

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Friday, June 11, 1971

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Before we proceed I would like to direct attention of honourable members to the gallery where we have 27 students of Grade 6 standing of the Athlone and Pine River schools. These students are under the direction of Miss Young. These schools are located in the constituencies of the Honourable Member for Sturgeon Creek and Roblin. They are hosts and guests.

We have thirty students of Grade 6 standing of the Riverview School. These students are under the direction of Miss Pugh. This school is located in the constituency of the Honourable Member for Brandon East.

I would like to direct your attention also to 50 students of Grades 4, 5 and 6 standing of the Shakespeare and Landmark schools. These students are under the direction of Mr. Penner and Mr. Klassen. These schools are located in the constituency of the Honourable Member for Springfield.

On behalf of all Honourable Members I would like to welcome you to your Legislative Assembly.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Resolution 106-- pass? -- (Interjection) -- Oh, excuse me, you're right. Sorry. An amendment to Resolution 106 moved by the Member for Birtle-Russell, that this committee consider the advisability of reducing Resolution 107 -- I'm sorry, this copy -- I believe you mean 106, Resolution 106 to the sum of \$44,640,000. Are you ready for the question? The Minister of Youth and Education.

MR. MILLER: Before that question is put, I want to go on record as stating that I think if this resolution were seriously entertained and was passed it would cripple the operation of our universities, and I don't think it should be taken that lightly. The universities have been cut considerably this year over corresponding years - their increase is much less than what they requested. I know that it's nothing near the figure that the universities put forward to the Universities Grants Commission who are charged under the Act with dealing with the universities and to deal with the Boards of Governors and study and evaluate their budgets.

The proposals that the universities put to the Grants Commission were, as I say, given considerable debate and discussion and were cut down and cut subsequently, when the government was approached by the Grants Commission, the government too pruned the figure that was put forward, but there is a point where you just simply can't cut it any more. This certainly can't be done in one fell swoop and that's why I earlier said that certainly we have to look at the post secondary field and the increasing costs in post secondary education, but I don't think it can be done by simply using an axe arbitrarily in a given year and cutting an amount out of the budget which would make it almost impossible for the universities and post secondary institutions in Manitoba to fulfill their function, because they are fulfilling the need which the community is demanding of them. In total, between part-time and full-time enrollment, they are meeting the needs of 34,000 people and I don't think that can be taken lightly. The increase this year, as I say, is much less than in other years and the universities are very cognizant of the fact that they've got to trim their own operating expenditures, make them more efficient, and we are certainly moving in that direction. We did it this very year.

I would like to point out that in comparison with other provinces, Manitoba this year has taken I think a very definite step in that direction. For example, compared to Saskatchewan and Alberta, the net operating grant for a full-time student in Manitoba this year is estimated at \$2,102 per student as compared to Saskatchewan of \$2,206; in Alberta it's \$2,854; so Manitoba's net operating grant for a full-time student is less than any of the three prairie provinces - and this is based on the figure that appears in the Estimates in Resolution 106. To arbitrarily cut it down would be to cripple the viability of the institution, something that I don't think anybody in Manitoba wants to see, nor would it do our province any good to have this happen.

MR. CHAIRMAN: The Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Chairman. I think the Minister realizes that at no time have I asked or demanded that the department reduce the expenditures of the University

(MR. GRAHAM cont'd.) . . . . Grants Commission by 10 percent, which is the figure from last year, 10 percent reduction from last year. I have asked the Minister to consider the advisability, and even though I have the right to arbitrarily put a figure in I have only asked the Minister to consider the advisability of a 10 percent reduction from last year's estimates.

I realize that we are all very concerned and I am trying to express what I consider to be my priority in educational expenditure, and at the same time the Minister has not even considered another suggestion that I made, that we establish a special committee of this Legislature to look into the affairs of the universities so that we can get first hand the information that is so necessary to give a comprehensive outlook on our post secondary education in this province.

MR. CHAIRMAN: The Minister of Labour.

MR. PAULLEY: I can't let the observations of my honourable friend pass without some comment. The member suggests by his motion that the appropriation of 106 be reduced to the sum of \$44,640,000, and then he says that he only has done this in order to pinpoint, he really doesn't know whether it should be or whether it shouldn't be, and he also indicates that what he wants to do is to find out information insofar as the conduct of the university is concerned and the propriety of this particular amount of money.

Now each year it is a requirement that we receive a report of the operation of the University of Manitoba in this Legislature which outlines the conduct of the university and its approach to all of the programs and policies and expenditures coming through under the signature of the president of the university. Now it's rather amazing to me that the Honourable Member for Birtle would make such statements as he has just made, because the information is therein contained. Surely to goodness my honourable friend is aware of the fact that in all fields of education costs are escalating. Surely my honourable friend the Member for Birtle is aware of the fact that before this government or any government arrives at its total cost input in the field of education, or any other field as well, matters are given serious consideration by the government of the day - and I'm sure that such was the case, Mr. Chairman, of the previous administration and the administration before that.

So the government does not lightly arrive at figures as suggested by the contribution of my honourable friend, and when he says that he doesn't really seriously mean this, then I suggest there is a rule of the house that says that no motion of a frivolous nature should be presented for the consideration of the committee or of the Legislature, and if my honourable friend means what he just finished saying, then I respectfully say that he is really violating the rules of conduct of the Assembly.

MR. CHAIRMAN: The Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Chairman. The Minister of Labour has a perfect right to attribute any interpretation to my remarks that he wishes to choose, but I suggest to you, Mr. Chairman, that my remarks are sincere, and I think that as long as this government or any other government continues to hide their head under the sand and not face the facts that the taxpayers of Manitoba want to see put before the people, then I suggest that we are not doing a service to the people we represent.

MR. CHAIRMAN: The Member for Morris.

MR. JORGENSEN: Well, Mr. Chairman, the Minister of Labour who saw fit to come into the debate has introduced a proposition that to me sounds rather strange coming from a Minister of Labour. It wasn't too long ago, Sir, that the honourable gentlemen opposite, when we were discussing the question of Private Members' Resolutions, they took the position that "considering the advisability" of a Private Members' Resolution did not necessarily commit the government to put into practice the contents of a resolution but rather it was a device whereby the government could take into consideration a proposal that was made by the Opposition. That's what my friend from Birtle-Russell is doing at this present time, but now the Minister of Labour changes his direction. Now it becomes frivolous, now it becomes the sort of thing that the Minister of Labour suggests should not be introduced in this House.

It's interesting to watch honourable gentlemen opposite, Sir, when they are cornered like rats, how they squirm and fight back, using every argument, even if it is a complete contradiction of what they said on previous occasions, and if my friends would start to examine some of their previous statements they would realize how ridiculous they are making themselves look. Every time a new proposition is put before them they take a different action, they use a different argument, even in contradiction of something they said the day before.

(MR. JORGENSON cont'd.) . . . . .

The Minister of Education obviously - the government is very obviously attempting to prevent the Estimates of the Department of Education from passing in this Legislature because they don't want the Minister of Industry and Commerce to come before here with his Estimates or the Minister of Health and Social Development, and the kind of filibuster, that is the non-answers that are being given by the Minister of Education to the questions that are being asked on this side of the House must be classic. Even George Johnson couldn't do as well as the Minister of Education is doing and he did pretty well. Even the former Minister of Agriculture, Mr. Hutton, would pale at the exhibition put on by the Minister of Education. At least there were answers given to questions and at least you could hear them. The Minister stands up there with his hands in his pockets and numbles, no one knows what he's saying, and even if you could hear what he's saying you still wouldn't know.

Sir, I have never seen such an exhibition of procrastination and exhibition of filibustering in all my life. Sir, the exhibition that's being put on by honourable gentlemen opposite to ensure that these Estimates do not go through and to make sure that the other Ministers don't get on -- you'll notice that all the front bench who are supposed to be the intelligent ones of this party have their Estimates through, but look at the Minister of Highways over there waiting impatiently to get on with his Estimates, so he can fill the room with his philosophy of highway construction and other things. And they are preventing him from doing that, Sir, and I suggest that the Minister of Education is doing that back row a disservice by preventing them from coming into the House with their Estimates and answering the legitimate questions that are being posed by this side of the House. I hope that this filibustering will stop and that we can get on to the Estimates of the Department of Municipal Affairs, because there are some very important problems associated with that department as well.

MR. CHAIRMAN: The Honourable Minister of Education.

MR. MILLER: Well, Mr. Chairman, I have been accused of filibustering; I thought I was answering questions posed by honourable members opposite, and the Honourable Member from Morris just posed a very important question. He was suggesting that somehow the government was trying to manoeuvre out of the question posed by the Honourable Member for Birtle-Russell. The fact is the Member for Birtle-Russell didn't just toss out a suggestion, what he did is move the deletion of about \$4 million - I'm sorry, if I'm quoting him incorrectly I'll apologize to him - it is my understanding that he moved the deletion of \$4 million from the estimates of the university. I replied by saying that to do this would be a disservice to the university, it would cripple them, because I can tell them - I told the member earlier - that the amount that appears here is far less than what the university requested from the University Grants Commission or from the government.

As a matter of fact the initial request from the universities in aggregate for operating amounted to over \$50 million and we are dealing here with a figure of 36.7, so that to suggest that we are simply trying to avoid answering the question from the Member for Birtle-Russell is not correct. The Member from Morris perhaps didn't hear the motion, because the motion was directly associated with a figure and it was a motion that stated there should be a deletion of four point something million dollars from the Estimates, and it is this figure which I cannot accept and I urge and hope that honourable members opposite also will not accept unless they are prepared to cripple the operation of the universities in Manitoba.

MR. CHAIRMAN: Are you ready for the question? The question on the amendment, that this committee consider the advisability of reducing Resolution 106 to the sum of \$44,640,000.

MR. CHAIRMAN put the question and after a voice vote declared the motion lost.

MR. MACKLING: Ayes and Nays, Mr. Chairman.

MR. CHAIRMAN: Call in the Members.

Order, please. The matter before the committee is an amendment by the Member for Birtle-Russell to Resolution 106, that this committee consider the advisability of reducing Resolution 106 to the sum of \$44,640,000.

A COUNTED VOTE was taken, the result being: Yeas, 8; Nays, 27.

MR. CHAIRMAN: In my opinion the Nays have it and I would declare the motion defeated. The Member for Riel.

MR. CRAIK: Mr. Chairman, on a point of order, I trust that this marks now confirmation of the interpretation of "consider the advisability".

MR. CHAIRMAN: Order, please. Order, please. The member rose to a point of order.

(MR. CHAIRMAN cont'd.) . . . . I would suggest it is not a point of order; it's a matter of interpretation of words. The Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Chairman. Mr. Chairman, it's rather surprising to me that we have a government which has for years, ever since they've been in power anyway, suggested that they are open government and they're open to suggestions, and here we have a resolution which . . .

MR. CHAIRMAN: Order, please. Order, please. This matter has been decided by the committee. If the member has nothing further to add to the debate, I would call for the motion. The Member for Birtle-Russell.

MR. GRAHAM: Thank you for your direction. We have a University Grants Commission which operates independent of government. We have no chance to directly question the members of that board and we are asking that these matters be considered seriously, yet here we find that the government refuses to let members consider anything.

MR. CHAIRMAN: Resolution 106--passed; 107 (a) -- The Member for Rhineland.

