

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Monday, April 18, 1966

Opening Prayer by Madam Speaker.

MADAM SPEAKER: Presenting petitions.

Reading and Receiving Petitions

Presenting Reports by Standing and Special Committees

MR. R. O. LISSAMAN (Brandon): Madam Speaker, I beg to present the first report of the Standing Committee on Industrial Relations.

MR. CLERK: Your Standing Committee on Industrial Relations begs leave to present the following as their first report.

Your Committee met for organization on Thursday, April 7, 1966, and appointed Mr. Lissaman as Chairman. Your Committee also met on Thursday, April 14, 1966 and on Monday, April 18, 1966. Your Committee recommends that, for the remainder of this Session, the Quorum of this Committee shall consist of seven members.

Your Committee has considered Bill No. 34, An Act to amend The Gas and Oil Burner Act, and has agreed to report the same without amendment.

Your Committee has also considered Bills: No. 26, An Act to amend The Employment Services Act; No. 53, An Act to amend The Labour Relations Act (1); No. 62, An Act to amend The Employment Standards Act; No. 79, An Act respecting Annual Vacations with Pay for Employees; No. 81, An Act to amend The Workmen's Compensation Act; and has agreed to report the same with certain amendments.

All of which is respectfully submitted.

MR. LISSAMAN: Madam Speaker, I beg to move, seconded by the Honourable Member for St. Matthews, that the report of the Committee be received.

MADAM SPEAKER: I didn't hear -- St. Matthews?

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried.

MADAM SPEAKER: Notices of Motion

Introduction of Bills

HON. DUFF ROBLIN (Premier) (Wolseley): Madam Speaker, I'd like to lay on the Table a Return to an Order of the House No. 22 on the motion of the Honourable Member for Assiniboia.

MR. RUSSELL PAULLEY (Leader of the New Democratic Party) (Radisson): Madam Speaker, before the Orders of the Day, there are two Orders that I requested over a month ago pertaining to northern development, one on stumpage and one on Hydro agreements. I still haven't received them. I was promised at one time that we would have them prior to discussion of the Department of Industry and Commerce. I wonder if I might have some indication of when they may be forthcoming.

MR. ROBLIN: Madam Speaker, I am aware that the Order on stumpage is ready because I checked myself this morning to meet my honourable friend's convenience. I don't know why the Minister isn't here to bring it in, but perhaps we might have leave to distribute it when he comes in. I'm sure he's bringing it with him.

MR. PAULLEY: It's a separate sitting tonight in any case.

MR. STEWART E. McLEAN Q. C. (Attorney-General)(Dauphin): Madam Speaker, before the Orders of the day, I wish to place on the table a Return to an Order of the House No. 14 on the motion of the Honourable the Member for Logan, the 24th of February, 1966; and a Return to an Order of the House No. 56 on the motion of the Honourable the Leader of the Opposition, April 14, 1966.

MR. LEMUEL HARRIS (Logan): Before the Orders of the Day, Madam Speaker, I'd like to address a question to the Attorney-General. I put an order in at the beginning of the Session on divorce and I've never got any information or anything back since. I wonder if I could have some word from the Attorney-General when that will be forthcoming.

MR. McLEAN: Madam Speaker, my attention was directed to this matter this morning and I have to confess I haven't had an opportunity of checking it. I'm afraid I did not consider that I was responsible for providing the Return and I'm going to check on it. I had rather the impression that another Minister would be doing so but we'll check it and see about it.

MR. STEVE PATRICK (Assiniboia): Madam Speaker, before the Orders of the Day I'd like to direct a question to the Honourable Minister of Public Utilities. Last September the

(MR. PATRICK cont'd.) Manitoba Telephone System signed an agreement with MTA for an increase in pay for their clerical staff retroactive to April 1. I wonder if this agreement also covered the people that have left the employment of MTS in between April 1 and September 1.

HON. MAITLAND B. STEINKOPF (Minister of Public Utilities) (River Heights): Madam Speaker, I have to take that question as notice. I haven't got that information readily available.

MR. SAUL CHERNIACK (St John's): Madam Speaker, before the Orders of the Day, may I address a question to the Provincial Secretary as to whether any action has yet been taken, and if not, when it will be taken, in connection with the resolution that was passed by the House on the question of addressing the Federal Government and members of Parliament re hate literature legislation.

MR. STEINKOPF: Madam Speaker, no action has been taken. It is usual to wait until after the end of the Session for all of these resolutions to be assembled and then forwarded to the Lieutenant-Governor, and I believe from there to the Secretary of State for distribution to the proper departments. However, in view of the nature of the resolution that the honourable member is referring to, it might be possible, with your consent, to process this resolution at this time and forward it as soon as possible.

MR. ELMAN GUTTORMSON (St. George): Madam Speaker, I'd like to address a question to the Minister of Utilities. When the Canada Pension Plan went into effect, it began taking contributions of salaries effective January 1, 1966. Could you indicate to us why the Hydro started taking deductions from salaries in December. For example contributions of one employee I know of were taken from the pay period of December 9 to 23, 1965, and the Pension Plan did not go into effect until January 1.

MR. STEINKOPF: Madam Speaker, I will take that question as notice and try and get the information as soon as I can.

MR. LAURENT DESJARDINS (St. Boniface): Madam Speaker, in the absence of the Minister responsible for the public buildings, I wonder if I could direct a question to the Leader of this House. Is the government considering enlarging the cafeteria facilities in this building?

MR. ROBLIN: Not that I'm aware of, Madam Speaker.

MR. GUTTORMSON: Madam Speaker, I'd like to direct a question to the Attorney-General. I saw in a recent Manitoba Gazette where there were a number of appointments, and one of them was the appointment of Major-General Norman Elliott Rodger. The question I'm interested in and I'd like to have the Minister explain to me, it says, "for a one year period or such lesser time." Now I've read in the Gazette where there's a great number of appointments made from time to time and I've never seen one where it said "for a lesser time." Can you explain the reason for this?

MR. McLEAN: Madam Speaker, there have been other appointments made on the same basis. That is a matter of policy of the government insofar as the individual appointment is concerned.

HON. STERLING R. LYON, Q. C. (Minister of Mines and Natural Resources) (Fort Garry): Madam Speaker, before the Orders of the Day are entered into, I should like to lay on the Table of the House a Return to an Order of the House No. 29 dated the 14th of March, 1966, by the Honourable the Leader of the New Democratic Party.

ORDERS OF THE DAY

MR. ROBLIN: Madam Speaker, I beg to 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 for Winnipeg Centre in the Chair;

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Resolution No. 45.

MR. ROBLIN: I wonder if it would be convenient at this point if I were to say that it appears unlikely that the Law Amendments Committee will meet tomorrow morning at 9:30 to deal with public bills because I don't suppose we'll have completed many of them by that

(MR. ROBLIN cont'd.) time, and I really expect that we will not be meeting in the Law Amendments Committee tomorrow morning.

You will note as well that the Private Bills Committee has been called for 9:00 a. m. on Wednesday. I hope that committee can meet and that we may have finished the Private Members' Bills by that time, because notice has to be given of the committee meeting. That's one of the committees where we have to give 48 hours notice. So we're giving notice of that and hopefully we will finish the second reading of Private Bills before 9:00 o'clock on Wednesday morning.

MR. CHAIRMAN: Resolution No. 45.

MR. MARK G. SMERCHANSKI (Burrows): Mr. Chairman, I'd like to take part in this presentation, and in reference to industry and commerce in this province, it would appear that this government seems to lack, for unknown reason, the ability to get on with the industrial development of this province. Why this effort has not been successful on the part of the government, I do not know.

We are constantly talking about breakthroughs, but the fact of the matter is, Mr. Chairman, what has happened in the last eight years? The economic atmosphere has not been right and this government can continue as much as it likes to sing the song "You are My Sunshine," and possibly with the fact that there are some rays of sunshine coming into the industrial growth of this province, but the unfortunate fact is that we are badly lagging behind the average growth of the rest of Canada.

We have been standing on the threshold of economic development in Manitoba for the last eight years. The Roblin Government is now proposing a new political economic order, but this economic order seems to be one of drift and indecision, and we do hear periodically the remark that we will be proceeding on a crash basis, that we will be doing something momentarily. This was the general principle announced in the Throne Speech in reference to industrial development and this appears to be the constant type of reporting that comes out from the government, but the fact of the matter is there is not enough action. After eight years of standing and waiting on the threshold of economic development, we're now going to have a new crash program.

I think, Mr. Chairman, it's high time that we went on some regular organized basis and lay out a proper plan of approach. I feel that the over-all Minister's remarks on Saturday fell short of the objective that was announced by this government in the Throne Speech and Budget Speech during the sitting of this House.

It appears that at the option of the government, business development does have a flavour of a political football with surprises appearing all over the place, but the fact of the matter is that the over-all progress, as admitted by the government itself, is poor and lagging, and it is unable to stimulate, to establish additional industrial development and to attract additional new industries into the province as compared to the rate that is being attracted by other provinces in Canada.

It would appear that at times the technique of the government in reference to industrial development is to at times hide, or fail to bring the true perspective of the project out in the front. It appears to be a technique of distortion, and the facts seem to come dribbling after the major announcement has been made. I only want to draw attention, Mr. Chairman, to the fact that in this House it was quite definitely stated that the development in Northern Manitoba would run up to about \$100 million and it was more or less of an accomplished fact, but on closer scrutiny, on closer examination, after a certain preliminary accomplishment of the program, then the rest of the program is based on a feasibility study report, depending on the recommendations of an engineering study.

Consequently, this is not an accomplished fact. My question would be, to what extent has this government prepared itself to make sure that these feasibility studies and that the recommendations of these studies are going to be a success. Because the question is, why weren't these reports prepared in advance, and if they were prepared in advance, why do you have to re-study them? Surely if there is a proper program instituted, you should not put conditions onto development to take place in Stage 1, 2 and 3 if you know what you're doing in the first place.

MR. Chairman, one of the principles of industrial development is a proper job training program, and although the First Minister the other day made much of the fact that I was opposed to in-plant training, this is completely not so. The fact that the job training in the San Antonio project was so unpopular and so miserably a failure, goes to prove that there is much

(MR. SMERCHANSKI cont'd.) to be done in the field of job training, and from the job training program at Bissett, one has no alternative but to draw the conclusion that if a project is successful, this government is prepared and willing to cover itself with glory and take the credit for having accomplished something worthwhile. However, Mr. Chairman, if the program fails, this government is prepared to disclaim all ownership and would like to wash its hands of it. In the Bissett matter, very carefully and very much in detail, and almost in precise detail, the Minister of Mines and Natural Resources said that this was the policy of the company; this was the policy of the directors of the company or it well might have been the policy of the shareholders. But, Mr. Chairman, in the final analysis, this is the responsibility of this government, and because somebody along the way hadn't done their job, this government should not use that as an excuse.

The First Minister, I feel, has a new election bait slogan, and it's one of wood and water, but the First Minister has not given the people of Manitoba a complete accounting of his stewardship in the field of industrial development. Business development in the Province of Manitoba is a very complex problem. It is one, like the colours of the rainbow, it is constantly changing. Mr. Chairman, the criticism that we have of this government is that in the rural industrial development of Manitoba there has been insufficient action, and the reason there has been insufficient action is because new industries have not been established at the rate that they should be established.

It is the responsibility of Industry and Commerce to encourage and help local people and local industries, but this government, Mr. Chairman, failed to give any importance to the assistance that is required by local groups to develop local industry in Manitoba. We must have pioneers to establish local industry. They are the ones that understand the local conditions and our location in Manitoba better than any outsider. What has this government done to help this group of potential pioneering developers? I accuse the same government of continuing to sell the pioneers short. Mr. Chairman, this does not add to the growth of Manitoba. This is one of the reasons why Manitoba is not growing in the industrial development field. It's a recognized fact that the biggest potential growth of industrial development in Manitoba will come from within, will come from the people that live in Manitoba.

