draw this to the attention of the Minister for his consideration.

MR. EVANS: Mr. Chairman, if the Junior Chamber of Commerce wish to bring an official delegation to see me with this proposal I should be glad to receive them.

MR. PAULLEY: Mr. Chairman, I appreciate that insofar as the junior Jaycees are concerned, and will inform the correspondent who wrote me this letter, but I think though, Mr. Chairman, this goes just a little bit further than the Jaycees. There may be direct approaches to the department apart from the Jaycees. For instance a collegiate down in the United States may write to the Department and say, "Well now look; we'd love to come up there; we'd love to entertain you with our band and our twirling baton girls and the likes of this. Do you think that you might be able to make some provision for us, accommodate us for a day or so?" So I do think, and I appreciate the suggestion of the Honourable Minister, but I do think that even beyond the question of the Jaycees that there might be some provision for some finances of this nature.

MR. LISSAMAN: Mr. Chairman, the Honourable the Leader of the Opposition referred to the Peace Gardens just a moment ago and I didn't have a chance to reply, but the Member for Souris-Lansdowne and myself have been interested in the Peace Gardens for some time, as he well knows, and we feel that we've made an accomplishment here. Certainly it would have been very nice if we could have tripled or doubled the grant, but this is moving again now. It stood for a long time at the figure mentioned, but it doesn't tell all the picture. The Provincial Government does lend the use of a considerable amount of public works equipment to the Peace Garden, and the plants and so on are provided, and while it's hard to put a value on these things, I know the Peace Garden officials have appreciated the use of the equipment through the years and I know they're quite happy to see the grant being increased again, and I can assure you that the Honourable Member for Lansdowne and myself will do our best to see that it increases gradually as time goes on.

MR. CHAIRMAN: . . . Member for Seven Oaks.

MR. MOLGAT: I thank the Member for Brandon -- oh I'm sorry -- Seven Oaks -- (Interjection) -- Member for Brandon for his statement. It's just that in view of the obvious efforts that our neighbouring state is doing in this regard in the American Congress and the resolution that he passed last year, or presented -- it was passed unanimously -- I was hoping that there would be more of an effort on our part here in the Province of Manitoba. I do think that we have a very fine Peace Garden there. The idea is wonderful. The site is great. It's being used more and more, and we should participate as much as we can and try and get ourselves on the same level as is our neighbouring state.

MR. BILTON: . . . can't quite see the remarks made by the Leader of the NDP Party with regard to using public funds to attract bands into this area. I know in Swan River there

(Mr. Bilton, cont'd.) . . . we have a school band of some 50 members, and the community and the efforts of the band have expended something in the neighbourhood of \$10,000 for instruments, and they have made quite a little name for themselves, having now travelled to Moose Jaw and many other places, taken part in several festivals, and I can assure you if you've got money for bands we can do with a little of it too.

MR. WRIGHT: Under Executive Council, I asked about historic sites. I asked again under Mines and Natural Resources and I was told that I could ask a question here on Item 7, Tourist Development. I believe this is the right department for historical sites. Now I know it's late, Mr. Chairman. I don't want to keep the Minister long, but I think he should tell us about the eight official historic sites for Manitoba and what the government is doing about it.

MR. FROESE: Mr. Chairman, I missed the previous item because it went rather fast and I have a question relating to the rough fish processing plant. Is there provision in this part of the Estimates for this plant; or is there any part of the money that is going to be expended from these Estimates or is it all going to be under capital?

MR. EVANS: No, that'll be under Mines and Resources; that was under the Estimates of my honourable friend for Mines and Resources.

My honourable friend asked about the eight sites. There are a good many more. The historic sites marked by the Historic Sites Advisory Board -- there's quite a little list here. I'm not sure whether you'd like me to read them. If you would, I'd be glad to. -- (Interjection) -- There are five markers that are approved but not yet erected. There are sites declared to be historic sites by Order-in-Council that are not marked and these include York Factory, the Wiebe Mound, the Linear Mound, Arden Campsite, the Stott Mound, and campsite; Arrow River Indian Grave, and Flee Island, St. Ambrose Sioux Defence Works. Now those I think are the statistics of the matter. If my honourable friend would like to see the list, I'd be glad to show it to him.

MR. WRIGHT: I would like to know, is it a fact that there are eight official historic sites, because when I asked the question about Seven Oaks House, the First Minister told me that there were so many of these historic sites it was impossible to contribute to them all. I am aware of that, but I just wondered whether the province has adopted these eight as the official eight historic sites, because they are mentioned here in a newspaper article.

MR. EVANS: No, I'd be glad to provide the information for my honourable friend if I can really sort out what it is he's after. When you say we have eight official historic sites, I have a list of a good many more than that, and there's some of them marked and some of them not. My responsibility is for the Historic Sites Advisory Board which is a board of people knowledgeable in these things who advise the government on the sites that should be marked or declared to be historic sites, and I have them here. A number of them are declared and marked; some others are not yet marked. If my honourable friend would like to see this list I'd be very glad to show it to him.

MR. WRIGHT: And how many of them are marked now and that would satisfy me for tonight?

MR. EVANS: Just a moment, Mr. Chairman, if I may. Mr. Chairman, there are 31 according to my count if I didn't lose it as I stood up -- 31 sites marked. There are five sites where markers have been approved but not yet erected. There are seven sites that have been declared historic sites but not marked, and there are a number of others under advisement.