MR. FROESE: Does the Honourable Minister have the figures now for a breakdown of that item?

MR. MILLER: The Member for Rhineland I think is referring to the question he asked me before the lunch hour break, on the amounts payable to the various universities in Manitoba?

MR. CHAIRMAN: In my opinion 106 has been passed.

MR. MILLER: I'll give it to him personally.

MR. CHAIRMAN: You'll give it to the member privately. The Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Chairman, I'm dealing with 107. Mr. Chairman, I'd like to make just a general remark and I think it relates as well to the procedure that was followed with respect to the Universities Grants Commission. I think that the intent of the motion on 106, and my reason for rising at this time is to indicate a general feeling that many people in this province have, that in some way the cost of education must be controlled within Manitoba before it becomes so onerous that it will bear a greater proportion of our budget than it does at the present time.

Mr. Chairman, approximately 35 percent of our budget it spent on education, is devoted to education, and it would be almost like putting our head in sand if we were to ignore the fact that there is within this community of Manitoba a feeling that somehow educational costs must be controlled and that somehow action must be undertaken by the Provincial Government in attempting to try and set its priorities within education and at the same time to control the escalation that is taking place not only in Manitoba but in Canada. And I would suggest, Mr. Chairman, that the members on this side may have attempted in the motion that has been presented and not approved by this House with respect to Item 106, have attempted to try and indicate to the members opposite the necessity of something more than what is happening now be undertaken to be able to get control of the situation that many believe is really running wild at this time.

At the present time there is no indication, Mr. Chairman, of the kind of leadership that must be shown by the Provincial Government in this field. We do not have a Standing Committee of this House who can deal with educational matters. There have been of course numbers of studies and numerous studies that have been undertaken in the past. There is no doubt that there is research that's been undertaken by the Department of Education and research that has been taken by the Planning and Priorities Department. There have been people who have expressed publicly their views on education who are now within the employ of the government who obviously are attempting to try and introduce what may be referred to as a new thrust in education, but at the same time there is no evidence that we can see on this side that there is an attempt to get hold of the situation and to try and deal with it in the light of our circumstances today, in the realization that the taxpayers of this province are not going to be prepared in the future to see that their tax resources are absorbed to a greater extent proportionately than they are today.

And for that reason I would suggest to you, Mr. Chairman, there are many in the Opposition ranks who reflect the opinion of people throughout this province, and I would say probably the majority, who have been looking for leadership with respect to the control of spending and as yet have not seen that.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: When the Minister gets up to reply, I would like to have a breakdown too

(MR. FROESE cont'd.) . . . . . of the 105, 662, 000 between the various divisions. Could we have the figure for each division on which the grants are based; and could he also explain when we go to Assistance to Schools in Remote Settlements on what this particular grant is based. Is it a per pupil grant or what is the basis for these grants?

MR. MILLER: I'll say one thing about the Member for Rhineland, when he poses questions they're of a nature which I regret I don't have ready answers to. I wanted to make comment however, or respond to the Leader of the Opposition who entered the debate for the first time. I welcome his remarks, and if he had been here - I don't know if he was when I introduced my Estimates or if he bothered to read the remarks I made in those Estimates - he would recognize that we on this side are very conscious of the spiralling cost of education, and I take it from his remarks that he will support the government when we do take steps, and steps which may be painful to some people, steps which may be hard to accept by some people who are traditionally used to having a clear field and an open field with regard to education, because this government as I indicated in my remarks was very concerned about the costs, was very concerned that we don't lower the standards of education, that we don't deny education to the children of our province, that this must be given to them, but at the same time that we must find new ways of delivering the service; and I indicated that education which had clear sailing in the 50's and 60's was now faced with some very hard decisions to make and that we are in the process of making them.

So I welcome his remarks and I say to him that when we do bring in legislation and take action in that direction that we at that time will not get the criticisms that Opposition members are prone to make but that they will support us in meeting the objectives which he outlines, which is providing education in Manitoba at a cost which isn't too burdensome and which the people of Manitoba can live with without in any way endangering the future of their children.  
-- (Interjection) -- Beg your pardon?

MR. BILTON: You can't live with it now.

MR. MILLER: You can't live with it now. I suggest, Mr. Chairman, that the member's remarks when he says "you can't live with it now", the answer is the kind of answer that we dealt with just a few moments ago when apparently the rural members felt that post secondary education could be done away with completely in this province. Fortunately, they split on that issue. And now I hear the same sort of remarks from the Member for Swan River. I say to the members opposite that they cannot afford in this province, cannot afford to be behind the rest of Canada in education, that it's essential and that we must find ways in which to give that education without in any way bankrupting us, but to suggest for one moment that what we're doing today is not reasonable nor practical is not to live with the realities of the 20th century. We have to do it, and this is what people want of us. This is one of the reasons I think we're on this side of the House.

The questions posed by the Honourable Member from Rhineland, I don't have this kind of detailed breakdown. He asked how was this \$106 million made up, the \$105 million made up. I can give him rough figures, that under the Foundation levy - of the total Foundation Program there's \$128 million; there's the payment to non-unitary divisions of a million dollars; there's the Frontier special grant of a million nine; there's the property tax credits of 3.5 million; there's the unitary districts which are still getting rebates. I haven't got them broken down area by area or division by division; I have them in total. I don't know how much each division is getting because this is a very recent figure and would probably appear in the next report or the next Annual Report of the Public School Finance Board. I don't have that information with me because the Public School Finance Board has just very recently completed their budgets, or their scrutiny of the budgets of the various school boards and so it isn't information which would be in my estimate book. My estimate book is based on total figures rather than on the kind of detailed figures that he requested.

However, I can try and get them for him as the information is made available to me. As I say, unfortunately I don't have them. He mentions, for example, remote areas and how much is paid in that area. Under Remote, if I can see it here - no, I don't even have that particular breakdown unless they're classified as Special Revenue Districts of about 250, 000, but I'm not sure if that's the figure or that's the kind of breakdown he really wanted, so I regret I can't give him that particular figure; I don't have the answers that he would want.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, I would appreciate getting them even though they're

(MR. FROESE cont'd.) . . . . handed out a little later because we're paying out millions and millions of dollars and I certainly would like to know where this money is going and what the allocations are for the various divisions. I would also like to know the pupil count in each division and the number of teachers, I think, so that we in the future, and also for this year, can figure out afterwards what the actual costs are in the various divisions. This is important because I think there is a large discrepancy here. Let us know more about what is happening and what can be done. If we don't know these figures, how are we to go about and try and analyze. It can't be done unless we have the information.

The other matter about remote settlement grants, I was asking what they were based on. Is it on a pupil basis or what is the basis for these grants. And when it says under (a) School Grants and Other Assistance, what do we mean by Other Assistance?

MR. CHAIRMAN: The Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, let me rise just briefly in defence of the attempts, several attempts made by the Honourable Member for Rhineland for some specifics with respect to the Estimates before us, and while trying to maintain within the ambit of the general estimates, that this has been the pattern followed by most Ministers whose estimates we've been dealing with. You know, I can recall, Mr. Minister, having to in detail outline how the government spent \$43,000 on a blueberry patch east of Winnipeg some three or four years ago when I was Minister of Agriculture, and now we have difficulty by the Minister of Education in giving us any breakdown at all on how we spend \$106 million. We only have some 45 or 48 divisions in this province and I think these kind of requests are legitimate. It's fine to - you know, I don't expect the Honourable Minister to give us the kind of detailed questions because it's becoming apparently obvious that he doesn't know, and either that he hasn't got the kind of staff support from up somewhere high, or wherever the mandarin should be sitting, the moccasin telegraph isn't operating. And I would only take time out at this time to indicate that as with this Minister as with the Minister of Mines and Natural Resources who otherwise prides himself on knowing what he's talking about, when it comes to talking about the details of their department they know sweet nothing all.

MR. CHAIRMAN: The Minister of Youth and Education.

MR. MILLER: You know, it so happened I just happened to find what the member wanted to know. Assistance to Schools in Remote Settlements, the question was asked; I have now just discovered the answer - \$283,200 to Assistance to Schools in Remote Settlements. I think that's what -- (Interjection) -- That's right, that's one of the things. The School Tax Rebate, \$741,000 - that's the rebate that still exists for the non-unitary divisions. The Unitary Divisions is \$96,434,000 - and I'll just give it in round figures. There's the evening school grants of 196.4; there is the non-unitary divisions, one million 22; the special revenue districts at 245; the Frontier School Division grant of 1,975,000; there's the grants paid toward the education of Indian children of 1,173,600; there's -- I think you'll find this adds up to approximately about 105 point something million dollars which is the figure shown in 4 (a) which was requested.

The information as to each individual school district or school division and how much they get, I can't tell him.

He asks about enrolments. I can say that enrolments of the unitary divisions -- did you want kindergarten as well or did you want total? I can give him that too. -- (Interjection) -- Well, you know, I've been accused of not giving information. I'd love to give the information. Enrolments in unitary divisions is 224,034 - they found 34 students. Now these do not include at this time, when this was made up, the three non-unitary divisions which are now becoming unitary divisions. We should add another 5,601 to the 224,034 which I just quoted. The Remote School Districts - 6,618 students, so that a total of unitary and remote of 236,200 students approximately. The non-unitary divisions - 12,008; special revenue schools - 3,504; special schools - 542; in total in Manitoba - 247,504; and as I mentioned the other day, with the inclusion of the three non-unitary divisions this represents 95.5 percent of the students are in unitary divisions, leaving 4.5 percent still outside of the unitary divisions. With regard to kindergarten, I don't know if you want the details in quite the same order, but I can tell you there are 15,000 children enrolled, over 15,000 enrolled in kindergartens in Manitoba today.

MR. CHAIRMAN: The Member for Riel.

MR. CRAIK: A question on the figures given by the Minister, Mr. Chairman. Unitary divisions - 96,434,000, and last year showed under the Foundation Grants 108,642,000. What's

(MR. CRAIK cont'd.) . . . . the explanation of the difference of those figures?

MR. MILLER: Mr. Chairman, last year the provincial share was 77.5 million and this year it's 96.4.

MR. CRAIK: Mr. Chairman, while the Minister has those figures, I wonder if he could give us the complete set: the Foundation Grants, according to the Finance Board's Report, the value of the Foundation Program, the figures on government contribution and the total cost of the public school system which the department has been in the habit of calculating every year.

MR. MILLER: You're talking about the Foundation Program or the total cost generally?

MR. CRAIK: I'd like to get all three, if we could.

MR. MILLER: Well, the Foundation Program will total 128,578,000 as against last year of 110,846,000.

MR. CRAIK: Well, it doesn't show that in the report.

MR. MILLER: The Foundation levy - I'm now talking about the Foundation Program itself - the provincial share is 96,434,000 as against last year's 77,592,000. The levy in this year will be contributing less; it dropped from 33.2 million of last year to 32.1 million this year because of the change in the formula from 70-30 to 75-25. I think the member questioned, or asked about what is it in total and I believe I mentioned earlier today that the estimated - and this is just estimated because I don't know if they have all the details in yet - the estimated expenditures by school boards this year is about 182 million and it's estimated that the provincial support will account for about 58.4 percent as compared to about 52 percent last year.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, the Minister still hasn't given me the figures that I was asking for. I gave him a slip of paper yesterday afternoon requesting this information. I don't necessarily want to have it read out; I want it for my files and I want it so I could be able to check it, even though it's produced a little later, but I would like the grants that's paid out to each of the 46 divisions in this province.