Mr. Chairman, much has been said in this House about some of the Interlake industries; much has been said about the insignificance of some of these areas; and I want to take a minute to tell you that in the Interlake area, in the Town of Teulon, there is an industry that contributes some \$325,000 in direct payroll to the Town of Teulon. In addition to this, we have the additional purchase of supplies that run in excess of another \$150,000. This industry is an illustration in a small way of what can be done in other parts of rural Manitoba. This is a proof that it can be done. This industry has helped to get Teulon into a growing condition, a community that is thriving, a community that is successful, whereas eight or nine years ago this was not the case. But far beyond that, Mr. Chairman, one of the most important factors of industrial development in the rural parts of Manitoba is the given part of it. Now this government has said that it wants to develop the human resources of this province, and there is no other better way to do it than to encourage and develop rural industries.

The Honourable Minister of Agriculture tells us that they are going to go up into the Interlake area and re-educate these people. We are going to help these people rediscover themselves. All these people want is the opportunity to earn more money than they're earning today so that they can enjoy a better standard of life and that they may have a little more money to buy those things that they lack today.

Mr. Chairman, industrial development is important from the standpoint of family ties and the unity of the family in these rural areas. It is completely wrong to bring these people into a place like Winnipeg and try and find work for them, because whether it's a son or daughter, they are removed from their home ties and they're not as happy in the atmosphere that exists in the bigger towns as they would be back at home among their own kind. If rural industrialization is carried out properly, no longer will it be necessary for the younger members of the family unit to have to leave and look for employment in the city.

Mr. Chairman, there are unlimited areas in this province that need small industries in the worst way, and the effort and the accomplishment that has been carried out by this government for the past eight years - for the past eight years of constantly being on the threshold of economic development, is not satisfactory. The taxpayers of this province are entitled to a great deal more. The people of rural Manitoba are entitled to a great deal more. Mr. Chairman, the project in the Town of Teulon has become an important part of the economy of that

(MR. SMERCHANSKI cont'd.) community. We should have other such industries.

I appreciate that some of the people on my left and some from the other side have been critical of me in connection with some of the remarks I've made on the Interlake area, but, Mr. Chairman, I feel that not only in that area but in the province as a whole, I have been very fortunate to create some industries that have provided new jobs. I am proud of it, and any criticism that anybody wishes to level at me, all I say to them is that this is a free country and you're just as capable and competent and you've got the same freedom to do it as anybody else has. I think that if we had more pioneer industrial development in the province, Mr. Chairman, Manitoba would be a more pleasant place to live in.

Mr. Chairman, it seems that we are working in the field of industrial development in Manitoba under a sort of a blanket. We hear certain comments, we hear certain plans, but there is a lack of taking the blanket off the project and analyzing it to have a good look at it to see what makes it tick. It's all right to say that we have established industries - I will concede to this, industries have been established - but as the Honourable Minister the other day mentioned the establishment of new industries, one of the foremost things that came to my mind, Mr. Chairman, is the recent announcement - not so recent, of some month or so - that there is going to be an additional extension to a cracking plant in Manitoba of some \$4 million.

Mr. Chairman, the impact of this announcement is very important. I would say far more important than some of the remarks made by the Honourable Minister the other day, because this will enable us to have a good hard look at some of the organic derivatives that can be processed more easily, more directly into usable, useful, saleable organic chemicals in the Province of Manitoba, and yet not a word was made of it.

Mr. Chairman, I think that it's high time that this government should take another hard look at industrial development, and rather than trying to seek these objectives based on political glory, that they should be undertaken on the basis of the public good. What difference does it make who takes the glory, who takes the credit for the establishment of an industry? Is it not sufficient to have the personal satisfaction of seeing a community derive a proper growth from the establishment of an industry within that community itself? We have many in the way of films, photographs, publications, but, Mr. Chairman, all the films in the world, all the publications in the world, won't establish a new industry.

The other day the Minister of Mines and Natural Resources made a remark on commercial fishermen, and in his December fishing bulletin he made a statement that the Department of Industry and Commerce is working with processing firms and the Fisheries Branch in developing of new products, and considerable success has already been achieved in this particular development of canned fish products. He goes on to say that we are also attempting to develop commercial outlets for rough fish and inexpensive methods of producing these fish.

Now, Mr. Chairman, not a word has been said in this House as to the success of this industry. Now if this industry is going to be successful, the impact on the economic advantages to the fishermen in Manitoba are going to be most beneficial - most beneficial. Yet we hear about transportation - yes; we hear about air cargoes - yes; these are important, but in the precise development of industries, for some unknown reason the Honourable Minister chose not to describe these and describe them in detail. Is it because they have failed? If they have, we should know about them.

The other matter is, why doesn't the Minister of Mines and Natural Resources tell us something more about the inland fishing lakes. I would like to know why the fishing industry in terms of the canning industry is not being carried out in a place like Gods Lake, and yet, Mr. Chairman, in Gods Lake one part of the area known as Section "B" has been closed to all fishing which, if the fish is contaminated in this area, should be fished out and a new stock of fish placed into this section of the lake. Furthermore, there has been a restriction in what is known as the "A" part of the Lake. Now, Mr. Chairman, my remarks to Sections "A" and "B" in the Gods Lake area are of great importance to every member in this House, are of great importance to every taxpayer in the Province of Manitoba, because this is where we have a large Indian population, a large Indian population that derives a great deal of its livelihood off the fishing industry in Gods Lake.

I think that the Minister of Welfare should show a great deal of interest in this project. Mr. Chairman, this is a phase - this is a part of rural industrialization of Manitoba, even if it is at Gods Lake, even if it is in the fishing industry. Now why haven't they done something worthwhile in this area? There have been plans made; there are people capable to carry out

(MR. SMERCHANSKI cont'd.) these plans. Free enterprise is prepared to go into this area and do something about it and is prepared to contribute to the livelihood of the Indian in this area, is prepared to create a better way of life for the Indian in this area. Why isn't it being done? With such a progressive program, with such a capable organization, and nothing is being done for the industrial development of rural Manitoba. Mr. Chairman, we continue to be on the threshold of economic development in Manitoba.

Then further in the same December bulletin the Honourable Minister makes a further remark on Page 13, and says, "Whitefish which are not suitable for the United States market, but suitable for sale in Canada and export to European countries and elsewhere, are also bringing fishermen somewhat higher prices than in the past years." Now are there two standards of the fish industry - are there two qualities of fish to be consumed by the people of Canada and the United States? Do we consume an inferior product as compared to the export product?

Mr. Chairman, there is no reason whatsoever why the operation at Gods Lake, both in the "A" section of the lake and in the "B" contaminated section of the lake, why these can't be fished -- why these can't be processed in the proper processing of fish products to make them palatable for the tables in Canada, the United States and Europe. There is simply no reason why this can't be done. I simply bring this into focus to further prove my point that there is a lack of action on the part of this government in the rural industrialization of Manitoba.

Mr. Chairman, there are many studies on many projects and I mentioned this earlier in the sitting of this House. I know we need feasibility studies. I know we need reports, but, Mr. Chairman, when we have some twenty-odd - four or six - reports prepared and made on the Interlake area and then no action is taken on these reports, I again say that this government is sadly lacking in the finalization and development of rural industrial development. It's not unlike, Mr. Chairman, -- there were two backwoods characters met in the town and one said, "Jeb, what did you give your horse when he coughed?" The other said, "I gave him some raw whiskey Ezra." Next time they met Ezra said, "Didn't you tell me you gave your horse some raw whiskey for a cough?" And Jeb said, "sure did!" "Well," Ezra said, "I gave it to mine and it killed him." Jeb nodded - "Killed mine too," he said.

In other words, Mr. Chairman, I would like to see this government apply some of the philosophy that it applies to itself in terms of what is politically expedient and how knowledgeable in the field of politics they are, that it would be wonderful and desirable for the taxpayers of this province to apply some of that wisdom and ability to the development of a proper rural industrial development program in Manitoba. What has this government done to assist the various area development corporations in the province which were originally established with such publicity, gusto and fanfare. All of a sudden they made grandiose announcements of the sensationalism of the Nelson River project. I agree this is a good project, Mr. Chairman, but let us not play down the other projects that we started. We seem to be jumping from one stone to another without giving sufficient importance to the development of these other projects that have been announced.

Had this government given serious consideration to the accommodation of some smaller Hydro plants? You know, Mr. Chairman, this isn't such a farfetched idea. You take parts of the Pembina River, you can develop small Hydro development projects. The value of these - local employment, continuing local employment and industry developing next to the power project, and maybe if the government doesn't want to undertake it, free enterprise might be quite willing to undertake it and underwrite the development of a small electrical project. There would be nothing wrong with that. If it's an industry that will help to develop something in the way of rural industrial development in the province, why I say let's get it established.

Such local development would result in economic impetus in the local areas where they are most required at the present time. Any type of industry or activity in a rural area would have a very direct benefit to the district, because one of the nicest things about rural development in Manitoba is that these areas have their own homes; they have their own schools; they have their own stores; they have their own services; their own transportation and so forth; so that this is a natural climate within which to establish a new industry.

Mr. Chairman, there isn't a single rural community in the Province of Manitoba that the local people are not enthusiastic and where the local people are willing and anxious to get on the bandwagon and help the location of a local industry. It isn't as if the government have to go out and sell them on it, and this, Mr. Chairman, is something that I cannot understand. The local people in our rural parts of Manitoba are most desirous to help with the location and

(MR. SMERCHANSKI cont'd.) development of new industry and this is not being done.

Much has been said about bringing industry to the Indian settlements in Manitoba, and again, Mr. Chairman, I remember the discussion we had here some two years ago in connection with the Honourable Minister of Welfare in trying to arrive at a suitable development of industrial growth among the Indians. What has been done? Now, Mr. Chairman, you would think that the developing of industries among the Indians is something unheard of, something that is such a fantastic accomplishment, as if it's something that much studying has to be done on. Mr. Chairman, I will illustrate with a small little example that this is not necessary, that it's the easiest thing to establish industry among the Indians and give to them that rightfully proud position that they want to maintain in their own community.

You take the Island Lake settlement. Some years back the Island Lake settlement grew its own potatoes, and this was encouraged by the local missionaries to encourage the Indians to grow their own potatoes. Now, Mr. Chairman, the air freight into this area is approximately 10 cents per pound, which means that for a 100 lb. bag of potatoes you pay \$10.00 for air transportation. Now the people in Island Lake can less afford to pay that extra \$10.00 for a bag of potatoes to cover the cost of transportation than people can in the City of Winnipeg, because they are not on a steady payroll. Yet the church missionaries trained the Indians in the growing of their own potatoes and other vegetables with the result that it became a source of income to the people in this area by selling the surplus growth of these potatoes to people in the immediate area, and when I say immediate area I'm talking now of some 50 or 60 miles, taking in the settlements of Gods Lake, Gods Narrows, Kanuchuan, Red Sucker Lake, and places of that nature.

This is just one little illustration, this is just one example of the many projects that can enable the Indian on his reservation to enjoy a more comfortable life on his own reservation in his own environment. They are a very proud people, and if you go into the Indian communities that are removed from the so-called white settlements, these people are a very very capable and a very honourable type of people.

Industries on the reservations - what would they do? They would preserve the family unit. They would encourage a better home life for the local Indian, and as the proper know-how was developed, the trainees would advance and then they would be able to develop their own instructors; they would develop their own native teachers; and I am quite certain that if you were able to develop that streak of ambition among these people, you would then eventually encourage them to have their own nurses and doctors who could direct them, and this would improve and contribute to the social life of the Indians on the reservations.

Why shouldn't a settlement like Island Lake support a larger population? In one sense it's an isolated settlement - yes; but, Mr. Chairman, we need to preserve settlements like Island Lake in order to further develop our northern frontiers in Manitoba, because if you look at the geographical position of Island Lake, it is roughly 100 miles east of Norway House and there is much wilderness in this intervening 100 miles, so that it is nice to have a settlement that you can go to in an area that has some hundreds of miles of wilderness surrounding it.