MR. CHAIRMAN: 92 passed; 93 passed.

MR. MOLGAT: Mr. Chairman, under 93, I wonder if the Minister could inform us whether it is the intention to carry on with the office of the Agent-General. It seems to me I heard some of his statements indicating that there was to be a change in this. Is this correct and what is the . . .

MR. EVANS: No change in the office or in the position of the Agent-General except that he is becoming more and more useful in developing our export business. He was of great assistance to the Trade Mission and has been able to perform very valuable services for businessmen here exporting, not only to the United Kingdom, but to the rest of Europe. We think more of his duties will be devoted to that kind of business in the future.

MR. MOLGAT: How much time has the Agent-General spent in Manitoba since his appointment? How frequently has he been back, and for what period of time does he stay?

MR. EVANS: From memory, he's been back three times during my time in office. I think he was here at least for a month on each of those occasions and he spent a good deal of time visiting businessmen here and then he occupied the Deputy Minister's office for a time in order -- he was in that office in order to help in the conduct of some of the daily business so that he would know this end of the business better.

MR. MOLGAT: It seems to me important, Mr. Chairman, that he come back frequently to Manitoba and spend some time here to be right up-to-date on what is going on here in the province. I think this is most important to the proper fulfilment of his duties overseas.

MR. CHAIRMAN: 93 passed; 94 passed.

MR. PAULLEY: Mr. Chairman, just one question I would like to ask on Research Council. I presume this is the Research Council that's going to be set up in connection with the legislation that is being proposed by my honourable friend, the Minister of Industry and Commerce, but there's one other bit of research that I'm somewhat interested in. Two or three years ago I believe that there was some publicity given to the development of a distinctive Manitoba flag. Now I don't know whether this is within the realm of research or not, but as we are going to be celebrating our anniversary in a few years, I wonder what progress has been made in the research insofar as a distinctive Manitoba flag is concerned and if it's not the Honourable the Minister of Industry and Commerce, then the First Minister of Manitoba.

MR. ROBLIN: I think I look after the heraldic side of the job over here and I can report that studies are proceeding in respect of this matter.

MR. CHAIRMAN: 95 passed.

MR. FROESE: Mr. Chairman, on No. 95, I have a number of questions. First of all, I note in the report of the Manitoba Development Fund on page 3, there's a sentence that reads this way: "At present the government is the sole holder of all shares issued," and by the way it was written, I just wonder whether there is any intention of selling stock to some other people or individuals, or is there any change contemplated? Then on Page 5 I notice that "the average rate of interest charged to borrowers during 1961-62 was 7.01 percent." Do we charge various rates to different borrowers? And what is the practice in this regard? Then, somewhat to the bottom of the page, I notice that the report reads: "The officers of the Fund personally visit the premises of each borrower twice a year and submit a report on their findings to the general manager." I just wonder, is this necessary? It seems like too many visits to me. I don't think it should be necessary to pay two visits twice a year to each of the persons that made loans. Then the following sentence says, "Members of the Board of Directors, without remuneration often serve on the Board of the Borrowers." Does this refer to the Board of Directors operating the fund? On page 6, there's mention of a Mr. Warren Law, Associated professor of Business Administration at the Graduate School of Business Administration, had examined the procedures currently being used by the Manitoba Development Fund, and I notice his report at the back of the report, and does the government plan any change in the way the fund is being operated now, a change in the setup of its operation, because Mr. Law refers to some changes that might have to be made? I could read the sentence: "As the fund grows it will become increasingly difficult for the Board to give detailed attention to each new loan while continuing to watch those already made," and it says, "The Board therefore should be prepared to delegate these duties to the permanent staff and to increase the staff in size." Is this being contemplated?

MR. EVANS: If there are no more questions, Mr. Chairman, the government is the owner of all of the common stock that has been issued. There are no present plans for any changes in that. There are no present plans for having anyone else buy stock. Various rates are charged for different loans, according really to the risk that is taken. We had a discussion of this last year and it's common practice in banking to charge different rates for different degrees of risk. The visit of the Board twice per year to each borrower is a matter entirely within the hands of the Board. The government takes no responsibility or no hand in the management of the Manitoba Development Fund. If the directors consider it necessary in the interest of the security of the loan or for any other reason, they will set their own rules and visit their customers accordingly.

Putting members on the Boards of the Borrowers, yes, that does refer to members of the Board of the Manitoba Development Fund, taking positions on the Boards of Directors of

(Mr. Evans, cont'd.) . . . Borrowers, in cases where the loan is of such size or character that it's deemed necessary by the Board. That's the decision by the Board of the Manitoba Development Fund, not a decision of the government.

In regard to any changes that may become necessary as the fund grows in size, as contemplated by Mr. Law's report, I have received no reports from the Board indicating that that point has been reached yet.

MR. FROESE: I have one further question. What was the cost of the examination by Mr. Law?

MR. EVANS: Mr. Chairman, I don't have that information. I'll be glad to see if the Board will furnish it to me.

MR. ROBLIN: I move that the committee rise.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Madam Speaker, the Committee of Supply has adopted certain resolutions and directed me to report the same and ask leave to sit again.

MR. MARTIN: Madam Speaker, I beg to move, seconded by the Honourable Member for Brandon, that the report of the committee be received.

Madam Speaker presented the motion and after a voice vote declared the motion carried.

MR. ROBLIN: Madam Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce, that the House do now adjourn.

Madam Speaker presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 Monday afternoon, April 22nd.