MR. MILLER: I told the member I'd get it for him; it's in the department's hands. They're working on it and when I get it I'll give it to him.

MR. CHAIRMAN: With that understanding, can we proceed? The Member for Riel.

MR. CRAIK: I wonder if the Minister could give us the percentage for 1969.

MR. MILLER: I don't believe I have it here at all, Mr. Chairman. I have the '70-71 and the '71-72; I don't have the 1969 one.

MR. CRAIK: The figure that we received on the local levy, 33.2 million for 1971 and 32.1 for 1970 indicates that despite the move that there'll be a million dollars more collected on property taxation than there was last year.

MR. MILLER: No, no. I said in 1970-71 the levy, the Foundation levy on property yielded 33,253,000; this year the levy on property will only yield 32,144,000.

MR. CRAIK: I had my years reversed here then, but this means that for the current fiscal year, after the injection of this additional capital by the province, the Foundation levy is still going to raise from property taxation 32 million compared to last year's 33, which means that the net result of all this has ended up with only one million dollars less in the raising on local property.

MR. MILLER: That's true. It means that \$1 million less is being paid by local property, but the member shouldn't forget - and I hope he doesn't forget - the fact that there's more money being paid out towards the educational costs because the Foundation Program was added to by \$18.00 per pupil in the Foundation Program. He shouldn't forget that aspect of it either.

MR. CRAIK: Well, Mr. Chairman, I haven't forgotten it at all, but this goes back to the gut argument that has gone on in this House for the last months, years, over the public not really knowing what happened when you changed 65-35 on Foundation and 70-30 and now 75-25, but when it really comes down to dollars which they do understand because it all gets distributed onto their tax bill, it really means that on taxes - I assume the assessment has gone up significantly, too, which may mean the mill rate's gone down - but basically you're collecting only one million less out of 33 million off property taxation than was done last year, which really means that property taxes contribution to education through the Foundation Program, not the special levy but through the Foundation Program, is really in the net turned out to be almost zero.

MR. MILLER: No, Mr. Chairman, I have to reject that completely. The point is that we have increased, and as I said earlier, the costs have gone up from 110 million to 128 million which is not a million dollars - it's \$18 million as a matter of fact. Of that 18 the

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(MR. MILLER cont'd.) . . . . provincial share is by far the largest amount. That is where the biggest injection comes from; it isn't from property tax. And the reason it isn't from property tax is because the infusion of more money through the \$18.00 per pupil, and the fact therefore that the special levies in the province too didn't rise as they did in the past and in many areas the special levies did drop, the 1 1/2 mills that we deducted from everyone's tax bill is of course charged, and which is levied by the municipality, that of course is a saving to every ratepayer in Manitoba. In addition to that, the enhancement and infusion of more money into the Foundation Program itself made it possible for many school boards, Mr. Chairman, to hold, and in some cases to lower the special levy, which is a levy over and above the Foundation Program and which all municipalities or all school divisions usually levy.

The assessments have not increased untowardly.. There's a normal assessment which has been going on for the last God knows how many years, and there has been no extra assessment or no assessment which put anybody out of line as far as I'm aware. And members certainly realize that so far as assessments as between one area and another, they may take place I think in five year or seven year cycles - I'm not sure what the cycle is for assessment; I don't remember what it is for Manitoba - but all that really happens is that in any one year when reassessments take place, all that really happens is that area is suddenly perhaps charged, or feels that it is being unjustly assessed and being unjustly charged. But remember that as their assessment goes up then the special levy that's required translated into mills goes down, because it isn't the mill rate as such, it's what the mill rate yields, and if you have a low assessed area and a high mill rate it doesn't really make any difference to the taxpayer, it's the dollars he pays, because if you translate it the other way, make it a high assessed area, you apply a low mill rate to yield the same number of dollars. That's how assessment works.

MR. CRAIK: Mr. Chairman, the changes in school financing over the past year have been billed by the government as a shift in taxation, a major shift, and a great deal of fanfare was given to this over the recent months - headlines, publications put out by the Information Services, and I would think information by both the First Minister and the Minister of Education showing that finally the solution had come for the property taxpayer. But I'm not concerned at this particular moment about anything else except property taxation and the amount of taxation that is imposed by the Provincial Government on property taxes, because we know that the government's position historically over recent years has been to advocate the complete removal of school taxes off property and now we find that when we isolate property taxation and the government's portion of property taxation, which is the Foundation Levy, that last year we had 33 million levied and this year we have 32. It hasn't changed significantly. There's one million out of 33, a three percent change in property taxation and this has been billed by the government as a major shift.

Now the reason I'm putting it in these terms is simply because the government, with all the fanfare surrounding it, presented this to the people as being a real windfall for them in their property taxes, and the fact of the matter is that when you strip it down to the bones that the reduction of the Foundation, the amount of money the Foundation brings in is just about the same. There's no reduction to speak of, it's just about the same as it was last year. So I'm not going to make my argument technical which I've done for the last 12 months on this about the value of shifting the percentages on the Foundation levy - let the dollars speak for themselves. The amount of money raised by the Foundation Program is basically the same this year as it was last year.

MR. MILLER: Mr. Chairman, with all due respect to the member, I want to make these figures stand once and for all and I hope that it will be understood. He makes the point that the property tax, or the amount raised from property dropped by only one million dollars and he says, What's a million dollars? I want to point out to him that the provincial share rose from \$77.5 million to \$96.4 million, and if you compare the two figures there's no doubt that a very definite shift took place this year and the greatest increase was borne by the Consolidated Fund and not by the local taxpayer.

MR. CHAIRMAN: The Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, on the question of transportation, could the Minister indicate what the total cost to the province is of the transportation of pupils in the school divisions of the province?

MR. MILLER: \$8,600,640.

MR. GRAHAM: Could the Minister also indicate how many buses were purchased last year from Flyer Coach?

MR. MILLER: I believe the figure was 94 or 96, something like that.

MR. GRAHAM: Could the Minister also indicate the average cost of these buses per unit?

MR. MILLER: I think it's about \$6,000.

MR. GRAHAM: Could the Minister also indicate to the House the additional cost to the various school divisions, or the total additional cost to all school divisions for the rental of school buses to provide for that interim period which was caused by the delay of the centrally purchased buses?

MR. MILLER: Mr. Chairman, certainly I don't have the figure that the member would want. Last year there was a delay in delivery of the buses and some of that delay was our fault. The government does take responsibility because the legislation which made it possible to buy centrally was not passed in this House until May so the machinery to make the bus purchases centrally wasn't possible. We estimate that the savings effected by central purchasing last year were about \$115,000.

Now there was some initial problem because of some of the deliveries, and if any board had to suffer undue financial hardships we were not aware of it really. We advised them that if they did run into a financial problem which was untoward and which threw them out as far as their grant was concerned, we would certainly look at it to see whether any corrective measures could be taken. We haven't as yet, not to my knowledge, received any of this kind of complaint. In other words, what I'm suggesting is that the grant of, I think it's \$175 per pupil - I'm looking at the Member for Riel because he probably remembers the figure as well as I do - I think it's \$175 per pupil, probably covered whatever extra costs they may have had. But we did indicate to the boards who may have had to rent on a very temporary basis some buses that if they ran into a financial deficit on that account, that the Finance Board asked that they be notified so that they could look at it and see whether an adjustment should be made. To my knowledge there has been no such request and I'm not aware of any.

MR. CHAIRMAN: The Member for Birtle-Russell.

MR. GRAHAM: Could the Minister attempt to get this information and provide it to me at some later date? I would like to know whether it was in the neighbourhood of half a million dollars or a million dollars or just how much it actually did cost.

MR. MILLER: Only if we know, only if that information is available to us.

MR. CHAIRMAN: Before we proceed, I don't mean to imply that debate should be curtailed but I wonder if some of the questions pertaining to specific details would not be better proceeded with by means of an Order for Return. The Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): I'll be very brief, but I'm very interested in what the Member for Birtle-Russell brought up, because if you remember, about a month ago I asked the Minister on a particular allotment, or approximately 136 buses or units that were bought from Western Flyer Coach, and at that time I suggested that perhaps could they have been bought for about \$80,000 more than the lowest bidder, and I think the Minister was going to look into this. This may not be so, but I think while it is a detailed question, I think it is important that we know, because while he mentions that the savings were \$115,000 by buying some of the other buses through Western Flyer Coach, I still think it's important that we should know what the cost, while they had to wait for these units, the cost of the rentals, leave alone the fact that it caused perhaps some trouble with some school boards. I think these amounts are important and I do wish the Minister could supply us with some of those figures.

MR. CHAIRMAN: The Member for Birtle-Russell.

MR. GRAHAM: On a point of order, Mr. Chairman, is it not a fact that an Order for Return must involve two or more departments?

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, in connection with securing the information by Order for Return, certainly it would be far too late to discuss it in committee here now. Are all these buses that were bought of one type - are they all from one company? Is that the contract? And do division boards no longer have any say as to what type of bus they want or whether they would prefer buying other buses? Does the whole matter of transportation now rest in the hands of the Public School Finance Board?

MR. CHAIRMAN: The Minister of Education.

MR. MILLER: Well, Mr. Chairman, the whole purpose in central buying was to make

(MR. MILLER cont'd.) . . . . it possible to take advantage of bulk buying in order to get the best prices, and it was felt that the most efficient and most businesslike way of doing it was to buy through a central agency in a lump sum rather than have each board tender and buy what it wanted at whatever prices, the lowest prices it could get. And the estimate, as I say, based on last year was that there was a considerable saving by buying it centrally.

And the question what about the school boards, how did they become involved, they are involved to the extent that they indicate to the Finance Board, and have to satisfy the Finance Board that they need the bus, that the bus that they have needs replacing or that they are going into it for the first time because of increased enrollment and longer routes. They indicate how many buses are needed, and once they have done that it's true they are out of the picture, because they don't pay anything towards it whatsoever. The entire cost is paid by the School Finance Board and it's applied to the school board.

We have had -- I'm happy to say that we've had no problem with buses supplied last year, there has been no problem brought to my attention by anyone outside of that dislocation because of the very first year of operation, and considering that it was the first time it was attempted, although there were bugs and there were delays, nonetheless they have been overcome and everyone who requested buses got them. Whether they got them on the exact date they wanted them is something else, and I expect that this year it would run even smoother, that the buses will be delivered much earlier because we weren't held up as we were last year by the legislation.

With regard to the comments by the Member for Steinbach, I remember him asking a question or using a figure of something like \$80,000 - I think that was the figure he used. The buses this year were purchased through Western Flyer Coach - I think the total was about 120-odd buses if I remember correctly - but the amount involved was nothing near the figure that the member mentioned. I believe there was, by buying it through Western Flyer Coach, we paid about 4 to 4 1/2 percent higher than if we had combined, if we had taken the various other lowest bidders in every case. But frankly, it was felt by the Purchasing Bureau that it was in the interest to buy it from the one source and they showed a bias in favour of Manitoba industry, Manitoba employees and Manitoba business, which I share, which I share and which I thought was the right way to handle it. So that overall, we are still ahead of the game and benefiting by buying in bulk through a central agency than by leaving it to each individual school board to try to make the best deal they can in their local area for two buses, one bus or five buses as the case may be.

MR. CHAIRMAN: The Member for Riel.