Each of these settlements should be encouraged to develop industry that is suitable to the area and to the people in the area. The Indian on these reservations is a very proud individual and we should encourage him to preserve his respect as well as our respect, Mr. Chairman, and we should preserve his native tradition. He has much to offer - very much to offer - in the development of our northern frontiers and we should not impose our highly technical, highly educated way of the white man's way of life. We should try to understand him and work with him, and, Mr. Chairman, if we do this, we will find that we can spark, we can encourage and promote industrial development in these outside areas that will be of a benefit to the rest of the people of Manitoba.

The taxpayer in this province is carrying a higher tax load than most of the taxpayers in other provinces, and the same applies to industry, Mr. Chairman. Industry in Manitoba is at a disadvantage because it's paying a higher tax ratio than any other province in Canada. I ask you, Mr. Chairman, is this the proper atmosphere for industrial development in the Province of Manitoba?

I at times feel that the remarks that the government makes in terms of rural or industrial development in Manitoba is a misrepresentation of the facts, because it seems as if this government wants to have its own political manoeuvring in order to frustrate the intention of others and to justify its own position, and, Mr. Chairman, there is no greater proof of this than in the designated development areas of Manitoba. The Honourable Minister of Industry and Commerce

(MR. SMERCHANSKI cont'd.) tells us that it has to be integrated on a matter of development in the rest of Canada. I believe, Mr. Chairman, if he didn't say so, the inference was so in our discussion of the resolution as to trying to ask the Federal Government to make the entire Province of Manitoba a designated area, and if he didn't say so in so many direct words, I'll apologize, but the inference was there. This was my understanding.

Mr. Chairman, this government did not make mention of the additional \$5 million grant that will be made by the Federal Government because of the designated area program to the proposed pulp and wood operations in Northern Manitoba, and I just wonder if the Minister did this on purpose or did he overlook mentioning this, because this is a very important part of the contribution that the Federal Government is making to the development of the proposed project in Northern Manitoba. Many projects were mentioned that were on a far lesser scale than the \$5 million grant or the \$4 million proposed extension at the Shell Oil Company in St. Boniface.

Mr. Chairman, our industrial development in this province requires the keeping of our bright graduates and students from the University of Manitoba in the Province of Manitoba. There appears to be a lack on the part of this government to provide a suitable climate to keep our graduates in the province. It appears that we are constantly drawing on technical trained personnel from outside the province and it's high time that we made some definite studies and definite approaches to retain our more capable students, our more capable graduates in the Province of Manitoba. There appears to be a lack of co-ordination between the graduates of the School of Commerce and their involvement in Manitoba industry. Lack of proper courses in the industrial development and practical development at the University of Manitoba is an indication of the failure on the part of this government to provide the proper type of graduates and personnel that would help and assist in the establishing, furthering, and developing of new industries in the Province of Manitoba.

Mr. Chairman, this government seems to be lacking in initiative. As mentioned earlier, we have much in the way of rosy pictures but only of future developments, of what we are going to do, or what we are proposing to do or what we intend to do or what we advertise to do, but there is a lack, a lack of initiative to complete these programs. It seems that we are constantly on that threshold of economic development of Manitoba and we seem to be standing in that position for the last eight years. There hasn't been a single Throne Speech in the last eight years but what it said that we now have reached the right time; now is the year we are going to have some real progress.

Mr. Chairman, we are still waiting for that right time. It's high time the government of the day told us what are the results of this right time. This inaction in postponing the development of some of our major developments in rural Manitoba are not contributing to the normal growth and are not contributing to the tax picture in the Province of Manitoba, and this we should be doing right along. Then of course, Mr. Chairman, now because we are in an election year -- (Interjection) -- I beg your pardon? -- (Interjection) -- Mr. Chairman, as I understand it, I believe I am speaking on behalf of my Leader and I was chosen to be the chief critic for the Department of Industry and Commerce, and I think that I have the permission, at least I have the understanding that I am not bound by the forty minute ruling. Is this correct?

HON. GURNEY EVANS (Minister of Industry and Commerce) (Fort Rouge): Well if we are discussing a point of order, I really have no desire to cut my honourable friend off, but such a motion I think has to be a motion of want-of-confidence in the government to exceed the forty minutes. The thing is that my honourable friend can easily sit down and stand up again and go on for another forty minutes, so I have no wish to try and cut him off.

MR. CHAIRMAN: The House agreed that we could extend the time for this department by four hours, but that four hours will be up at 5:15 and someone else might like to speak. Would someone else like to speak?

MR. PAULLEY: Well, Mr. Chairman, actually the member for Burrows

MR. CHAIRMAN: Would the honourable member try to finish in a couple of minutes please.

MR. SMERCHANSKI: Mr. Chairman, this is a year which might well be an election year, and we again have from the Throne Speech that this is the year of right timing, this is the year in which our rural industrial development is going to be completed on a crash basis.

This approach is completely unsatisfactory and it's not a businesslike approach, and I say to you, Mr. Chairman, that we still continue to be on the threshold of economic development

(MR. SMERCHANSKI cont'd.) in this province and it's high time we got off the threshold of economic development and got on with the job.

I want to say a few remarks on the Manitoba Development Fund. I feel that the Manitoba Development Fund has failed a good percentage of our local people in the development of new industry, because when a new business is set up under the sponsorship of the Manitoba Development Fund, I feel it is the responsibility of this body to see that this business is going to be operated successfully. Simply to loan it money on the basis of a bank loan is not sufficient.

Many local people have been discouraged from Manitoba Development Fund loans, and this government has by-passed and not given the proper opportunity to the local people. The terms of the loan from the Manitoba Development Fund are so stringent that very few local developments can afford to borrow money under the terms of the rules and conditions laid down by the Manitoba Development Fund, and this government, Mr. Chairman, will have to give a proper accounting to the taxpayers of Manitoba as to why the local people have not been given this opportunity; and this government will have to explain to the rural areas of this province as to why the Manitoba Development Fund has not taken its proper place in the furthering and developing local industries in the Province of Manitoba. I'll take exactly three more minutes, Mr. Chairman, if I may please.

MR. CHAIRMAN: I think we had better let the others speak now. The Honourable the Leader of the New Democratic Party.

MR. PAULLEY: All I was going to say, as far as I'm concerned if the Honourable Member for Burrows wishes to close off in a few minutes, I'd be perfectly satisfied. Incidentally, the member for St. John's will be leading off on behalf of our party in this discussion, but I do appreciate, Mr. Chairman, what you're attempting to do, seeing as we're under limited time, that is be as brief as possible.

MR. SMERCHANSKI: Mr. Chairman, we find that some of the directors of the Manitoba Development Fund have conflicting interests with the interests of being able to develop and encourage the development of other industries in the province. You know, Mr. Chairman, it's the easiest thing in the world to say that it won't work, and if you want to remove yourself from the sphere of any responsibility from the developing of new areas or new businesses, all you have to say is "It won't work," and that's finished. But, Mr. Chairman, it's harder to say, "But it will work," and this is the difference. I think that the Manitoba Development Fund should take on the slogan that "It will work," and with its able administrators, with its able advisors, it can do much more for industry than it has been doing to date.

Mr. Chairman, I made this statement two years ago and I'll make it again, that realizing what the Minister of Industry and Commerce said last year and the references made in the Budget Speech, but all these things, everything that's been said seems to be at a standstill, seems to be at that continual threshold of economic development that can't seem to get off base. Mr. Chairman, I would like to hear in reply as to how the government proposes to get this idea off the threshold of economic development and into a program of reality in order to develop the industrial development of our Province of Manitoba.

MR. EVANS: May I ask a question before we proceed to the next speaker. Did I understand him to say that the Directors of the Manitoba Development Fund have conflicting interests? If so, will he tell me what directors and in what respects their interests conflict with their responsibilities in the Manitoba Development Fund.

MR. SMERCHANSKI: Mr. Chairman, some of the directors of the Manitoba Development Fund have conflicting business interests in that if an industry comes up for consideration which they themselves are associated with, in my opinion this is not conducive to proper development of an industry that comes up for consideration before the Manitoba Development Fund under those conditions.

MR. EVANS: Is my honourable friend aware of a single instance in which a director has remained at a directors meeting during the discussion of any such matters?

MR. SMERCHANSKI: I would like to take that under advisement and

MR. EVANS: My friend has been making implied charges here and I think he should either put up or shut up.

MR. SMERCHANSKI: Mr. Chairman, I thank the Honourable Minister to put up or shut up or - the fact of the matter is that it is true and I will -- and in my own opinion, if I feel I want to mention this I can. I have proof of this but I am not prepared to disclose it at the present time.

MR. EVANS: Did I understand my honourable friend to say that he is stating an opinion of his own - a piece of gossip?

MR. SMERCHANSKI: I am not stating an opinion of my own. This is a fact.

MR. EVANS: You just said it was your opinion.

. continued on next page

MR. SAUL CHERNIACK (St. John's): Mr. Chairman, we've just been treated to another statement which I presume will become a matter for a Royal Enquiry. As a matter of fact, I think it might be justified because certainly it's a very provocative statement that the honourable member made and one which I think, nor a member of people in the public eye, people who cannot answer for the fact is he has put a number of people in the public eye, people who cannot answer for themselves here - he hasn't named them of course - who cannot answer an allegation that was not really made and yet who are now under a cloud, and it seems to me that it's a pretty -- I would say an irresponsible act on his part, to make this general blanket accusation and not back it up, so I certainly - I wasn't prepared to deal with this of course. Who could be until he said it? But as a member of this House I certainly regret hearing it. I'm sorry I heard the statement. The fact is that not only I heard it but possibly all the people in Manitoba did, and the names of the people involved are public information and I would hate to be one of them at this stage. However, having said that, I did listen to everything that the honourable member said and I feel that he was really unfair to us, to all of us, and to the people of Manitoba in that he spoke for a fair length of time. You know, Mr. Speaker, in our party we are very proud of the fact that we have a record of making suggestions, bringing in resolutions, setting forth our policy, and we're proud of the fact that the other two parties see merit in so much of what we say and take it for their own. And I don't think we've ever complained about it. I think we've said, well this is further proof that we play a proper role in government and where we can make proper suggestions. And the reason I think that the honourable member was unfair to us is that I took quite a bit of blank paper in my hand when he started to speak, and I started making notes of what he was going to say because I thought that this might be something of use to all of us. Well, I discovered that we need better economic atmosphere, and there are unlimited areas in the province that need small industries, and small industries are very good -- they preserve family units in the rural areas - and heard all the good things about industry. We heard all the bad things about what the government is doing by its inactivity.

But frankly, the reason I think he was unfair is that I didn't get any concrete proposal as to what his government would do. I don't know. After listening - and not sleeping like the Honourable Member from Emerson may have been - I was listening, and I didn't hear any positive program or positive plan of approach which a Liberal Government might do. Now it may well be that they know what they would do, but clearly they don't want to tell the present government what they would do. I suppose they want to reserve for themselves the glory - and I shouldn't say political glory, because he deplores that - of doing it themselves.

Now he spoke about God's Lake and Sections A and B, and he wants to clean out the sick fish in B and replace them with healthy fish. I think that's a positive contribution. I'm sure somebody will look into that. And he spoke of - what else? Now I'm stuck; I'm stuck to remember because my notes don't reveal that he said anything that was of a positive nature. Well, that's all right. Except the last statement Yes, he suggested that private enterprise might well be able to go in and set up small power projects in various of the smaller places. Well, go to it, Honourable Member for Burrows. I say that, just like it's a free enterprise system, the Liberal Party could apply for the right to set up a power development somewhere, and I am sure that the Liberal Party could well do it. I'm sure they have the legal right to apply for that - (Interjection) - and he now suggested the NDP should do it. Well let me tell him that the NDP would do it if it believed it was worthwhile. It wouldn't just talk. If the NDP was in power it would do it. But not the Liberals. They would not, just as the government would not. That's clear. But I do urge the honourable member who speaks for free enterprise that he and his own group as a member of the Liberal Party or in his group as a member of any syndicate, go and do it. What's to stop you? As the honourable member said, it's a free world, and I wrote this down as he said it. Go to it. And I ask him where is this free enterprise that he talks about? Why don't they go to it? It's a free world. (Interjection) The Honourable Member for Burrows said he did his share and he's right. I'm sure he did his share and if he has any way of doing it on his own, he will do it, but if he finds that he can't do it then what does he expect this government to do? This he has not spelled out.

I am wondering, does he want freight rate subsidies? Does he want tax incentives? Does he want bigger loans? He certainly wants better terms from the Manitoba Development Fund, although he did not tell us what was bad about their terms. I know one thing about them that I've had clients that they've investigated thoroughly and pointed out what ought to be done, and when one of my clients in particular said, "I don't agree; I'm not going to do what you think I ought to do," they said "No, we won't do anything for you." And that seems to me pretty

(MR. CHERNIACK cont'd)... responsible. They told him, they gave him the plan, and when he didn't accept their plan they said no. However, it may be their terms are too harsh. He didn't tell us in what way they should be improved.

Lower interest rates? Possibly that's what he wants. Cheap money? Maybe that's what he wants. Does he want better labour legislation? (And I think we all know that I mean that in the sense of "better" for the employer.) Could that be what he wants? Does he want other subsidies? Because he hasn't told us that? Or maybe he'll go along with me and suggest that where free enterprise failed, as it has failed pretty miserably in rural Manitoba, that the public ought to get involved in the investment and in the enterprise which free enterprise has not been prepared to accept. And that is really what I feel we ought to be considering.

He wants to know -- he ended by saying how does the government propose to get off the threshold of development, and some more and some more phrases about how important that is. Well, how does the Liberal Party propose to do it because I don't know, and I listened as carefully as I could?

Mr. Chairman, I don't want to deal with all this because I know we have limited time and I do want to deal with the question of Monoca, which the Liberal member was interested in only to the extent of making sure that it was recorded for posterity that the Federal Government put up \$5 million. I heard nothing more from him on that so I presume that he wasn't too interested in developing it. But I am, and I want to spend my time on that except for one point. The Honourable Minister, in describing the special programs they plan for the future, spoke about an immigration program and I know that had the Honourable Member for Inkster been with us he would have endorsed very strongly the government's proposal, because he has been one who has spoken frequently on the importance of immigration, on the importance of bringing people here with skills and with the contributions that they could make to our society. But I am a little concerned about how the government is going to do it and this hasn't been spelled out. The government has told us that they are going to advance money and they're going to look after repayments of that, but I'm really concerned about just what this means, because if it means bringing people here and keeping them in employment for the employer that brought them here, then it sounds almost like contract labour and one which I think ought to be spelled out, because the inference I took was rather dangerous that a person brought here would have three years to repay the moneys which are advanced to bring him here, and I'm a little bit concerned about whether there will be any contracts involved to keep him with that employer and to deny him mobility. I'm just suggesting that I got that inference, and if I got it then I am sure, if it wasn't meant, it should be clarified.

Well, I want to deal now with Monoca, and I want to thank the Minister for his very full report and all the information he gave us. It answered most questions and I think in the main we ought to deal with the principle involved, not so much with the details.

I said, Mr. Chairman, when I had occasion to speak on the Budget, that it appeared to me that the government had been in haste in bringing and presenting the Monoca deal before the House. The fact is that the Honourable the First Minister went off to Europe to close the deal and I'm sure that he wanted to bring it in and have it set up before the Session ends and before the election. I am not sure that it was really essential that it had to be brought in immediately, because I am not aware of any real legislation that would have been needed to approve this deal. The fact is the Ministers have the right to make the deal, which they did, and I am only afraid that this haste may have cost some bargaining power.

I think that the government has prepared well this entire proposition. Certainly the report given to us shows a great deal of study over a lengthy period of time. But I criticize the approach that was made and that all these efforts were based on the principle of private enterprise and not on the basis of public development of a publicly-owned natural resource. And I think that from that standpoint we should examine just what did the government investigate, what are the costs that are involved. I note from the -- was it the Financial Post that I've taken this memo from? -- all the studies that have been made. Arthur D. Little of Canada determined the feasibility of a kraft mill. Dufresne, Mc Lagan, Daignault and Company were involved in pulpwood export. Wood supply was tackled through several avenues -- Zeigler and Forbes, and U.S. Forest Products, and Forest Products Lab of Ottawa, with tests of pulp and wood density. Samples were shipped all over Europe and United States. Studies were made by Arthur D. Little on timber supply. Canadian Transportation Service was involved, making studies on freight rates. Shipping -- water transportation costs were studied by another firm, Kennedy and Lazier. Stadler-Hurter made another study involving inbound pulpwood transportation cost; and another firm

(MR. CHERNIACK cont'd)... was involved in ocean rates. Then there were studies made on a newsprint mill location. All sorts of studies. Then studies of our own departments - a lengthy list of studies. And the conclusion is that with these findings the government could then go to a prospective investor with a no-nonsense look at northern potential -- and I quote the Deputy Minister of Industry and Commerce.

Well I propose, Mr. Chairman, that having acquired all this information, they now had their blueprints; knowing all these things, all these benefit studies, that the government was now in a position where it knew more than anybody else in the world knew about the potential of northern Manitoba, and knowing that and wishing to sell it, they then proceeded to make a deal. Well, as was mentioned by the Honourable Member for Burrows, the Federal Government is putting up \$5 million for it. Now we find that certain arrangements were made. We are informed on the Order for Return for No. 28 that the government will put up half the cost of roads, up to \$2 million total; that surveys have been done and would have been done anyway at a cost of \$3 million, and now that the surveys have been done, the fact that they would have been done anyway redounds to the process of the pulpwood mill only, because the 40,000 square miles involved were the ones that were surveyed, so all the work that was done was done in the expectation of getting some benefit. But the benefit really, I'm suggesting, will pass on and over to the private enterprise that is involved.

Fire protection, \$300,000 - annual, I assume. Now the agreement that we have before us, as was indicated by the Honourable Minister, shows that the company -- and the company involved is Churchill Forest Industries (Manitoba) Limited; the agreement is not with Monoca. I don't know if that makes any difference because, as was pointed out, if we look at the capital structure of Monoca, it's laughable. To the extent that Monoca is a well-meaning firm, then I presume its subsidiary would be the same, so we're dealing with Churchill, and we find that the Federal Government is putting up the \$5 million, but all that Churchill is bound to put up, all that it is bound to put up is \$500,000 - that's in Section 2 (c); we find that in connection with the people to be used, there's a clause which says that the company will employ local people as far as the company deems practical, so I don't know just what concession that is. Obviously anybody would use local people if it were practical so to do. But on the other hand, the government is compelled to arrange vocational training, free of cost to the company. The government will then, after vocational training for which it pays, share equally in the cost of on-the-job training of such local people, and the company at no time will have any obligation to retain these local people, except that -- well no, they're not bound to retain them at all. The government agrees that the on-the-job training will be not less than six months in the mechanized logging, not less than 12 months for the vocational training graduates.

So here we are, the government is going to finance the entire cost of education and half the cost of the in-training program, and in the result, the company will do what is only natural. If the local people suit the company, if their skills are adequate, the company will employ them. Period. There is no undertaking at all in that connection except to the extent that it pays the company so to do. And when it comes to the question of employing Manitoba companies to help in the economic growth, the wording of the section is good, but what does it say? It says "where possible, preference will be given to contractors and suppliers from Manitoba," - where possible - "whenever such contractors can meet the terms and conditions offered by competitors." Big deal, I say, Mr. Chairman. Just what does that mean? It means that if they are given the same deal in Manitoba as they would get from outside, they will use Manitoba suppliers and contractors.

What concession is that? What advantage is there, even to put it in the agreement, because it means nothing from that standpoint, except intention, which of course is something one would look for when one has been dealing with a firm for a long time and realizes that it intends to go through with it. But if it goes through with it, it will only be if it's beneficial to the company so to do. There is no give by the company in this respect.

Then the company will put up a \$100,000 bond for the next two years - it's only for a two-year period - to back up its undertakings - and I have pointed out so far it's undertakings are not too great, and I must point out to the Minister that he suggested that if a company is willing to give a \$100,000 bond, then it must have made a thorough investigation of the stability and the competence and the economic strength of the company. But he knows that all they had to know was to make sure that there was \$100,000 available to back up the bond, and the contract itself indicates that an alternative might have been \$100,000 in government bonds deposited with some trustee. So that all a bonding company had to know was, could it get \$100,000 if

(MR. CHERNIACK cont'd)... there was default? That's all it had to know. It didn't have to give this government an undertaking that this company could support a \$45 million undertaking, or indeed a \$100 million undertaking as we first assumed it was going to be. All the bonding company had to do was make sure that whoever signed that bond was good for \$100,000. That's all. A total therefor of a \$600,000 undertaking by Monoca.

Now the government is giving to Churchill preferred cutting rights for the next twelve years, not the next twelve years but the twelve years following the completion of the mill, and if there appears to be an excess of what it will need thereafter, then the company has two years within which to advise the government of the program and a further three years to actually increase. So that means the company has 14, 15 years in which to exploit the resources of Manitoba, free of competition, and see what it can do, and then put forward a plan.

Now the stumpage charge is another thing which is guaranteed. It's clearly 37 1/2 cents for the first 7 1/2 years, 75 cents for the next 7 1/2 years, and then, Mr. Chairman, 75 cents as a base for the rest of a total of 75 years. And that base will only go up or down, Mr. Chairman, depending on the wholesale price for paper, newsprint. That means, Mr. Chairman, that to the extent it goes up, it will only go up on the basis that this company's selling price has gone up. But the 75 cents base is fixed for 75 years.

Maybe at this point I should digress and recognize that we were given some material today which is, I think, very interesting. It indicates that the northern region of Manitoba -- and I'm reading now from the Return on the Order No. 29 which was requested by my honourable Leader. It indicates that the northern region of Manitoba is the lowest area for charges in stumpage in the entire province to date. There are seven regions but the northern is the lowest. And here I want to read this into the record. In spruce, the stumpage for lumber is \$5.00 to \$6.00; for pulpwood is \$1.50 to \$1.75; in jack pine the stumpage for lumber is \$5.00; pulpwood \$1.25; for poplar the stumpage is \$2.00 for lumber. The lowest we find is \$1.25. That's the present charges by the government. And in passing, may I ask the Minister to clarify whether the small operators who have been protected in this area, will they continue to pay what they have been paying? Are they now going to pay 37 1/2 cents and then 75 cents for the rest of the total of 75 years. Are they getting the same deal or are they not?

But passing on from that, we find that the Minister and his researchers have told him that this is pretty fair, this is a fair incentive, so we'll deal with that later. We find further that the government is selling to the company the acreage required for mill sites at a price of \$1.00 per acre. The government undertakes to survey the perimeter at its cost, and give the land to the company. On Page 20, the same applies for the plant site. The government will sell it at \$1.00 per acre. And we find that the government agrees in advance to approve any agreement made with the City of The Pas on taxes for 20 years. So there we have an invitation to a tax deal. We find that the provincial trunk highway will be built - I can only assume it's at government cost. We find that the government is going to pay one half -- for the next seven years, this government is going to pay one half of the cost of moving skilled personnel and their household effects and their families from other parts of Canada and outside Canada. So now, as people are brought in by this company from anywhere, Tasmania or anywhere else, that this government will pay one-half of the total moving cost - not as a loan but as an outside grant. The government has agreed - and I wonder why, but the government has agreed that they may operate 24 hours a day, 7 days a week. Was it necessary to put this in, because it would have been against the law otherwise?

HON. GURNEY EVANS (Minister of Industry & Commerce) (Fort Rouge): I'm not sure it would be against the law, but I think some special provision is required because you really can't stop a paper mill and start it again.

MR. CHERNIACK: So although our law now says that they may not do it, then the government undertakes to, I presume, change the law, so that it won't apply insofar as this company is concerned, that they will now have a 24-hour a day operation all seven days a week. I'm not really sure whether the operation in a pulp mill is such that it can't be stopped, but I presume the Minister will clarify this in due course.