MR. CRAIK: On this point, Mr. Chairman, I enquired of the Minister earlier in the year about this issue and I am glad to hear we are getting some figures now on the different costs on it. The major point of contention at the time was that the tenders were never revealed, and this is rather an unusual departure from normal practice of purchasing, and to my knowledge the tenders on these buses has still not been revealed. Although it's advantageous to give the business to a Manitoba firm, there were other firms who had been in business in Manitoba for some time and of course felt it was their right to know what the tenders were on the buses - and I still think it's their right and I think that this is something that the government has to be very careful that they don't try and conceal.

Now the Minister has said that in overall terms he felt that the costs extra was 4 to 4 1/2 percent but it was worth it to provide the jobs for people in Manitoba, but I think if that's the government's position they should make it clear because there were other distinct disadvantages. First of all, people that were here in the bus business distributing and servicing have had to close their doors and get out of the province; and secondly, the school divisions, most of them had got to the point where they had narrowed down their line of buses to one make more or less because they have to carry a supply of parts, and if you have 12 or 15 or 20 buses in a school division they have to carry enough parts that are needed on a day-to-day basis so they can keep these buses running. Then the grafting on the Western Flyer Coach buses onto their system meant that they had the additional problem of stocking parts for Western Flyer Coach, which I don't know whether the Minister has taken into account.

I think one other point here is that if the government is going to go into buying only one kind of bus, namely a Manitoba made bus, 120 if that's the figure for this year, then I think they have to give some consideration to proving these buses out from a technical point of view. As the Minister is probably aware, the reason that the Metropolitan Corporation raised some

(MR. CRAIK cont'd.) . . . . . concerns about Western Flyer Coach buses was that the frames were not standing up and that they needed some refinement. Now it's doubtful if these refinements are going to happen unless you've got a competitive market place. If you are removing all competition in the market place for the manufacture of buses, there is no way of forcing the manufacturer to make his changes. I think the government is putting itself in a very vulnerable spot by eliminating all other people in the field except Western Flyer Coach, and at some point of the game you have to evaluate whether the whole exercise is actually worth what has been happening.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, since we are now discussing the matter of buses, what other areas have been explored by the Public School Finance Board in the way of centralized buying. Are they buying in other areas centrally, and would the Minister mind tabling the bids for the buses?

MR. MILLER: Mr. Chairman, in reply to the Member for Riel, we concur that the buses that we buy have to stand up, they have to meet our specifications. Specifications were drawn up by our department and have to be met, and if these specifications prove to be inadequate, even though they are drawn up by our own people, then they'll certainly be raised so as to make sure that the buses we do buy meet the requirements of Manitoba and Manitoba highways, the kind of beating that buses do take on Manitoba roads. With all due respect to the Minister of Highways, there are some roads that are pretty rough and this has to be taken into account. But this is no departure from the past where the buses had to meet the specifications laid down by the department and by the committee that deals with them.

I can assure the honourable member that we don't intend to get ourselves in a bind where we are buying buses from one company whether those buses stand up or not. If the company cannot produce a bus that will meet the specifications and the needs that we demand of it, then we are not tied, we can buy them elsewhere. That doesn't in any way deny or denigrate from the value of central purchasing. I think that aspect of it should be maintained; I think there is value in central purchasing.

So I have to say to the Member for Rhineland, which is in a similar vein, we have not yet gone into any other area. We decided on buses because it was such a large amount. I mean you are not dealing with chalk and pieces of paper and so on which are pennies, you are dealing with substantially large sums of money, expensive pieces of equipment which lend themselves to central buying and this is what we did.

We are exploring, we are exploring other areas where perhaps central purchasing would be a saving and a saving to the school division or a saving to the province, to the Finance Board which means a saving to all citizens of Manitoba, and if we can, and since there is a concern expressed about the costs of education, this is one of the costs and it is this sort of thing that we have to address ourselves to in trying to bring costs down. If we have to use this approach in bringing costs down then we will use it, and it may mean that we may be going into the purchasing of other materials, particularly expensive materials, and where we can see that there is an appreciable saving then certainly I have no hesitation in going in that direction.

So while we haven't yet gone beyond buses, I'm not saying we're not going to, and we are looking at other items that could be purchased through a central buying, maybe audio-visual equipment of some kind, it may be in the field of hardware where perhaps it would be better or more economical and you might be able to get a better price if you bought 100 units instead of 40 divisions buying two or three units each.

MR. CHAIRMAN: The Member for Riel.

MR. CRAIK: Mr. Chairman, I agree with the Minister that there are advantages in central purchasing and that's not at issue, but the point at issue is making public the tenders because this is done in other areas of government contract letting and I, you know, take the example of the control structure on Lake Winnipeg. The tender has been let to a B. C. firm because they were by far the lowest bid I gather, and I think the same is true when the government builds a new building, that the tenders are open tenders that are opened and examined and everybody that tenders knows where he stands and he's got then the ability to go back and rectify whatever he thinks may have been wrong with the tender.

But we seem to have a different situation on school buses. We're granting the contract for school buses to Western Flyer Coach but we are not telling the competitive bidder what he bid, and you are putting yourself in a very vulnerable position in doing it. I think a wrong

(MR. CRAIK cont'd.) . . . . position because in every other aspect of government tendering - and these are tenders, open tenders for these buses, but nobody is ever told whether his tender was high or low. So really you are forcing the issue where anybody other than Western Flyer Coach in this case is just going to have to close his doors and get out, and then when he tenders later from outside the province, without an operation or base of operation here, he'll probably be too high and you're eliminating all the competition. So the question is, does the Minister not think that -- can he not see fit to make these tenders open tenders in the same manner as the contract for a building or for the construction of a bridge or any other type of thing that lends itself to the open tendering system?

MR. MILLER: Mr. Chairman, I'm sorry I neglected to deal with that matter, but it's my understanding that the policy has been long standing in Manitoba that tender prices are not made known except in the things he mentions - tenders on buildings, tenders on highway construction I believe are made known, but I was told that tenders for trucks or cars, for anything purchased by the government has never been made public to anyone at all. I don't know why not, but this I gather has been the practice in Manitoba and this has been the practice of the Purchasing Bureau or the agency has always practised. I'm not defending that policy, I'm just saying that is an existing policy and apparently has been in existence for longer than either one of us has been in this House. I'm only repeating what I'm told.

MR. CHAIRMAN: The Member for Riel.

MR. CRAIK: Mr. Chairman, I don't think we can look entirely at other tendering systems such as Highways Department. Prior to central purchasing tenders for buses, for school buses were let by the school boards, and when those tenders came in everybody that tendered, whether it was General Motors or Wayne Coach or whoever it was tendering on them, or Chrysler which is a common one in Manitoba, they always knew after the school board decided. They were open and they could see whether they were high or they were low and why they weren't purchased - and sometimes maybe they weren't low -- (Interjection) -- I know they are but the bus companies aren't, the bus companies are still in business.

But what the Minister is saying is the transfer of tendering from the school divisions to the government has brought about a system that is entirely different than the past. He's using the past system of the Highways Department or the Public Works Department. The point is that that cannot be used as the basis - perhaps he can use it as the basis. The point at issue is whether or not it's a proper one. But in the past in the school system the tenders were open and the bids were made known, the tenders were made known and now they're not, and the point at issue is whether or not the government will not continue the practice that has gone on in the Manitoba public school system of making these tenders open to the public because that is a departure.

MR. CHAIRMAN: The Minister of Youth and Education.

MR. MILLER: The major departure, Mr. Chairman, is that the school boards are out of the business of buying buses and now they are being bought by the government, and once they're bought by the government then we have to follow the regulations, the administrative procedures laid down by the government for other departments as well in their purchasing. These buses were tendered by and through the Government Purchasing Bureau in its normal way and it was handled in the normal way.

As I say, I'm not arguing with the member whether or not they should be made public, perhaps the entire method of purchasing by government generally should be reviewed in that light, but to argue that because the school boards didn't make these tenders known to the various firms that bid on them really doesn't enter into it because the school boards are not now tendering; they're not now doing the buying. The government is doing the buying and therefore the rules under which they operate are the rules which govern the Government Purchasing Bureau and not the rules which may govern the school boards, but rather the whole procedures that are followed by government generally when they do their purchasing through the Purchasing Bureau.

MR. CHAIRMAN: The Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, I just want to endorse what the Member of Riel said and I hope to encourage the Minister by taking this step. Regardless of how often the Conservatives or the former Liberals have taken this attitude, I think this is an important principle, and I don't mind mentioning the fact that even if the Minister of Transportation says, "We sell the Macdonald building; we sell it to the Hutterites, but we take the highest bidder" -

(MR. BARKMAN cont'd.) . . . and I give him credit for that, I think that policy is good and that principle is correct - but I think we've got to realize if you take each municipality - and by the way I guess there are a few school boards left that can still say they want to buy their own buses; perhaps the Member for Rhineland still has an advantage on the non-unitarian basis - but in the meantime, municipalities are always warned, and I think with good purpose, that the complaint is not so much where you buy it but the fact that it is established that it has to be opened up, the tenders have to be exposed, and perhaps over the years through the central buying agency you may be saving some money and nobody's going to dispute with you on that point, but the fact that the tenders should be legally widely opened, I want to encourage that with the Minister and I hope that's going to be a future plan for this government, because if they claim to be an open government this is something that has to be opened.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Before we leave the item, just one further question on this. Will the Finance Board take on the responsibility of central buying for other departments of government or will it be restricted to the matter of financing and providing facilities for schools only?

MR. CHAIRMAN: Well, I think that question has been answered. The Minister of Youth and Education.

MR. MILLER: I can't conceive of the Finance Board getting involved in anything that's not within the ambit of the public school system.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: The other question is, these buses I take it were bought from a manufacturer. Were other manufacturing companies contacted in this or were just agents of companies?

MR. MILLER: Well, there were other bids. I'm not sure whether they were through -- I think they were through dealers rather than through companies because there is no other company in Manitoba, so it would be dealers who are headquartered in Manitoba who I think tenders on behalf of a certain company. The other companies are all in Ontario, if memory serves me correctly. I don't think any of the companies tendered directly to the best of my knowledge. As I say, I think they work through some local agents, whether it be one dealer in Manitoba that they would tender to.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: The point I raised this question is that the Saskatchewan Government goes directly to the manufacturers when buying automobiles for their government and they get a terrific cut on prices. This is why I was asking this question, whether they went to other manufacturers.

MR. MILLER: The member may not recall, but at a meeting of the Prairie Economic Council the three Premiers all agreed that in view of the fact that the three major - I think it's four, the big four who decided this year not to give fleet discounts to the provinces - the three prairie provinces agreed that they would not this year buy any automobiles in any of the three prairie provinces, and to my knowledge this freeze on this year's buying is still on so there was no fleet discount offered. I think the member is referring to other years and not to this year.

MR. CHAIRMAN: The Member for St. Vital.

MR. JAMES WALDING (St. Vital): Mr. Chairman, just before we leave the matter of school buses, it's my understanding that where school buses are required in rural areas that the Department of Education pays the cost but does not pay for them within the Greater Winnipeg area. There are some children living within suburban school divisions who live in what is practically a rural area, too far to walk to school and nowhere near a bus route, and this means that the school board itself has to foot the cost of these buses which is of course a direct charge on the taxpayers within the area. Would the Minister consider a change of policy in view of this obvious inequity?