I find on page 26 that the government agrees that it will pay one-half the total cost of all-weather roads up to a maximum of \$1 million as the government's share, and it will pay 100 percent of the maintenance. I read that in here; I wonder if that's right. "The government convenants and agrees to continuously maintain, without cost to the company, the roads mentioned in this paragraph, throughout a period of eight years next following their completion." So this government is paying one-half the cost of the roads but it's paying 100 percent of the maintenance costs for the eight years following the completion.

(MR. CHERNIACK cont'd)...

Finally, on Page 27, there is a clarification here that the company has an option of renewal for three successive twenty-year periods. You add that to the 15 years for which the contract is, and we find a total of 75 years of guarantee by the province in connection with this, as against which we have an undertaking by the company of a total investment, a guarantee - I use that word advisedly - of \$600,000, an authorized capital of \$5 million -- and may I chastise the Minister a moment, because he ought to know better than to use the expression "initial authorized capital". Every company has an authorized capital. If it wants to increase it at another time then obviously the first one was initial, but there's nothing to indicate that there will ever be any need, desire or actual increase in authorized capital. The authorized capital is \$5 million, but the actual investment is one-tenth of that.

Well Mr. Chairman, I want to say that we recognize all the benefits, outside of stumpage, that all the benefits that would come to the population of Manitoba from all well-established industry, and we know that it means jobs and it means stimulation to other industries, but we want to just measure what is this deal that we are going into. The company is guaranteeing to put up \$600,000, that's all. It then has certain other steps that it plans to take, and if it defaults within the next two years it will lose that \$100,000 which is part of the \$600,000. If it defaults after the next two years, there is nothing that I can read to prevent the company from taking out what it can and walking out on the job, absolutely nothing to prevent that company from leaving whatever it started to investigate, and you can tell me all you like about the good intentions of any company. We've seen the biggest companies do things that any ordinary human being would be ashamed of, and I'm speaking now specifically, lest I be accused of making blanket charges, this General Motors show of what they did in order to -- how they stooped to investigate an individual person and all his personal habits, because he was a thorn in their side. That's big business. We know what General Electric did, and are there not other companies involved in combines investigation where the biggest companies did some of the most unjustified things, immoral and illegal, to the extent of paying fines and going to jail, so let's not go overboard by the size or the reputation of the company.

The Government of Canada is putting up \$5 million, ten times the amount, or almost, that this company has undertaken to do. The Province of Manitoba is putting up \$1 million for roads, 100 percent of maintenance of the roads for eight years. It's putting up \$3 million for surveys. It's putting up \$300,000 a year for fire protection, vocational training, one-half of the job-training costs, selling the land at \$1.00 an acre, agreeing now in advance that there will be tax agreements for twenty years, paying half the cost of moving personnel and their families and their household goods, giving 40,000 square miles of land as a monopoly right to this company. Of course we are told that 13,000 of that was useless as being bog and lakes, so we'll say 27,000, let's say 25,000 square miles, at a stumpage charge of less than 75 cents tied up on that base for the next 75 years.

Now this same return to which I referred earlier, indicates - and I'm talking now about the fire protection, the \$300,000 estimated cost of fire protection annually - we find here that pulpwood and timber berth holders today pay a flat rate of \$12.80 per square mile per year. Do we need to multiply that out to see how much present pulpwood and timber berth holders are paying, and we find that if they are proven responsible they are billed for the out-of-pocket expenses for the province for suppression.

We find further, most timber operators build winter roads into their areas at their own expense. No half and half deal, no maintenance by the government. A few, including the Manitoba Paper Company, build higher standards or even all-weather roads at their own cost, and these are available for use by others. I thank the Minister for giving us this information because this is a comparison with the deal that was given as an incentive or an inducement, and I assume that the Honourable Member for Burrows didn't speak of it because I can only assume that these are the kind of incentives that he thinks are justified. I don't want to put words in his mouth, but I'm just coming to that assumption.

Now we are told by these advisors that the incentives given by the government are realistic, that do not exceed incentives given elsewhere. Well I'd like to just know how this government and the people of Manitoba will derive benefit when you value the cost as against the return, and -- oh, I didn't mention all the costs of these surveys. I don't know what they are. I, just the other day, ran across the description of all the surveys that were made, but this article from the Financial Post certainly indicates a tremendous number of surveys that were made over a large number of years, all of which, as I pointed out, will now be for the benefit of this company.

(MR. CHERNIACK cont'd)... I don't know what that cost but I imagine it's substantial, and I say, with all of these costly undertakings made to Monoca or to Churchill, what do we gain?

Does Monoca bring in markets to Manitoba? No; these are known; these were investigated. We know the markets; the government... Are they bringing in outside capital to some extent? Well, maybe. To what extent? We know of \$600,000 which in government finances is a very small sum of money, as has been pointed out on many occasions. We know the maximum authorized capital, and I don't use the word "initial"; I say the maximum now is \$5 million. Well now, what else does Monoca bring to Manitoba? Experts? Well look at all that we've hired. Look at all the surveys and all the investigations made by this province. Experts - yes, the government knew where they were, and they found them, and they used them in order to sell the project to Monoca. Monoca may have sent their own people but surely they used all the benefits of the experts that we knew about. Are they bringing construction and operating experts? Yes, it could be. These people will be hired by Monoca or they'll be moved from some other plant and they will be settled in Manitoba for the time that it takes to set up the operation. These people are people who are employed people and could be hired by Monoca or by anybody else, even by the Honourable Member for Burrows if he had the courage to go into this in a free enterprise system. But this government could well have done that too, and I want to know why the government couldn't have hired these people, knowing all that it knows, knowing that it's justifiable, and assuming the government didn't mislead Monoca and that the government does believe that there is a future in this, because if the government does not believe there is a future in this pulpwood, then it had no right to let another company from outside come in for \$600,000 to make a full investigation and then decide whether it was worth going further, because I point out again, this company is not bound to do more than spend \$600,000 in its investigation.

We have proven in this province, with the Manitoba Hydro and the Manitoba Telephone System, that we have the ability to get the most competent people we need for the job, and we have said time and again we have the most competent people in those two enterprises of government. Why should we have any difficulty getting equally competent people in this field? Now is it fear, is it fear of loss? Is it risk that the loss will then be blamed on the government? Well let me tell you that if Monoca fails in this enterprise, there will be plenty to attack the government for, because it certainly should not bring in industry without a good hope for a beneficial industry. But if there is a good hope for that, then the government could -- having undertaken to invest such substantial sums of money, the government could have undertaken the risk. But its conservatism that prompts the government is the dedication to the free enterprise system which is what we recognize from this government.

I'm not saying anything in accusing the government in doing any wrong. All I'm saying is that the government, starting out on the principle of free enterprise, married to the principle of free enterprise, did the logical thing it should do. It made all the investigations and it went ahead and said to free enterprise, "Do come in here; do develop our resources; do grow and help the province grow with you." Well I don't know at what stage we start giving up this myth of the free enterprise system, because the fact is we gave it up long ago.

The fact is that we have been patching the ills of free enterprise for many, many years. We have a Combines Act which is completely contrary to the principle of free enterprise. We have brought in and we have yet to bring in consumer protection measures. We have accepted the principle of grants and subsidies as being given to private industry. We have the Manitoba Development Fund which was set up to help free enterprise where it failed. We have our Public Utilities Act to police free enterprise. We spent time on the pre-arranged funeral services plan simply because we felt it was necessary to police free enterprise. We have the Securities Act for the same purpose. Then we have gone into marketing and industrial research, productivity programs, industrial design programs, all of that to help free enterprise where it was not prepared to enter on its own. We have supported in-training programs. We have designed labour legislation to protect labour against the free enterprise system. We have had attacks by the Liberal party on the Manitoba Hydro, which is a public enterprise system, just on the basis that they don't like the way they operate but the principle is one that they do accept, and that is Manitoba Hydro. We have had the examples of what free enterprise has done to Bissett. We are going in for export promotion. We are giving transportation submissions. I've mixed all this up, Mr. Chairman, not deliberately but just as I jotted it down, but to me it's an indication that we ought to admit that the free enterprise system has failed us and that we are constantly giving it crutches and supports of all kinds.

(MR. CHERNIACK cont'd) . . .

The Honourable Member for Burrows suggested that the Russian system is the best. If he thinks so, then by all means I give him the honour and the credit for his own opinion. I never did share his opinion in other respects. I do not share it in this respect.

Mr. Chairman, I have indicated, therefore, that our government has made tremendous tax and other concessions and they are now agreeable that Monoca should seek the same from local government. That's clear, but one thing that isn't clear, and I asked the Honourable Minister a few days ago some questions about the \$50 million which the Manitoba Development Fund is going to borrow, and he said, well could we leave it until we get to the Estimates. Well I'm afraid we are already past the time when I would have like to have had the answer, because I suspect that I'm not alone in this. Everybody I know suspects that a goodly sum of this \$50 million will be available for the use of Churchill Company, and if it is, we ought to know that because that's pretty important.

Let's just recapitulate. The government announced a \$100 million project. The truth is that the plans for development are only \$45 million. The other \$55 million, or any part of that, is only if the government finds it economically - I'm sorry - only if Churchill Company finds it economically feasible to do. So it's not \$100 million; it could be \$200 million if it were economically feasible. The fact is that it's \$45 million.

We know the Federal Government is putting up \$5 million; we know that the company is putting up \$600,000. This we know. We do not know where the rest of the money is coming from, and I say to this government that if it has any idea that any of this money, the balance of the money, is coming as a loan or otherwise from the people of Manitoba, then the people of Manitoba are entitled to know now what this government knows about the company's plans of financing, because if it's Manitoba money that's being used by loan or otherwise, we're entitled to know it.

And let me suggest that if the government doesn't know the answer, then I think it would be liable for criticism, because when you make a deal with a person you have to make pretty sure that you know how that person is going to finance the deal. It's not enough to say that the record in the last - is it four years, Mr. Chairman or less since Monoca was organized. Well whatever the history of the company is, it's a short history, and we know, banks have told us, that this company has never defaulted. Good. But do we know where the money is coming from? Are they coming out with a debenture issue to the people of Manitoba? Are they borrowing money from the Manitoba Development Fund? Are they going out elsewhere to their shareholders and saying we will take your money in in bonds or debentures or some other way. We ought to know that and I think the government does know it, and I think if the government knows it, it should share the information with us. If the government doesn't know it, then I think it would be negligent in that field.

I am assuming, for want of knowing any better because I haven't been told, that of the \$45 million, the vast proportion of this amount will be coming from the people of Canada and/or the people of Manitoba, and I'm saying that if that's the fact, then the government did not make a good deal in terms of benefitting the people of Manitoba in the expectation that this will be a successful operation, as no doubt this government believes it will be. I'm saying that having gone to all the expense and trouble of doing what free enterprise never intended to do, or if it intended to do never did, that is making all the surveys and all the investigation, then surely having done all the work that free enterprise in its gambling methods normally does, the government and the people of Manitoba should derive the benefit of doing what free enterprise failed to do, and that is to prepare the groundwork and make the investigation. Having done everything that free enterprise has not done, then the government should have stepped in where it let the free enterprise system take hold and the government should have seen to it that the publicly owned natural resources of this province should be developed by the people of Manitoba and for their benefit.

I think that that is the proposal that we make consistent with our policy. I suggest that this government is inconsistent with its belief in that it has not yet to my knowledge put up the Telephone System and the Hydro System for sale the way Saskatchewan is doing with its publicly owned - or some of its publicly owned enterprises, but that it should have been something, that having done all the work and made the investigation, that the people of this province should derive the profit. When profits are to be made out of moneys expended, the profits ought to be given to the people who advance the money.

(MR. CHERNIACK cont'd)...

Therefore, I challenge the Minister to give us the information as to where the \$45 million is coming from; just how is it that this company is going to finance its undertaking, because it's not enough to tell us that they have undertaken \$600,000 because the fact is that is all they have done. We must know where the rest of the money will come from.

MR. J. M. FROESE (Rhineland): Mr. Chairman, first of all I was sorry that I could not be here when the Minister spoke in introducing his estimates. I have tried to read up in the papers since, because I haven't had Hansard either, to just see what was said on that occasion. However, having received the Manitoba Economic Consultative Board's Report, this has given us some idea as to where we stand in Manitoba in our industrial and commercial aspects, so that I will be able to make a few remarks on the estimates anyway or regardless.

I always take a great interest in our agricultural section, more so than in other aspects of our economic community, because I'm directly involved in it and so many of our people are directly involved in this that this is an aspect that is closer to me than any of the others. Now I have yet to hear from the government side as to any remedy or anything to advantage coming forward for the farmer here in this province. All that we hear about continually is that they should be more efficient; they should operate in a cheaper way; and this is all they have to offer.

Now the other day we had a bill introduced setting up a productivity council. Well what is this going to help the farmer? We need something more practical. We need more purchasing power in the hands of the farmer. We need better returns. That is what we need. Are we eternally going to continue telling them to be more efficient when they are doing their best in this field and trying to be more efficient all the time?

The other thing that goes with it, when we continually tell them to be more efficient, the only way they can be more efficient apparently is to go into larger units, and certainly I'm not sold yet on the idea that they just have to go for larger farms in this province. This means that we will have fewer people in Manitoba. This means that we will have fewer consumers in Manitoba. This means that we will have fewer people with purchasing power to buy the goods in this province. This is the wrong approach. We should see to it that we have more people come in and have more consumers, more people to spend money; take the opposite approach. How long are we going to continue on this basis? How long is the government going to continue always trying to promote more efficiency on the part of the farmer?

The other point is that I have yet to see this government ask the Federal Government for better returns for the farmer. It just isn't being done and this is the very big failure on the part of this government. Surely we should take the matter to heart and go out to the Federal Government requesting that better returns be paid and, if necessary, to subsidize the prices of wheat and other cereal grains in this country. What do we see happening in countries across the sea - in Europe? All those countries subsidize their wheat growers and why couldn't we? We're subsidizing the people that have industries in Canada through tariffs. The government is receiving large amounts of money in tariffs protecting the Canadian industries, but when it comes to agriculture, they are left in the cold. They are not cared for.

I note from the report that we have that was given to us the other day, on Page 6 - and I'd like to quote a section here - Page 6 and I quote: "It is of concern, therefore, that Manitoba's increase in agriculture production between 1941 and 1961 was only nine percent compared with an increase of 28 percent for the nation as a whole. Production per worker has been lagging during this period. Manitoba's agriculture has not fully adjusted to the necessary changes in production organization and management." This is what our farmers are being told through this report. We see that we're lagging far behind. There is a graph on one of the other pages showing just how far we're actually behind and there's nothing funny about this. This is very sad in my opinion. Not only does this apply to the farmer himself, it naturally applies to the farm worker, because how is the farm worker expected to get a better return when the farmer himself hasn't got the means to pay him better.

Then on Page 14 we find another statement which bears this out again, and here we read and I quote: "Wheat, the most important field crop in Manitoba, was estimated to be down in value from the previous year due to reduced acreage and lower prices. Other crops which declined in total value were potatoes, field peas, and buckwheat." So here is another statement in this report telling us that the prices are down and therefore the cost-price squeeze is getting greater and the net return is less and less.

We find on the one hand that in farming the seeded acreage, as is mentioned here, the wheat acreage seeded was less. However, this doesn't mean that the land isn't seeded. It will

(MR. FROESE cont'd)... probably be seeded to coarse grains or other grains so that in this respect we still have a stable acreage seeded to grains. Therefore, I feel that we should capitalize on this because here we have an aspect of our economic community which is stable. The acreage will be seeded regardless, and we should capitalize on this and give them a better return and naturally would have more purchasing power in the hands of people and have a growth in our economy.

We find that such other areas in agriculture as hog production, cattle production, poultry, and so on, this can vary from year to year and you'll have ups and downs, depending on the marketing of that particular year, depending on the prices, the demands and so on, so that you'll have variations here. But not so in the seeded acreage because the acreage has to be seeded and therefore they are a very stable area and should be one in this province.

We find that during the years when the Honourable John Diefenbaker was Prime Minister that we had acreage payments. The farmers got \$200 for individual -- if they had 200 acres - this was based on a dollar an acre - if they had 200 acres in production this meant that they would receive \$200.00. Well, since Mr. Diefenbaker is no longer Prime Minister the policy is not such, but have we heard from the government to have this supplemented in any other way from the Federal Government? No, not a thing. Nothing is coming forward, and surely if we had the interest of the farmer at heart, we could certainly do something about it, make a request known at the very least.

I feel that unless prices of our grains are increased that we will be just going downhill further and further, that this trend will not be arrested, and therefore we should make it our very concern to see that something is done, that we just don't continue the way we have up until now.

Another thing that this would do. Supposing our farmers got a better return for our grains. Surely enough this purchasing power that they would get into their hands would be put to use, because if I know farmers, I know they will not have their money idle, they will put it to work, and in this way you would soon see local industries go up and the monies would be invested in the growth of our province and put to proper use. So that what we need is a better return for the farmer of this province. The government is sadly lacking and has failed to capitalize on this section of our community.

I am sure our farmers in Manitoba would build better homes if they had the means. They would certainly paint up their buildings which we see going unpainted for year after year if we take trips through these communities. This is the reason. They haven't got the margin; they haven't got the necessary returns to do it with. The only other way is to borrow, and certainly this is not the proper way of dealing in this matter. We in this government have set up so many agencies where the farmers and other people in the province can borrow but this doesn't help them. We certainly cannot borrow ourselves into prosperity. I know the government has tried to do this, but farmers aren't that foolish that they will try and do this.

MR. CHAIRMAN: The speech of the honourable member is dealing with the Department of Agriculture. We've passed Agriculture. Would you try and relate it more to Industry and Commerce?

MR. FROESE: Well I think agriculture is an industry, isn't it?

MR. CHAIRMAN: Yes, but that was dealt with...

MR. FROESE: That's what I'm dealing with - industry.

MR. CHAIRMAN: Try and relate it...

MR. FROESE: I am sure that more industry would come about if our agricultural industry was in better shape and more healthy than it is today.

We also find from other reports and from the Dominion Bureau of Statistics that the weekly wages in this province are lowest west of the maritimes, and certainly our economic climate is not conducive to attracting people, because we find from this report that we are losing out in the population. On Page 31 we find that in 1965, 12,300 people apparently left Manitoba for greener fields. Certainly this doesn't speak well of Manitoba, and here is an area that we should do something about as well. Well, what can we do? If we don't try and correct these basic ills, we will see further deterioration and more people move out of this province instead of coming in.

So, Mr. Chairman, I feel this is one of our big and most valuable sections in our economy that we should be dealing with, and this is the one that is closest to my heart, the agricultural community in Manitoba. I also feel that we have other areas that we could be more productive in and certainly could do something about. Let's take a look at irrigation. We find in

(MR. FROESE cont'd)... Alberta they have irrigation in southern Alberta. They have special crops - grow special crops for their canneries out there. For those industries they have special crops such as sugarbeets and they increase their yields because of irrigation. We now find Saskatchewan, because of the Saskatchewan Dam, will have sufficient waters available and they are now embarking on a program of making special concessions to people to come into the province for this purpose, and they are also supplying cash grants. But what are we doing in Manitoba? Manitoba has the choicest piece of land for this kind of development right in the banana belt....

MR. CHAIRMAN: Would the honourable member -- we had the Department of Agriculture when we could discuss irrigation and different problems with regard to agriculture. Now we're under Industry and Commerce and I'd like you to keep to this department instead of Agriculture.

MR. FROESE: If our canneries aren't an industrial proposition, I don't know which is.

MR. CHAIRMAN: Department of Agriculture and we have already gone through the Agriculture Department, and since we've gone through Agriculture and we've only got 40 minutes left, we'd ask you to keep to Industry and Commerce.

MR. FROESE: Well I know that we have a development agency right in the Town of Winkler. We have a man stationed there to bring in industry, and this is one area he is working on apparently, to bring in special crops, to develop special crops in that area for the canneries. So this ties in with Industry and Commerce. There is no doubt about it. This is what I was coming to, that here in Manitoba we would like to see the development of the Pembilier Dam. This does not only apply to my own constituency, it also applies to the Honourable Member from Pembina, where most likely the dam would be located.

We've had money spent by this government on research and feasibility studies, and it appears to me that we are dragging our feet in moving on this aspect. We should get the dam built so that we could progress, so that we could bring in these new crops and provide the raw product for our canneries. After all, we have a cannery, a large cannery stationed at Morden and we have another one at Winkler, which are operating for very short periods of time during the year. And in a year like last year where you have - frost bit one of the crops - well this means that the year is still shorter, and this means that overhead costs are put on that particular crop that is being canned if the other crops are not successful, and as a result you will find that these canneries are losing money and cannot show a profitable return.

So we need additional crops in this area, and one way of bringing them in is by having irrigation and getting irrigation means that we have to have these dams; you have to have the water supply. We find that the other provinces to the west are doing their best to encourage this, and we here have the means. All we do is need the construction and we'd be set up in business. So I would like to hear from the Minister, just why are we dragging our feet on this matter?

It seems to me that we are setting up organizations in all directions but we do not finalize on any part of the business, that we are just spreading out and then they are left unfinished or left undone, and we do not see any results come forward. This in my opinion is very sad. There is too much dreaming and too little action. There is nothing in the Estimates, as I can see it, on the Pembilier proposition. Surely we should have some moneys allocated for that, or if it's strictly a matter for the Federal Government, then let's let the federal people know that we're waiting and that they take action and get busy, because when I was down to North Dakota a year ago, those people are very energetic about this thing. They want action and they want to go forward on it. So I think we should come across and show our interest as well. These are a few matters that I thought I would touch on.

Then I want to turn over to the report of the Manitoba Development Fund which has been in our hands for some time, and I notice that under Assets, they show Loans Receivable and Leasehold Property. I would like to know from the Minister just what is meant by leasehold properties. Are we buying properties and then leasing them out? Is this the business that the Development Fund finds itself in? Just what is meant under this item or heading?

Then I see from the 1965 statement of Assets and Liabilities, under 1965 that they show total assets of \$9,030,280, yet when I total the figures that are listed in the report, I don't get the same figure. Just what is the discrepancy? Is there an item missing in this statement or is the addition just wrong and it is printed in error, because there is a difference there of \$10,329 which is not accounted for. I would like to hear from him on this.

Then further on I notice that they had 164 applications that were declined. This was

(MR. FROESE cont'd)... roughly 30 percent of those considered. Why were they declined? I think we should have some idea as to why there is such a large number that is declined. We know from other operations and our credit unions and other organizations, certainly that the percentage declined is much much smaller. This seems to be very large in my opinion, when you have to reject 30 percent of the applications.

I also note that under the statement of Income and Expenses on Page 12, that in 1961 we had loans outstanding or receivable of \$2,808,000, and the cost of operation - the expenses were \$58,438. This is roughly two percent of the loans outstanding. In the following year, or in 1962, we had 6.6 million outstanding and the cost was \$78,000. Here the expenses, the operating expenses were 1.2, a considerable drop from the previous year. But then we go on to the following year, you find that in 1963 we had loans receivable as high as .154 million and expenses of 87.9 thousand, a cost of 1.7 percent. This latest year we had loans receivable of 8.9 million and the operating cost is \$135,000, roughly 1.5 percent. Just why is it when we could operate in 1962 at 1.2 percent, that the cost is rising. Normally, when you have larger volume you have lower costs percentagewise. Could we have some explanation on this item?

Well, Mr. Chairman, I had some other items but I think there are other members who want to come in on the debate yet, so I will not take any more time of the committee at this particular time, and have some questions later on.