MR. MILLER: Mr. Chairman, I'm not quite sure of the whole implication of that question. I do know that there are school divisions in Metropolitan Winnipeg who do have bus transportation systems. These are the ones that overflow into the rural areas, go beyond the Metropolitan Winnipeg, what's known as the Metropolitan Winnipeg area - Transcona, Springfield, I think Assiniboia South, I know Seven Oaks which goes north into West St. Paul - they do have a bus transportation system and it's covered like any other. Perhaps the member is talking about those school divisions and those children who live within a city or within

(MR. MILLER cont'd.) . . . . the built-up area and there is no provision anywhere of allowing for or recognizing their needs. There is a distance, I forget what it is, which a child - or it's assumed that they can get to the bus line or they can get to school within a certain distance, but if the member was enquiring whether any of the urban school divisions did qualify for buses, I can tell him they do. The only criteria, if I recall, is that they are servicing an area outside of the city, outside of the built-up area and are bringing in students from outlying districts, in some cases as many as 30 and 40 miles away from the school that they're attending.

MR. CHAIRMAN: (Resolutions Nos. 107 and 108 and Sections (a) and (b) of Resolution No. 109 were read and passed.) (c) -- The Member for Riel.

MR. CRAIK: I wonder if the Minister could indicate here on Vocational High Schools, what is the present status of the federal funding program. How much money do we have left in it and what is the proportion on the buying now - or on the cost.

MR. MILLER: The honourable member no doubt recalls that there was money made available on a 75-25 basis, then it was finished, cut back to a 50-50 basis. The Federal Government finally decided that rather than continue metering it out on that basis they would make it available, make the total amount available - I think it was \$22 million that was left in the pot - they would make that available to Manitoba over a two-year basis with the understanding that we would spend it and that that was the end of their commitment. So they have made their initial payments for '71; in 1972 we'll receive the balance of that money and we will be simply using all federal funds. In other words, as we are building these various schools that are now under progress we're using totally federal money for it. When we've run out of that then we are on our own. The obligation we have is that by 1974 we will have expended all the federal funds that are available.

MR. CHAIRMAN: The Member for Riel.

MR. CRAIK: Mr. Chairman, this is actually a major announcement that the Minister is making here which I don't think the House was aware of before; I certainly wasn't aware of it before. If an advance has been made, does this mean that there has been an advance to Manitoba for this year already of eleven or twelve million dollars - half of the value, total value?

MR. MILLER: Yes, there was that amount paid in a lump sum rather than being paid as they had in the past every time we sent them an individual bill. They paid us a lump sum of money and this money is simply being used to pay the bills as they're presented by the various school divisions where the schools are under construction. It's new in the sense that this isn't the way we did it before, but I don't think it's -- it's not a departure, it doesn't mean we're getting more money, it's a difference simply in how they're handling their money.

MR. CRAIK: Mr. Chairman, are the monies specifically earmarked for vocational schools?

MR. MILLER: It's only used for that purpose.

MR. CRAIK: Does the money for this year show up in the Minister of Finance's budget?

MR. MILLER: No, I don't believe so. The money is turned over to the Minister of Finance but I don't think -- it's sort of in trust and not something that is available for the Minister of Finance to use except for that particular purpose.

MR. CRAIK: Are there any new schools that have been announced that will utilize these funds?

MR. MILLER: Well, there's a school at Hanover which hasn't been finalized. It has been announced in the sense that the letter of intent was accepted; the decision to go ahead has been agreed to. Brandon too will be getting a school and an architect has already been appointed. The site hasn't yet been finalized but an architect is already working on plans. So there's the Hanover and the Brandon School; we are looking at other areas but they have not come to a final decision yet.

MR. CRAIK: . . . confirm this, Mr. Chairman, this 11 million doesn't show up in the Minister of Finance's budget, the transfer of funds from the Federal Government which total 19.3 million, which is 11 plus 8.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: While we're on Vocational Schools, when can people in southern Manitoba expect a school in their part of the province. I think we're interested as much and probably entitled, I would think, entitled to a school of this type. What are the prospects for

(MR. FROESE cont'd.) . . . . a school of this type in the near future in that area?

MR. MILLER: Mr. Chairman, the prospects for a school in southwest Manitoba - I would refer to it perhaps as the Pembina Valley area or Pembina area - would be greatly enhanced if all the divisions there were unitary, because the problem of where do you put the school, what school division's going to take responsibility when there is no one school division which really is in a position to assume full responsibility for such a school because there is a considerable cost involved. A suggestion was put forward that a school be built there but it not be attached to or put under the responsibility of any school division, but rather it be a regional school built by the government and sort of operated separate from the school systems within that area. This is a complete departure which I'm not sure we can accept or we can follow because it sets quite a precedent.

I can only tell the honourable member that if all the school divisions in the area were unitary and they felt that they wanted to support such a school then certainly it would make it a lot easier to make a decision. It makes it very difficult to build a school where you have the kind of split jurisdictions with some agreeing, some not agreeing, and not being able to get a consensus and an agreement on the sharing of responsibility, and by that I include the sharing of costs that are part of that responsibility.

MR. CHAIRMAN: (The remainder of Resolution No. 109 and Sections (a) to (b) (2) of Resolution No. 110 were read and passed) (3)-- The Member for Rhineland.

MR. FROESE: I note that the Teacher Recruitment Program is reduced very substantially, but is it necessary at all to maintain a program of this type?

MR. MILLER: Mr. Chairman, the Teacher Recruitment Program is indeed cut, and whether the amount shown will be spent is also questionable. There may be some because there's certain areas where there is still a shortage - and I'm talking about the specialist areas. There may be some spent but this item may indeed not be spent. It was put in however in the event that we needed it.

MR. CHAIRMAN: (The remainder of Resolution No. 110 was read and passed) This item completes the Department of Youth and Education.

. . . . Continued on next page

MR. CHAIRMAN: The Minister of Industry and Commerce.

MR. EVANS: I'm acting House Leader. I wonder if you'd now call the Department of Municipal Affairs, the Honourable Minister of Municipal Affairs.

DEPARTMENT OF MUNICIPAL AFFAIRS

MR. PAWLEY: Mr. Chairman, I find myself in a very . . .

MR. CHAIRMAN: Excuse me. Just before we proceed, may I present the resolution so we have something to discuss. What number's that? I haven't got my glasses with me today. Resolution 75 1, (a) The Minister's Salary.

MR. PAWLEY: I find myself in a very awkward and difficult position because I have been so thrilled over the past several days in sitting here and waiting for my turn to arrive, listening to the very fine commentaries of the Minister of Education, the tremendous detail in which he was able to divulge and to deal with matters pertaining to his own department. On my part, I tend to be a person of few words and I'm not quite sure how I'm going to match the Honourable Minister of Education in this respect; I find this is a very difficult challenge to overcome.

In commencing, I do wish to extend the usual words of appreciation to those in my department who have really provided excellent team work over the past year. I would mention in particular, of course, my deputy, Mr. R. L. McDonald, commonly known as "Frenchie", who is held in very high esteem by the municipal people in this province; he's been of a tremendous assistance, along with the other various people that have been working with me in the past year in the department.

The last year has been an active year insofar as we have had a number of committee meetings throughout the province, legislative committee meetings, dealing with various matters arising within the municipal affairs area, in particular of course, the matter of assessment that has been concerning us all. Arising from those committee hearings, there will be a number of amendments proposed to the Assessment Act this session. There was considerable input from various public representations that were made.

There are other matters, of course, that we've referred to that committee that our department is presently working on. In particular, I would mention the National Building Code, and we're still expecting to introduce legislation this session that will make the National Building Code mandatory insofar as the major urban centres, major areas of Manitoba are concerned, with some exemption insofar as the rural or predominantly farm areas of the province are concerned.

One of the matters which has taken a great deal of attention over the past year has been the entire matter of additional input and drive in the field of housing. One of the problems faced, particularly during the first seven or eight years of this past decade, 1960 to 1968, was very little input insofar as direction was concerned in regard to public housing. While a large predominance of the citizens of this province - in fact according to the 1961 Census total, a little over 50 percent - earned \$5,000 income and under, very little percentagewise of construction starts, housing starts was directed to the heads of those families insofar as housing needs were concerned. In fact, in the years 1968 to 1970 of approximately 28,000 housing starts in the province, only actually 1,000 houses constructed could be said, by the method of working out the calculations of payments for rent or for mortgage payments, could be said to be housing that would serve those of the income group \$5,000 and under, so that there has developed certainly a realization, I think, by the vast majority of the people of the Province of Manitoba, that there must be tremendously increased initiative and effort in the area of public housing. Not that public housing is in itself insofar as removing the housing problems in the province, but certainly this method can provide an enormous contribution, so that the Housing Corporation, with the government, has established a five-year estimate of the construction starts. Information was tabled earlier in the House indicating the areas to date during last year and the early part of this year that have received housing unit starts.

Public housing, besides of course providing more decent housing, eliminating much of the substandard housing by the very fact that public housing is being offered as an alternative, providing opportunities for families to live with some dignity within shelter of reasonable standards, provides of course tremendous economic generation within the province, and I would therefore like to just deal very briefly with some comments that were made earlier this session on construction starts in housing in the Province of Manitoba, because it has been suggested that construction in housing is down and that we are in fact facing a serious problem

(MR. PAWLEY cont'd.) . . . . . - and unfortunately, I think some of the remarks that were passed in this respect were passed in a political way in that it was suggested that, because the Manitoba Government was an NDP government, that housing was down from previous years. These comments caused me to wish to have some research done as to what the actual facts are on housing starts, and I would like to read into the record very briefly the record of construction starts in Manitoba from 1965 to 1970: 1965 - 5,969; 1966 - 5,252; 1967 - 5,837; 1968 - 6,456; 1969 - which was the boom year in housing units construction starts in Manitoba - 11,844; and last year, 1970, which has been recognized as a year of economic difficulty right across Canada, housing construction starts, 8,945 - in fact more than any single year between the years 1960 and 1968.

I can recall comments made in the House a few weeks ago that some way or other Manitoba, and in particular Greater Winnipeg, was dragging its feet in housing starts as compared to Saskatchewan, which had surprised me that this comparison would be made, and Alberta.

MR. STEVE PATRICK (Assiniboia): . . . give us a breakdown. This is total housing starts, multiple, apartment units and everything. You're talking about units. Can you give us a breakdown of multiple and single dwelling units?

MR. PAWLEY: I will take that question under advisement. I believe I can. As I mentioned before, it's units.

Now I would like to, therefore, because the comments were made earlier, refer to the Central Mortgage and Housing Corporation, Housing Statistics Report, April 1971, and quote from that report: "With the exception of Winnipeg, prairie metro areas showed a general decrease in completions compared to last year. For example, for the first four months of this year, 1971, there were 2,175 completions in Calgary as compared to 2,962 completions in the same period last year. In Edmonton, there were 2,152 completions from January to April as compared to 2,507 units completed in this period in 1970. In Regina, there were 310 completions to date as compared to 615 units the previous year. In Saskatoon, this year's figures were 164 units, last year's figures were 559 completions. In Winnipeg, completions for the first four months of 1971 showed an increase: There were 2,486 completions in this period as compared to 1,422 units completed from January to April last year, so certainly the statistics indicate that certainly there has not been a sharp decrease in Greater Winnipeg. There has been an increase, a substantial increase, despite the trend elsewhere in western Canada.