MR. PAULLEY: Mr. Chairman, I just have one question. I think the Honourable Member for St. John's covered Monoca pretty good. I think we could carry on a discussion of that so-called investment for a considerable period of time. It's too bad we didn't have the Order for Return such as I got this afternoon dealing with stumpage priorly, to give it more study. So I am not going to develop Monoca. I understand from you, Mr. Chairman, that you stated that the the time limit, the four hours would be up at a quarter past five. Is that correct? I am most anxious to hear from the Minister, so I just want to ask him one or two very brief questions, principally dealing with the discussion we had last year in reference to an organization called Damascus Steel. I'd like to know what the situation is now regarding this Manitoba Development Fund and Damascus Steel, and I don't want the Minister to turn around and tell us that well this is privileged information, because certainly the dealings between the Manitoba Development Fund and Damascus Steel were not privileged. They were given very wide publicity.

One point I want to draw to the attention of the Honourable Minister is, is he aware of the person in the name of Mr. Ross Henderson who in Hansard of May 4th last year called incompetent - the management of Damascus Steel was incompetent. I'm wondering if my honourable friend is aware of the fact that this incompetent individual who was the Manager of Damascus Steel is now the head of the Screw Division of the Dominion Steel and Coal Company of Montreal in charge of 450 employees for that great firm.

These are the only questions I wish to raise. If the Minister doesn't take up the full time until a quarter past five, then I'm sure there will be more questions forthcoming, but I offer just to cut my time to a question or two in order that the Minister, if he has any defence, may defend the major speakers of this afternoon.

MR. DOUGLAS L. CAMPBELL (Lakeside): Mr. Chairman, if I might just add to that question that's been asked by the Honourable the Leader of the New Democratic Party, I would request the Minister to tell us what is being done at the present time with the Damascus Steel Plant; is it operating; under whose auspices, and all that he will tell us with regard to the financial arrangements that were finally made.

MR. PATRICK: Mr. Chairman, I just have one specific point that I want to bring up at this time and it will only take a few minutes. I feel that the Department of Industry and Commerce has failed to create a proper climate for regional industry to be developed in rural Manitoba, Mr. Speaker, because the case that I have here before me, and that's the Interlake Forestry Products that I'm sure the Minister is aware of and had correspondence on it, if you look at the Manitoba Industry & Commerce Bulletin which gives the duties, or what the Manitoba Development Fund is supposed to do, and it says, "The Manitoba Development Fund is an incorporated agency of the Province of Manitoba. Its purpose is to provide financial assistance to new and existing manufacturing industries, tourist and recreational facilities, and community development corporations in the province."

Now I had this correspondence sent to me by the Interlake Forestry Products Limited, and I think this is a small industry developed in an area where we need regional development. It was supposed to employ somewhere in the neighbourhood of 40 people, and I would just like to read the most important part of this letter. "To start with, in June 1964, we acquired a timber stand

(MR. PATRICK cont'd)... in the Bloodvein River. We commenced logging operations in the fall of 1964. We quickly realized that we were not equipped for any type of production. We felled 450 tree in the Bloodvein area, which is on the East side of Lake Winnipeg, and hauled them across the lake to the West side of the landing at Pine Dock. Once this was completed we immediately started work on a re-saw that would be capable of producing 30,000 feet of lumber per day. We completed this machine late this July and moved it out to Pine Dock where we are having a demonstration this coming Tuesday, September 7, 1965." It goes on to say: "All interested parties are welcome at the offices to make a trip up to this place.

"On July 6th of this year on the radio, press and television there was an announcement made that Mr. Duff Roblin has channelled millions of dollars into the Manitoba Development Fund for the type of industry I have just outlined to you. We immediately made application for some of these funds, knowing well that we qualified for it, and within one week we received a reply advising that we were refused. We let the matter rest until we picked up the Toronto Globe and Mail, and there on the back page was a paid announcement of Mr. Roblin's interest in the development of our type of industry in the province."

Now the point I am raising, Mr. Chairman, is, not only did this look like a real good industry, a local industry that would employ local people, but the most important point here, I understand the man had pre-sold all his lumber for that whole year and for the next coming year, and the loan that he requested was a very small loan, in the neighbourhood of \$36,000. I think this was the beginning of probably a real good local type of industry which I don't feel that the government should be overlooking, because it seems that it takes an awful long time to attract large industry like Monoca. It took an awful long time and it's difficult to attract such large industries in any large number, so I think it would be worthwhile to really consider the small local-type regional industries developed in Manitoba. And after listening for some length to the Honourable Member for St. John's, one wonders is Monoca going to be as good a thing as they mentioned, according to the financial arrangements, so I would like to have some comment from the Honourable Minister in respect to the Interlake Forestry Products.

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

MR. EVANS: Thank you, Mr. Chairman, I'll try to deal as best I can in the time remaining with the various matters that have been raised. I would like to comment on the address from the Honourable Member for Burrows. The main point he made was that the province, or the Industrial Development under the guidance of my department, seemed to be doing something called "trembling on the threshold," but that nothing had happened, and he has several pretty elaborate statements here to the effect that we are trying to establish a new economic order that is one of drift and indecision, and after eight years of drift it needs an organized basis. I don't think he ever heard, apparently he never heard of the Committee on Manitoba's Economic Future and the plan for the development of the department which was awarded the Society of Industrial Realtors Award some three years ago as the best development plan of any state of the United States or province of Canada for that particular year. The runner-up to Manitoba in that particular year for a plan of industrial development was the great state of New York. We were first, New York was second. While one doesn't compete for this two years in a row, the state that took the championship away from us was the State of Texas. Well now, that's quite a substantial state, and it was a very signal honour, and I might say that Manitoba is the only Canadian province ever to win this Society of Industrial Realtors award. So I simply reject his statement that this needs an organized basis for development of an industrial base in Manitoba simply as not correct.

He made some other statements that I'm trying to look for here at the moment. He was making another point about the rural industrial development. He says we have failed to give any importance to local groups. I'm not quite sure what the phrase means, but then he says, "What have we done for the pioneers of industry in the province and have we sold the pioneers short? In the past year there has not been much rural industrial development." I hope I have taken down fairly accurately what he said -- "nothing is being done for industrial development of rural Manitoba" and many other comments to the same effect. Well there's no such thing, as, I think, the proof of the pudding is in the eating thereof. Let's see what has happened in the past eight years, whether in fact any industrial development has taken place or not, and I have some facts with me which might not surprise my honourable friend knowing my predilection toward having facts to rest on and not just elaborate vague statements.

Capital expenditures in new manufacturing facilities in building and machinery from 1958 to 1965 have amounted to what - \$330 million, for an average of better than \$41 million annually.

(MR. EVANS cont'd)... Not bad. Not bad. The Government doesn't take credit for all of it by any means. I think the major credit for all of these things goes to the private enterpriser who risks his own money, comes in and spends his time, takes his energy and his brains, and sets to work to try to make it work. He's the one who stays awake at night trying to worry about it when he gets into trouble. He's the one who deserves the major part of the credit, but in a very great many cases there has been a part for the government to play, and we are not doctrinaire about the part that we play in industrial development. My honourable friend from St. John's made an excellent address on the principle that he believes in, and that is that the state can far better take these things over and run them and take them out of private enterprise hands. I don't believe in that. He's entitled to his opinion; he argues very skillfully for it. It was an interesting good address and I'll come to that in just a few minutes.

On the other hand, on this side of the House we do not hold out for pure private enterprise, unregulated, uncontrolled. We believe that there is a part for the state to play in many of these things. We want to play our proper part; in my view it should be as a junior partner of business. Business should take this role, the role of initiative, the role of risk taking and enterprising. I think that private industry should, and I think that government has a place to help them as a junior partner.

Well, I'm going to mention a few of the items. I always find a large figure like \$330 million a little hard to grasp. It's so big that perhaps it fails to impress for that reason. I'm going to mention the items that go into that total that consist of a million dollars or more invested in new business. My honourable friend says nothing has happened in rural Manitoba. He's perfectly aware, more aware than most, that there is a chemical industry in Brandon. He knows perfectly well that the investment in that industry is \$30 million. Nothing has happened to rural Manitoba? Nothing has happened outside Greater Winnipeg? What nonsense!

I know he's aware that the Continental Can Company invested \$1 million right here in Greater Winnipeg. The Inland Cement Company, their final total estimate here is going to be \$16 million. Canadian Bristol Aero Jet invested \$2 million and there are other sophisticated plants out in rural Manitoba: the Manitoba Pool Packers at Brandon - he knows the situation better than most - \$2 million; the Carnation Food Company in conjunction with Simplot, their original investment at Carberry. Carberry! Rural Manitoba; \$4,500,000 capital investment. Custom Abattoir over in St. Boniface \$1,165,000. Catell! Foods in Transcona - well-known to my honourable friend over here - \$1 million.

MR. PAULLEY: Custom Abattoir well-known too....

MR. EVANS: Well, we're aware of both of them; they are substantial investments; they have brought a good deal of development to the province. Columbia Forest Products in the south-east corner of the province - an area that needed a leg-up, an area that was extremely depressed some eight years ago when we came in, but the investment in the Columbia Forest Products, \$2,500,000, a very large development using a resource down there that was not being used, in an area where it was badly needed in rural Manitoba.

Tallcrete Limited \$1 million. I have a further development here that I should pay tribute to the Border Chemical Company, well known to my honourable friend. He pioneered in this. He was one of the pioneers in this development in Manitoba and he deserves credit for it, because it was at that time people were saying that there was no chance of starting a chemical industry here in the province of Manitoba and my honourable friend didn't believe him. My honourable friend was good enough at that time to take a full-page advertisement in one of the newspapers, thanking in part - drawing attention to the establishment of his company and thanking in part the Department of Industry & Commerce and the Manitoba Development Fund for the help that they had been to him to establish this industry, and in helping to bring outside developers and outside capital here to the province of Manitoba and help to build it up here, and I think it scarcely sounds like the tenour of the speech that he made a short time ago, if indeed it was a speech.

I would like to draw attention to projects that have been announced but not yet underway. We have been discussing one of them this afternoon. Can anyone believe that English words still had their meaning when he says "Nothing is happening in the Province of Manitoba. Nothing is happening in the rural areas," when we have announced the establishment of a \$100 million integrated forest industry complex in northern Manitoba. If those are the facts I cannot believe he understands the meaning of the words that he uses. It has been announced since the establishment of the Nelson River project, or the announcement of the project, that the Aluminum Company of Canada will spend \$3 million on an aluminum plant here, and there is another one announced

(MR. EVANS cont'd)... yet that the Medicine Hat Brick and Tile Company are establishing a factory here of \$1 million that hasn't been started yet. And there are a great many other developments too that are taking place in the mining areas that my honourable friend knows about, and he has full knowledge of these things. To be credible himself, why doesn't he acknowledge some of the facts that not only he knows but that he knows that we know, so that he is going to be given weight and consideration when he stands up and speaks? What about the Fox Lake Development? What about the SoabCreek and the Birch Tree in the Thompson area? What about these other developments that are taking place? Why not give some credit to the province and give some confidence to the province by acknowledging the developments that are in fact under way.

Now the ones that I have been mentioning, those items, have been the larger new factories that have come here from the outside, but we're getting as much or more development in the extension of existing industries that are here now. Let me draw attention to some of them.

I've got a list here of investment in expansions of \$1 million or greater from 1960 on. I draw attention to the Hudson Bay Mining and Smelting Company which have invested \$1,300,000 in expansion in that period; the Martin Paper Products, a very fine pioneering firm that grew up here and struggled through the Depression and eventually succeeded; the Martin Paper Company, \$2,238,000; the Manitoba Rolling Mills, \$7,600,000, in rural Manitoba, this depressed area that is seeing no industry. Canada Packers, \$1,200,000; the Coca Cola Limited, \$1,500,000; International Nickel Company of Canada, \$2,299,000, and many more.

My honourable friend over here referred to the Versatile Manufacturing Company the other day. They have an expansion underway of nearly \$2 million. The Canada Cement has had an expansion of \$1,300,000 and there are some others in the list, coming down to those expansions in that period, of some \$52 million.

Now I have an exceedingly long list here. I've been mentioning the big developments, the big expansions, the big extensions, and I think a million dollars or better is a big new industry or a big expansion. We have had some discussion in this House about whether or not the government is merely concerned with the great big developments or whether we are interested in the little fellow. Well we are certainly interested in the little fellow, and at the expense of taking some time to illustrate my point, I propose to read, by towns, the number of developments that have taken place in Manitoba to show how utterly ignorant my friend is, or how utterly unwilling to face the facts he is, when he says there's no interest on the part of this government in developing industry throughout the rural points.