-- (Interjection) --

MR. CHAIRMAN: Order please. I wonder if it might not be better if the Minister completed his remarks and save our questions until the end. The Minister of Municipal Affairs.

MR. PAWLEY: Now, the reason for this generation of economic activity in the housing field, I suggest, in Manitoba as compared to what appears to be a general trend of decline and certainly in the major urban centres of Saskatchewan and Alberta, is due to the fact that this government has advanced on a housing program of significant proportions, and the figures which I indicated, of course, include both the public and the private sector, but in these figures in themselves is substantial public input which I make no apology for; in fact, I suggest that it is only unfortunate, in looking at the situation elsewhere in Canada, that similar input hadn't been provided in other provinces in order to sustain or to maintain that economic level in order to ensure that there are adequate levels of employment within the housing construction industry. In fact I would suggest that, because of this generation of economic activity, the Minister of Labour was able to announce May 13th this year that the rate of unemployment in Manitoba had declined in contrast to the increases which took place in unemployment in much of the other parts of Canada.

Now, despite these remarks which I have made about the generation of activity in the housing field, I would be the last to suggest that we can take inordinate pride in our housing activity. Certainly, though, there has been a shift, a move towards greater housing emphasis in the last year or two. That housing emphasis still is not sufficient in order to contend with what are the real serious difficulties and problems facing us in housing, and in saying this I look at the Honourable Member for Birtle-Russell and some of the communities which I have been in very recently. His area, which I'm sure he would agree with me, requires tremendous housing activity in order to remove some of the very poor, substandard housing, so that we have a long way to go in order to accomplish the objects which I think we wish to purchase for ourselves insofar as all sides of this House are concerned.

There may be some comments in respect to the provincial employment program and I

(MR. PAWLEY cont'd.) . . . . had opportunity to make some comments earlier in regards to this program. Moneys were made available, of course, as members know, from this department for municipalities, the Hospital Commission, hospitals throughout the province, and for reserves in order to generate local activity in projects that would create jobs, and this too, I think, along with housing, has contributed in a very significant way to the reduction of unemployment in Manitoba.

Two areas involving boundaries are concerning us at the present time. First, of course, is the report, the Local Government Boundaries Commission Report, which was issued at the conclusion of 1971, commonly called A Provisional Plan for the Structure of Units of Local Government Outside the Limits of Metropolitan Corporation of Greater Winnipeg; and secondly, the Brandon Report which is a Special Commission report which had been completed.

Insofar as the Local Government District Boundaries Report dealing with rural areas, the position which I've taken during the past year is that this is a matter of, certainly, boundary changes. The previous government recognized it as an important matter, rural areas; thus they set up the Commission. But it is not a matter which is of such priority or such ultimate end in itself that I think that the government wishes to spur ahead without ensuring that there has been adequate discussions and meetings with the rural people, the municipal people that are involved in municipal government, in order to ascertain whether or not there is at this time any real benefit in rural boundary changes, and I anticipate that over the next year or two there will be ample opportunity to be able to pursue these discussions. And on this point I was rather interested that some members -- and actually I'm not thinking of members sitting in this House, but the Leader of the Liberal group during the Ste. Rose by-election, who had made statements to the effect that this government was intent upon the destruction of municipal government in rural Manitoba and that municipalities in the main were going to be abolished and were going to be concentrated or congregated into large area groups, and of course it goes without saying that any such suggestion is without any foundation and I think most honourable members recognize the statement for what it was - a purely political statement made at that time, and I wish to assure the members of this House that there is no intention to proceed until there has been ample opportunity for an evaluation of the municipal attitude on this question.

The Brandon Boundaries matter is a different matter in that there is a great deal of debate taking place between the City of Brandon and the R. M. of Cornwallis as to the boundaries there, and as a result of this debate and because of requests, certainly concern is expressed by the City of Brandon. The government established a commission. Under the Chairmanship in the form of one-man Commissioner Dr. Domage (?), they've introduced the report and the government is now considering this report as to the steps that will be undertaken arising from the recommendations contained therein.

The Emergency Measures Organization, which had originally been in this department, has now been transferred to the Department of Mines and Natural Resources.

A matter which has taken a great deal of time in this department over the past year has been matters arising from the possibility of future federal-provincial-municipal consultation, and Manitoba enjoyed the privilege of being the host to a conference involving Municipal Affairs Ministers and their support staff, approximately one month ago, in which it was decided that the provinces would in fact proceed with consultation meetings, set up the machinery in order to explore the principle of holding consultation conferences with the Federal Government and the provinces and municipal representatives across Canada. This was a decision to proceed with a three level conference; it was a first historically insofar as bringing about discussions among all three levels of government. Certainly in the past several years, it's becoming increasingly obvious and clear that the Federal Government, for instance, must become much more involved in the urban problems facing urban Canada. The increased problems arising from pollution, traffic congestion, housing, planning are but a few of these examples and the municipal resources in urban centres are not adequate, not sufficient in order to contend with these greatly increasing and pressing problems, and it is urgent that such conference discussions do take place involving all three levels of government, and it would be my hope that these discussions can lead from that point to real concrete steps in facing some of the problems, contending with some of the problems facing urban Canada.

On the question of the automobile insurance corporation, . . .

MR. CHAIRMAN: I wonder if, before the Minister proceeds on another item, it approaches the hour of 4:30 and, pursuant to Legislative Standing Order 19 (2) I must interrupt

(MR. CHAIRMAN cont'd.) . . . . . the proceedings in order to let the House proceed with its consideration of Private Members' business. Committee rise. Call in the Speaker.

IN SESSION

MR. SPEAKER: The Honourable Member for Sinnipeg Centre.

MR. J. R. (Bud) BOYCE (Winnipeg Centre): Mr. Speaker, I beg to move, seconded by the Member for Flin Flon, that the report of the Committee be received.

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

PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: We are now on Private Members' hour. The proposed resolution of the Honourable Member for La Verendrye. The Honourable Member for La Verendrye.

MR. BARKMAN: Well, Mr. Speaker, I don't know if this is an honour or a dishonour to be the first one to speak on the new rule of 19 (2), but I must confess at the start that my remarks were kind of condensed from two months ago, and at that time I was thinking more of 40 minutes than of 20 minutes, and I hope, Mr. Speaker, you will forgive me if I stay pretty close to my mark because I want to try and get through in the 20 minutes for various reasons, and one especially, that that is the end of my speech of 20 minutes.

Mr. Speaker, I rise to speak on this private resolution concerning foreign investment in Manitoba and a proposed Manitoba Code of Good Corporate Citizenship. The resolution is relatively long, as you noticed the other day. Its purpose, I believe, is clear and so I will attempt to hold my remarks to a brief explanation of why I feel that such a resolution is necessary at this time.

The purpose of this resolution is to make it extremely clear, once and for all, that foreign capital, if well behaved, is desired, is required, and welcome in Manitoba. It is necessary to make such a resolution in order to clear up some of the ambiguous statements that have been made in recent months, Mr. Speaker, by various representatives of the present government. There have been conflicting and contradictory statements on economic policy and in development by the Finance Minister, the Minister of Mines and Natural Resources, the First Minister, and several backbenchers especially the Honourable Member for Crescentwood.

It is not the purpose of this resolution, Mr. Speaker, to embarrass any of the members of the present government. I believe that they have some honest disagreements in caucus on the advisability of attracting foreign capital, especially American capital. It must be, I believe, made perfectly clear to prospective investors in Manitoba what the extent of their welcome will be and what behaviour is expected of this government, or of them, also those that will be investing if they choose to locate in our province. When the First Minister and the Minister of Finance made trips to foreign countries or foreign capitals in search of industry for our province, I think we can only applaud their diligence and their initiative. But when the Honourable Member for Crescentwood, who holds a special position in the party caucus, publishes a treatise entitled "Close the Forty-Ninth Parallel" and speaks about not only prohibiting foreign investment but expropriating foreign-held assets, who can be surprised when the diligence and perhaps the initiative is in vain? Coupled with that, Mr. Speaker, the growth of the waffle faction in the National NDP Party, as shown by their frankly surprising strength at the recent leadership convention, I think it becomes evident that some sort of statement of principle by this government is required.

The waffle faction of which the Honourable Member for Crescentwood is a member - and I'm sorry that he's not in now but I have to say it anyway - I believe they hold some ideas about foreign investment and development of resources that could be dismissed as merely the misinformed murmurings of a radical left group were it not for their sole support of the convention, and we realize they got a tremendous support; I think most of us were quite surprised at the amount of support they did get. The position of these wafflers cannot be dismissed lightly, Mr. Speaker, not only because of the notorious nervousness of investment capital, but because many prospective investors lack the perspective that we in this country have in regard to this relatively small but high vocal group of radicals. With no clear and hopefully welcome statement from the government, which is what we propose in this resolution, prospective investors will consider the wafflers' statements in the context of the whole political structure in this province and, rather than risk the banishment of expropriation that they speak of, will settle elsewhere -- and I wish I had time to answer the honourable member. My left ear is

(MR. BARKMAN cont'd.) . . . . pretty sharp; my right ear is not so good, but I don't think I better take time at this time.

Lest anyone doubt that Manitoba needs foreign capital for development, Mr. Speaker, I would like to point out a few facts. The overwhelming weight of economic opinion, including the Economic Council of Canada, including the Ontario Economic Council, point out that in this decade of 1970 and the decade to follow we will be facing a serious shortage of development capital. With this shortage of capital for development, there will naturally be tremendous competition for the funds that are available. The world, Mr. Speaker, as we all know, doesn't seem to be as large a place any more as it was; in fact I think we can say it's perhaps shrinking; and we will be faced with competition from not only other provinces in our own country, but from other developing nations: from Australia, South America, Africa and many others; and without this capital for development, without this foreign investment, Manitoba will never reach the greatness that I think we all dream that she should.

I know the Member for Crescentwood disagrees with the need for foreign investment, Mr. Speaker, but let me point out to him and through you, Mr. Speaker, and to this House, that no modern nation has ever developed economically on its own capital. Even the United States, which is generally regarded as the economic giant of the world, has developed with capital from Britain, developed with capital from France, and even today is by no means self-sufficient. So we must seek and welcome foreign investment in Manitoba, for it is carefully controlled, and I think it can come to the point where the host can actually be the largest beneficiary. Foreign investment, as we all know, means development and development means jobs for Manitoba; it means tax revenues for the province and it means a higher standard of living and quality of life for all of us. Realistically, Mr. Speaker, we can expect most of the capital entering Manitoba to be American; this may be alarming to some but I think this is a fact. There are some that believe that resident capital, Canadian capital from Bay Street or James Street, is somehow more attractive than non-resident capital from countries such as I mentioned, Japan, Britain, the United States, and I'd like to point out, Mr. Speaker, that in many cases we have been treated far better by non-resident investors than by Canadian investors otherwise. And the current influx of Japanese capital into the far north, I think, is a case in point. I'm not claiming that foreign investment is somehow more desirable than resident investment, but my contention is that there should be no difference in the way these investors are treated. I believe we all agree that money is money and development is development, and as long as the investors behave and display interest in the aspirations and desires of Manitobans, they should be made to feel welcome.

I spoke earlier, Mr. Speaker, of the nervousness of the investment capital. Investment capital, as we know, is highly mobile and sensitive to its environment. Many factors must be taken into account before settling in a particular area, and not the least of these factors is the political and economic climate. The First Minister, I know, is quite aware of this and so is the Finance Minister, in their efforts, as they've shown, when they went to foreign countries to try and sell goods, and in the case of the Finance Minister in his efforts to sell bonds to the United States, I think have come to realize how delicate these negotiations can be and how important a warm welcome in the form of this resolution could be in their negotiations.

Suppose, Mr. Speaker, that you were an investor interested in locating a manufacturing plant in one of two places - Alberta, for example, or Manitoba. Assuming that the physical and labour qualities were similar and that federal and provincial incentive grants were equally attractive, you would begin to look at other factors before making a decision on if you're going to Alberta or going to Manitoba, wherever you're going to locate. You may be bringing skilled labour and executive with you to help run the plant, and you would therefore look at the tax situation for individuals in the two provinces. You would look at the recreation facilities, the social climate and the educational systems of the rival areas.

It is clear, too, Mr. Speaker, that another of the intangible factors that one would consider in such a situation is the political situation and the economic climate. Would not -- I think we would all -- I think all of us would think twice before locating in Manitoba if you were made aware that there was a vocal and highly published group in the governing party of the province that advocated takeover of all your assets. I think that the wise investor, Mr. Speaker, aware not only of the needs of his stockholders but of the men that work for him, would indeed take this factor into consideration, naturally along with many others.

Why not eliminate this annoying little problem by clearing the air and stating openly and

(MR. BARKMAN cont'd.) . . . . loudly that responsible investment capital from any source is not only needed but welcome in Manitoba? One needs only to consider the vast flow of investment capital back into Quebec after the election of Mr. Bourassa with his responsible economic stand, to realize how sensitive capital is and how quickly and decisively it can react. Still, in Quebec I read in the press that Quebec has undertaken to fill the largest hydro electric complex in the world in the north with foreign capital, and I think just a couple of days ago we saw another announcement as far as ship building is concerned. Is there anyone here who would say that this will not benefit Quebec? Think of the jobs, the tax revenue and the other benefits that I mentioned before, and I daresay that this project would never be considered if the only source of investment capital was resident.

And so, Mr. Speaker, we feel that it is the responsibility of this government to adopt an attitude of welcome and publicly declare this resolution which would silence critics once and for all and actively encourage the expansion of badly needed capital into many sectors of the Manitoba economy. I say many sectors of the economy, and I think I can say it advisedly, for there are some sectors that are peculiarly sensitive and should remain in Canadian hands. In the resolution, we mention areas such as broadcasting and publishing, and this could be extended from time to time according to the wishes of this House. Some of these areas are already under federal control but there may be others that this body feels should remain patriated, and the exercise of that wisdom is not curtailed by this resolution and I wish to make that point quite clear.

Mr. Speaker, where non-resident investment is welcomed, it should be subject to only one condition, and that is a willingness to subscribe to the terms of the Manitoba Code of Good Corporate Citizenship. The code that we present in this resolution is by no means comprehensive and may be added to or altered subsequent to its passage by the Legislature, but it does contain the general principles that we feel are important. It sets the ground rules, Mr. Speaker, for companies coming into this province to do business with Manitobans, and nothing is asked of them that is contrary to sound business practice or which would inhibit them in any way. What we are asking in return for a statement of welcome to them is a statement from them that they will act for the good of the province in which they wish to work. We ask that the company coming into Manitoba list its shares on the Winnipeg Stock Exchange and take such steps that are reasonable to encourage investment by Manitobans in its shares. We are not asking for an automatic equity position in the companies involved, but merely the opportunity to share with them in the development of our own resources. We ask for inclusion on the Board of Directors of the company coming into the province, of at least one person who is a resident of this province. Again, this is not too much to ask of a company that is sincere in its desire to become a good corporate citizen. In fact, the inclusion of at least one person from the province on the board of directors should be invaluable to the firm that is seeking to understand the area which it is going to work in.

We ask these companies coming into Manitoba that are not public but what subsequently become public and offer shares to the public, to take steps to be sure these shares, or those shares are made available to Manitoba investors. The principle of this clause follows directly from the first clause that I just mentioned, and again it is not too much to ask. I've had the personal honour of living through or being involved in one of these transactions, and I am proud to say that there is really, if the company is sincere and the directors are sincere, there is nothing, absolutely nothing wrong with asking it of these companies.

Mr. Speaker, we ask that, where feasible, Manitobans should be hired for all jobs performed by the company in its normal operations in the province. Surely there can be no reason for objection by sincere good corporate citizens to this province. We finally ask that, where specialized help not currently available in the province is to be utilized by the company, that they undertake, if reasonably possible, to train Manitobans to perform these specialized tasks. There may be jobs so specialized, so immediately required, that the long-term training of local help is just not feasible initially, but we feel that the truly concerned company should make every effort to train and utilize local labour wherever possible, if this company wishes to be known as a good corporate citizen.

MR. SPEAKER: The honourable member has two minutes.

MR. BARKMAN: Mr. Speaker, I believe, I know that this resolution will have support from both sides of the House - at least, I think it will - and we seek a partnership between responsible foreign investors and the people of Manitoba to their mutual benefit. We have

(MR. BARKMAN cont'd.) . . . . . pointed out the necessity for this type of resolution at this particular time. I ask that the House consider this resolution in a spirit of co-operation, bearing in mind the good of the province, and that the government show its good faith to the prospective investors in Manitoba and, in return, receive their assurances of good faith by acting on this measure during the session of this House.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): Mr. Speaker, I would like to ask the member a question if he would. He mentioned in his speech that a good corporate citizen should have Manitobans on its board of directors, and I wonder if he meant that this would involve publicly elected members in the Province of Manitoba on the Board of Directors. Is that what he had in mind?

MR. BARKMAN: Mr. Speaker, I think this could be left up to the parties concerned, the corporation itself, and I think in most cases you would find that it would be perhaps an individual partly involved. Now I realize this is not directly what the member would like me to answer but I think, as I said, in co-operation and good faith, I see no problem in working that out.

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

MR. EVANS: Thank you very much, Mr. Speaker. It's obvious to me, Sir, to members of the House, I believe, that obviously the Honourable Member from La Verendrye has some concern about foreign investment in this country and the effect of foreign investment in this country. He has some worry, otherwise obviously he would not be suggesting in this resolution that we establish a Code of Good Corporate Citizenship. It implies that there may be some corporations who are not good corporate citizens. That's implicit in his resolution, I believe, Mr. Speaker.

The honourable member referred to the numbers of various virtues of investment and the need for investment, and these I suggest, Sir, with all due respect, are very platitudinous and I don't think there is much argument on the need for more rather than less investment. Just as an aside, the honourable member referred to the need for utilizing Manitobans to the fullest extent possible with regard to foreign companies. CFI was a very -- maybe it was a case in point that the honourable member is thinking of, and there are some other cases, but in many other instances, I know of some industries in my own area of Brandon which are foreign-owned, where practically if not a hundred percent, 99 percent are people in Manitoba who have either been trained or who have the training and the skills in the first place in order to operate these plants.

But I want to make it clear, the honourable member said there's confusion on where we stand on foreign ownership. I want to make it clear, Mr. Speaker, that our position is quite clear, and that is we adopt a very pragmatic approach to the question of foreign ownership. I submit, Sir, that each industry, each case, each firm has to be considered on its own merits, and I would point out furthermore, Sir, that we recognize that foreign investment and many foreign enterprises have made significant contributions to the development of the Canadian economy, to the development of the Manitoba economy, and there's no doubt that many of these companies and others will likely do so in future. There's no doubt about this. And I would suggest, Sir, that in very concrete and in very specific ways, the Department of Industry and Commerce and other members of this government have attempted to interest foreign entrepreneurs, foreign capital in the advantages of the province's economy. I refer, Sir, to the recent Japanese mission which I can advise the House we are following up a number of suggestions very closely. Members of my department will be in touch with them. Even next week, while they are down East, there are a number of opportunities that we are following up.

Only two or three weeks ago, we sent a very small but very important mission to Mexico and we are on the verge of some possibilities with respect to that country. I might also add, Mr. Chairman, that people, officials of my department have just returned from a tour of Europe, looking at very specific, concrete industries that could profitably invest in Manitoba. Among other countries, my people visited Germany and the country of Denmark. These are very specific cases where there are specific opportunities and, far from just making a pronouncement, we went out and talked to these companies and invited them to come to Manitoba. Well this is, I suggest, Sir, a pragmatic approach. It's not a matter of being against foreign ownership or foreign investment; in fact, it's really the opposite. We are not opposed to foreign investment, but at the same time I would recognize that there are some disadvantages as well as advantages, and I think all honourable members of this House would recognize that

(MR. EVANS cont'd.) . . . . . or at least they should recognize that, and we know that foreign enterprises can promote the development of our economy in a number of ways. And let me give you a couple of examples.

We have, apart from development capital, we have received development capital from individual foreign firms, but also these enterprises do provide our provincial treasury with a substantial volume of tax revenue, at least in some industry categories. And in addition, there is the advantage of gaining access to the latest form of technology from the parent companies of the enterprises, in the case of subsidiaries at least. And this, Sir, I believe helps to stimulate the dynamic efficiency of our economy.

Now having said that, let me look at the other side of the ledger and in a very realistic way, Sir, I would suggest that there are a number of social and economic costs imposed upon our country and our province. Foreign firms collectively - it has been shown by some economists -- there may be some argument but some economists have shown that foreign firms have diminished the volume of Canadian savings, and they can do so in two ways. One is through intra-corporate capital flows, and indeed there are facts and figures to show this. Within multi-national corporations there are flows of capital from one country to another. And secondly, there can be a diminution in the volume of Canadian savings through the operations of the stock market.

Permit me, Sir, for a very brief moment to elaborate on these two points. The volume of capital in the form of branch profits, dividends, royalties, property fees, flowing from foreign subsidiaries in their parent corporations abroad, at the present time or at least for the past several years has substantially exceeded the counter flow. Now let me refer to figures released by the United States Department of Commerce. This is an American publication which I'm referring to, which indicates that in the period of 1961 to 1969 the volume of capital flowing from the United States-owned subsidiaries to their parent companies exceeded the volume of capital flowing from the parent companies to subsidiaries by over 2.6 billion dollars - not million but 2.6 billion dollars - and I would quote the United States Department of Commerce, Survey of Current Business, published in October of 1970 - in fact I'll even give you the table: Table 9 on Page 31 and you can look it up in the library in our Legislative Building here - where the capital flows between the U.S. parent companies and the Canadian subsidiaries in this period 1961 to 1969 inclusive, when you take everything into consideration, the entire inflow as balanced off against the entire outflow, we find that over 2.6 billion dollars in this period of time went out of the country over and above anything that came in. In other words, it suggests that Canada probably has reached the stage where it can generate sufficient savings within its own economy to substantially support investment opportunities within this country.

And let me go on further to the other question, that is the matter of the stock market. As we know, many foreign firms are classified as private companies and do not issue shares to the Canadian public, and in Manitoba there are a number of firms that fall into this category. I won't go into names but there are a lot of examples. In order to purchase equity in any of these companies, Mr. Speaker, Canadians and Manitobans must purchase the shares of the foreign parent; you can't buy the shares in Canada. And, as a result, Canadians are transferring and are being forced to transfer a large volume of capital to foreign nations through the stock market mechanism. And again in the period - let me quote some statistics here - in the period of 1961 to 1967, an economist, the Canadian economist by the name of Mr. G.R. Conway, in a report which was prepared for the Toronto Stock Exchange in 1968, estimated that the Canadian net purchases of foreign stocks totalled \$545 million - and he goes on to estimate that the annual outflow of capital will be increasing year after year.