Let me start with Altona. The Aetna Garment Company make work clothing; they have 60 employees and an investment of \$100,000 at Altona. In Altona also is the Altona Concrete and Supply Company making pre-mixed concrete, with employees, 10; investment \$35,000. The Loewen Manufacturing Company and Bearing Supplies, bearing kits - 4 employees, \$15,000. These are developments that have taken place in the eight year period during which my honourable friend said nothing has happened in rural Manitoba.

Coming to Beausejour, the Polaris Industries of Canada Limited making snow vehicles - these are motor vehicle toboggans - 35 employees, \$65,000; The Beausejour Apparel Company, making pants and other garments - 120 employees, \$175,000 investment.

MR. PAULLEY: before the estimates are completed?

MR. EVANS: Well -- time will not permit me to read the whole thing but I do want to illustrate the fact that the developments in the province have been widespread. They have in fact been rural as well as big city, and very considerable developments have taken place.

Then he mentions Brandon. Well, I find some enthusiastic audience about, and always being an obliging fellow, I'd like to continue with my items about -- I point to Boissevain for example, The Morton Timber Preservers Limited, preserving posts, 8 employees, \$40,000. In Brandon there's the CBS Culvert Company Limited, making culverts - 30 employees, \$15,000. Anchor Industries Limited, fibre glass and plywood boats at Brandon, 7 employees, \$30,000. Packfold Western Limited who make business forms, continuous forms, business forms - 15 employees, \$50,000. Manitoba Pool Packers I mentioned before. The Public Cold Storage of Brandon Limited, food processing and refrigerating, number of employees not available, but \$525,000 investment. Atom Jet Humidifiers, making humidifiers in Brandon, 4 employees, \$3,000. Here we come to a remarkable little company, the Flying Dutchman who -- (Interjection) makes apple turnovers, and where does he sell them? As far south as Minneapolis, where he ships them every day, made in Brandon. I haven't got the investment and I haven't got the total number of employees. Acme Woodwork. wood cabinets and woodworks; the Wheat City

(MR. EVANS cont'd)... Concrete Products, the Western Concrete Products, McCabe Company are now making prepared animal feeds there. The Simplot Chemical Company I've already mentioned, will have 300 to 350 highly skilled and highly paid workers actually, and their total investment \$30 million.

At Carberry in addition to the Simplot and Carnation Factory which is there employing 200 people with investment of \$4.5 million, there's the Stramit Corporation with employees, 17.

Come to Carman. George Trottier and Company, lawn furniture and restaurant fixtures, employing 6 people and an investment of \$20,000.

In Dauphin, the Dauphin Concrete Products Limited, sewer pipes and blocks, 8 employees, \$150,000; the Dauphin Alfalfa Products Limited, dehydrated alfalfa. This factory under construction; will employ about 4, investment \$100,000. Producers Feed Company making feeds for livestock, 4 employees and \$100,000.

Then we come to Gladstone - I'm going to read the names of some of the towns --

MR. PAULLEY: Minister won't go to The Pas, maybe he'll go to Damascus, because he's only got six minutes left to answer some very important questions.

MR. EVANS: I would like to -- yes, I'll come to my honourable friend and be glad to answer the questions, but I mention then to save time, just the towns that are involved in the rest of this list - Carman, Dauphin, Gladstone, Hadashville, Headingley, Tr...feld, Lac du Bonnet, Minota, Minitonas, Minnedosa, Morden - quite a list for Morden - Morris, Notre Dame de Lourdes, Portage la Prairie, Rivers, Roblin, Russell, Ste. Anne, Selkirk, Sprague, Stonewall, Swan River, Winkler, Winnipegosis. That is not a complete list of all the developments but mostly the developments with which the department has had some concern and some connection.

So what of my honourable friend's vague statement about "trembling on the brink of some developments" and what about his categoric statement that nothing has taken place in rural Manitoba? Well, if my honourable friend would get himself some facts together, he would be listened to with a good deal more respect when he does speak. I shan't comment further on his remarks.

I do want to say to my honourable friend from St. John's - he was out of the House when I made a slight reference a little while ago - that I listened to his speech with respect. He has a point of view from which he approaches economic development; he believes it better for the state to do it. He believes that they can undertake these things and do them in a better way than private enterprise. I don't believe that. I think -- my reading of economic history is the other way round, that private enterprise has in fact developed a higher material well-being for the countries that use it than socialist states have done, but I don't approach it from a doctrinaire point of view. We try to see what is the best practical thing to do with any given situation that we have before us.

Now, he asked some particular questions with respect to Monoca. I think I should comment, first of all, on his question as to whether the immigration policy being embarked on is in fact anything to do with contract labour. And it is not, for this reason. The immigrant coming to this country can obtain from the federal authorities a loan, a loan repayable to the federal authorities. The scheme I announced was that if the immigrant comes to Manitoba, the government, together with the employer, will between them provide to the employee sufficient funds over a period of three years to repay that loan, if he stays in his employment in the province for the three years, on a 50-50 basis. There is no contracts for the employee or the immigrant to repay either to the employer or to the Manitoba Government. His contract is one that has been entered into between the Federal Government and the immigrant coming into the country.

He refers to the haste in bringing the plant to the province and the haste of announcing it. Well, this isn't the case at all. We announced it the first moment that it could be announced and I make a policy - and have done throughout all the years of negotiating for this pulp mill - of never to say anything until the ink is dry on the contract, because I've seen too many slips between the cup and the lip. And when this was signed, sealed and delivered we announced it at the first possible moment. And there was a very good reason for announcing it, not that legislation was necessary, as my honourable friend said, but that we could get the operation into being to take advantage of the summer months to clear the plant sites and the other sites that are required, and to get into business to cut wood this following winter. So there was some haste about getting the operation launched in order to be able to take advantage of the summer.

He says that we made all these investments, that we had these studies made, that we found out all about it, that indeed the government would have been in as good as, or perhaps even better position he may have said, to run this plant than to have a private group do it.

(MR. EVANS cont'd)... I don't agree that would have been the right thing to do, but there is one thing my honourable friend forgets with respect to the state running everything, and in my view it is a fatal defect, and that is the state cannot sell, the state cannot sell in today's markets, with anything like the same energy and efficiency as private enterprise can do, and this has been the point on which socialist enterprises have foundered time and time and time again. They have failed to acquire and hold their markets and to compete in the sales field, and nothing happens until somebody sells something. Now my honourable friend referred to telephones and to power, but there's no selling in that. That is not competitive selling, and in my opinion that is the one main element that cannot be supplied by a socialist undertaking in anything like the same efficiency that can be done by a private enterprise.

He referred to the local purchasing preference and how would it be enforced. Well we believe that the people of Manitoba should be allowed to buy the best value with their money, though we do not believe in a fixed percentage, or a preference, a definite fixed percentage of any kind in favour of local industry. But we do think it's important that men of honour and integrity, such as these developers, will sign a document which gives a declaration of their intention to do so. This has worked out extremely satisfactorily with the International Nickel Company and the Hudson's Bay Mining and Smelting Company, who have made their policy to buy within the province to the limit of their ability. We believe that Monoca will do exactly the same thing.

Then, if I had agreement, I would like to make comments on those two matters then. I'll discontinue my address on the Estimates and make comment on those two items, if it's agreed.

MR. PAULLEY: As far as I'm concerned, Mr. Chairman, I would give my honourable friend until 5:30. We're still seeking answers to questions that he hasn't even touched. I do want to hear the answers to some of the other questions as well. If my honourable friend figures that inside of six minutes he has answered the problems of Monoca, he wants to think again, because it's going to have to be answered. If not in the House, it's going to have to be answered outside, because we're certainly not satisfied with the agreement.

MR. FROESE: be agreeable to allow the Minister to continue his speech.

MR. ROBLIN: Mr. Chairman, it's a difficult situation here because we're asking the committee to sort of give unanimous consent to do something which really only the House ought to do, and I'm a little bit in a quandary here. I really feel that we haven't the authority to do that. Now, if other persons have a different view about the authority of the committee, I'd be glad to hear it, but it seems to me that we can't do it and we'll just have to continue this debate in some other way.

MR. CAMPBELL: Mr. Chairman, as far as I'm concerned, I would be happy to give agreement also, but I do recognize the position that we're placed in and I am wondering if it would serve any purpose for us to follow the procedure that we had agreed to at this time, and then that my honourable friend the Minister of Industry and Commerce would take the opportunity on the concurrence motion to complete his statement, and that motion, of course, is debatable. The difference to dealing with it at this time and at that time, is that while it is debatable - and maybe this is an advantage - it's debatable by only one person, once. There is no comeback in the way that there is in the other one, but if that would be a better procedure than the present, I'd be quite agreeable to it as well.

MR. ROBLIN: Mr. Chairman, I think we should follow through on our understanding and put the motions that remain, and when we come to concurrence, no doubt honourable gentlemen opposite will move motions, and if they do, then we'll be prepared to debate them. So, put the motions.

MR. CHAIRMAN: (Resolutions No. 45, 46, 47, 48, 49, 50, 51, 52, 53 and 54 were read and passed.) Committee rise. Call in the Speaker. Madam Speaker, the Committee has adopted certain resolutions and requests leave to sit again.

IN SESSION

MR. JAMES COWAN, Q. C. (Winnipeg Centre): Madam Speaker, I move, seconded by the Honourable Member for St. Vital 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 resolutions reported from the Committee of Supply be now read a second time and concurred in.

MADAM SPEAKER presented the motion.

MR. PAULLEY: Madam Speaker, speaking to the motion, I am wondering, in view of the fact that we may have one or two questions to resolutions to compile - I confess at one time I had agreed with the Leader of the Opposition that we might not be putting in concurrences this year in order to speed up the matters of the House - I am wondering whether or not we might have the advantage of not going into concurrence immediately but start them at 8:00 o'clock?

MR. ROBLIN: Madam Chairman, my honourable friend is so persuasive that I don't see any real reason why we shouldn't oblige him. There may be, however, some resolutions on concurrence which don't concern him, so perhaps we could start, and if we come to a tricky one, probably it would be 5:30 then and we can rise. I would suggest --

MR. PAULLEY: goes really very quickly for the sake of ten minutes.

MR. ROBLIN: Well, perhaps we could make a start and if we find there is some which they want to move motions on, perhaps there could be an indication and we could oblige my honourable friend, because I don't want to rush him on it. And I would also suggest that instead of adjourning the House at 5:30 we merely call it 5:30 so we can come back to concurrence right away at 8:00 o'clock and then proceed through our Order Paper.

MR. PAULLEY: That would have to be --

MR. ROBLIN: it will soon be 5:30 anyway, so, I am easy on it, and if you wish to call it 5:30, Madam Speaker, I'm not going to....

MR. PAULLEY: It will have to be by leave.

MR. ROBLIN: by leave, I'm not going to object.

MR. CAMPBELL: Madam Speaker, I can probably contribute toward that desirable end a little bit myself. I was just rising to point out to my honourable friends, not only on this side of the House but to the other side as well, that they don't need to draft out resolutions unless they wish to, because each one of these motions that is made here is debatable, and if we want the Honourable the Minister of Mines and Resources to continue, all he needs to do is continue when his item is reached, and it is then, of course, open for debate. On the other hand, if my honourable friends want to advocate any specific matter, then perhaps a resolution is necessary. But for the purpose of continuing the discussion, no amendment is necessary.

MR. ROBLIN: No, Madam Speaker, I think that if we could have the consent of the House, by leave, you might call it 5:30 and we could proceed this evening on concurrence, and I would hope that any member opposite that disagree with concurrence would have some amendment pin-pointing his disagreement, in view of the fact that we have general resolutions on this occasion.

MADAM SPEAKER: Do I have leave to call it 5:30? Agreed. I call it 5:30 and leave the Chair until 8:00 o'clock.