Sir, I've had discussions with Canadian businessmen who were quite interested in the developments of the Toronto stock market and they have expressed considerable concern about this same development as well. There are a number of other costs that are imposed upon our province as well. A very well-known Canadian economist known as Professor or Doctor A.E. Safarian at the University of Toronto - and I don't believe he's a supporter of the New Democratic Party; in fact I'm pretty sure that he is not a supporter of the New Democratic Party. I think he supports the Liberal Party. And I don't know about Mr. Conway. I doubt if he supports the New Democratic Party either, but these are competent economists, professionals, giving us their observations based upon the study of the statistics, the study of the facts. And Dr. Safarian has demonstrated - and you can read his book, not one book but several books - that foreign firms have tended to have a substantially higher propensity to import their raw

(MR. EVANS cont'd.) . . . . . materials, their component parts and their capital equipment from foreign countries rather than to resident-controlled firms. Well, this type of behaviour on the part of foreign firms does have a discouraging effect upon the development of enterprise within the province, and since foreign countries typically established central research facilities in the foreign country in which the parent is located, this too tends to induce an outflow of highly skilled personnel from Manitoba and from Canada. These personnel, the physicists, the chemists, the technicians and so on, are being forced to leave the country, and these, of course, are the very people who are required to lead the Canadian and the Manitoba's future social and economic development.

Another observation I'd make, Mr. Speaker, is that in the case of foreign investment, the foreign firms are inclined to go into the resource-based industries rather than into the fabricating or even the semi-fabricating businesses, and as a result this too could have a discouraging effect on the development of manufacturing or secondary industries within our province.

Well, Mr. Speaker, having made those remarks, I would go on to point out that essentially this entire question of the role of foreign investment within Canada and within Manitoba, you know, essentially was within the federal jurisdiction. I don't think there should be any question about this; and I believe that there is a committee now headed up by the federal member of parliament, Mr. Herb Gray, investigating this issue, and is supposed to be reporting to Parliament some time this summer, and possibly the present Federal Government of which my honourable friend from La Verendrye is associated with at the political level, or he's associated with the party in power there, possibly they will be articulating some sort of policy towards foreign enterprise in this country including Manitoba. So, in general, we in the Provincial Government feel that there should be a national policy which is designed to promote the development of Canada in the best interests of Canadians, and we feel that we are following a policy through the Manitoba Development Corporation, through the programs of the Department of Industry and Commerce, designed to promote the ownership and control of Manitoba industry by Manitobans. We think this has to be the thrust. It has to be a positive thrust - control of the province indigenously. And I would point out to the recently established small loans division of the Manitoba Development Corporation, Mr. Speaker, as an example whereby we are now stimulating the development of residential control enterprise in the province. There's a remarkably long and growing list of small companies which the MDC is now lending to and which will be made public, helping small businessmen, helping Manitobans get into the industrial scene or to improve the situation on the industrial scene.

In addition, I would go on to refer to the various programs we have in the department such as productivity audit programs, which are designed to uplift and to improve the level of efficiency and productivity of Manitoba firms such as the -- well, I would include the -- recently we conducted a study of the furniture industry, and the leading firms and all the firms in the furniture industry are going to benefit by this productivity audit. They're going to become more efficient because of it; their productivity is going to increase; their incomes will increase; and hopefully this in turn will make some contribution towards a rise in the provincial standard of living.

Therefore, Mr. Speaker, in conclusion, I would state that we do seek foreign investment because we do feel we'd like to have a little more capital rather than less in the province, develop our province. There's no question about that, and I've demonstrated, I've given examples that we have gone out on very specific missions, very specific projects to seek foreign investment in various kinds of industry, but at the same time I recognize, as do various professional economists, as do federal officials, as do many other Canadians of all parties, that there are disadvantages, not only political but economic disadvantages to some kinds of foreign investment, so therefore, Mr. Speaker, I suggest that we must take a pragmatic approach. There are some cases where we must push ahead more fervently than ever to attract the foreign investment. There are other cases where we shouldn't go out of our way to attract it because it's not in our own economic interests. It's as simple as that.

I think we've got to take a very practical look and indeed this is the policy we're following, a pragmatic policy. It's not based on any ideological hangups; it's based on the one premise and that premise is how do we best, how do we best improve the Manitoba economic situation for the people of Manitoba? How do we best go about raising the standard of living of the people of this province? How do we best go about raising the per capita income for all the

(MR. EVANS cont'd.) . . . . . people of the province? And I suggest, Sir, that if the honourable member is afraid of foreign investment not coming unless this resolution is passed and a code established, if he has some concern about this, I suggest, Sir, that investment and capital will come if the profit is to be made. If there's a profitable opportunity, investment capital will flow in, and I don't think it will depend upon any codes or declarations to this extent.

Therefore, Sir, having made that observation and again noting that this is essentially a federal matter, a federal question, that in many ways, and with all due respect to my honourable friend, this is a meaningless resolution. It has no teeth in it; there is no provision whereby anything that's suggested is making up good corporate citizenship characteristics; there's no suggestion how this will be enforced; and I really think that, although obviously the honourable member was well intentioned, that the resolution itself will really have no effect whatsoever, and therefore, Mr. Speaker, I would suggest then that this House do defeat the motion and vote it down for these reasons.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L.R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, I don't agree entirely with everything that is contained in the resolution proposed by the Honourable Member for La Verendrye, but I want to say this, Sir, that the best thing this government could do at the present time in economic terms is take the Honourable Member for La Verendrye and ask him to draft the future reports of the Economic Development Advisory Board, because at least, at least, Mr. Speaker, the Honourable Member for La Verendrye has spelled out in clear terms some tough economic challenges which this province faces, which is more than the Economic Development Advisory Board has done in its report, Sir.

MR. SPEAKER: Order, please.

MR. SHERMAN: I don't lack sympathy for the resolution of the honourable member, but I do suggest, Mr. Speaker, that there are aspects of it which don't entirely gibe with my thinking. I'm inclined much more to favour the intent of the resolution than the actual statement of the resolution itself. The intention put forward contained in the proposal offered by the Member for La Verendrye is a good and sound and a sensible one. The strictness of the language, it seems to me, is a disadvantage in terms of the importance of the resolution itself. The strictness of the language is confining and to my way of thinking, it's unnecessary, Sir.

Unlike the Honourable Member for La Verendrye, I do not think that a Code of Good Corporate Citizenship is necessary. I don't accept the implied suggestion that foreign capital in this province needs any rapping of its knuckles, tacit or otherwise, under the aegis of a Code of Good Corporate Citizenship. If foreign capital, foreign investors, foreign entrepreneurs in this province need regulation and need rapping of their knuckles, figuratively speaking, then that action should be taken against them under the laws of this province and this land. If there are things that foreign capital and foreign investors and foreign entrepreneurs are doing in this province that are wrong, that are somehow damaging to our society and our economy, then the laws passed in this Legislature and existing now or in the future on our statute books, should be brought to bear, to deal with those problems.

So I suggest to the Honourable Member for La Verendrye that, while sympathizing with him entirely in the intent and the purport of his resolution, I can't agree that the solution to the problems as he sees them would be found in what seems to me would be a meaningless piece of paper. What's needed, Sir, are laws, that's all. Not codes, but laws. And corporate citizens, like private citizens, are obliged to live by the laws or pay the consequences. -- (Interjection) -- Well, my honourable friend from Lakeside raises an interesting point and I must say that up to this point in time . . .

MR. SPEAKER: Order please. The Honourable First Minister.

MR. SCHREYER: The statement was made by the Honourable Member for Lakeside that the laws apply to all except for the Minister of Transportation. I think that's . . .

MR. SPEAKER: Order please. I didn't hear that point. If it was made, it was extraneous. I would remind all honourable members that the speaker on the floor should have the courtesy of being heard. The Honourable Member for Fort Garry.

MR. SHERMAN: Well I was saying, Mr. Speaker, that corporate citizens, like private citizens, are obliged . . .

MR. SPEAKER: Order. The Honourable First Minister.

MR. SCHREYER: The statement was made to the Honourable the Member for Fort Garry, who had the floor at the time, and do I understand correctly that he accepted that

(MR. SCHREYER cont'd.) . . . . statement as being accurate, which does bring it before the Chamber, alleging that one member of this Assembly is beyond the application of the law, and I would like to raise that then as a point of privilege. Unless the speaker, unless the Member for Fort Garry, does not accept that statement, which would make it another matter.

MR. SHERMAN: Mr. Speaker, I think that the Honourable the First Minister will find that the record will show that what I said was, "my friend the Member for Lakeside brings up an interesting point," and then I said "but" and I was going on to say that, "but" . . .

MR. ENNS: I was wrong as usual.

MR. SPEAKER: Order please. That's precisely one of the things that creates the problem we're in, and I wish the honourable member who said he was wrong would remind himself continually that he is wrong when he does that. The Honourable Member for Fort Garry.

MR. SHERMAN: Thank you, Mr. Speaker. May I repeat, the Honourable Member for Lakeside may indeed have brought up an interesting point, but my understanding and sense of appreciation of the way we live in this province has been and remains that corporate citizens like private citizens are expected to abide by the law of the land, and if they don't, and it can be demonstrated that they're not abiding by the law of the land - all of us - then we pay the consequences; then we pay the consequences. So I say, Sir, that what is needed in this particular situation is simply law. Laws. Not codes.

But, Mr. Speaker, it's really the first four paragraphs and the sixth paragraph of the resolution put forward by the Honourable Member for La Verendrye which find their keenest support with me. These are the parts of the resolution that I like the best and with which I am able to identify the easiest. If I may refresh the Chamber's memory, Mr. Speaker, these are the concepts spelled out in those particular paragraphs and I would like to repeat them for the record: That (1), the creation of new jobs for Manitobans and the economic development of this province must proceed at an accelerated rate. That (2), there is an international shortage of capital for development and that shortage is more acutely felt in areas of Canada such as Manitoba, which have historically suffered from underdevelopment. That (3), it is in the best interest of Manitoba that all reasonable steps be taken to attract development capital to this province, regardless of the national source of such capital. And that (4), it is important that the public and the general financial communities be made aware that foreign capital and investment is welcome in the province, and that despite statements of certain government members to the contrary, this House unequivocally will take the steps necessary to encourage such investment in Manitoba.

Mr. Speaker, that constitutes an accurate paraphrase of the first four paragraphs of the resolution put forward by the Honourable Member for La Verendrye, and paragraph (6), which strikes a similar responsive chord in me, states that in the opinion of the honourable member it should be resolved that this House record and publish the fact that, whenever possible, Manitoban and Canadian capital will be encouraged to develop business and industry in Manitoba, and that whenever such Manitoba and Canadian capital is not forthcoming, this House approves and welcomes foreign investment in Manitoba and intends to aggressively seek means of attracting and stimulating such investment.

Those are the phrasings of principle contained in the resolution with which I find it simple and satisfying to agree, to agree in the fullest degree, Mr. Speaker. As I've suggested, when my honourable friend goes on to talk about the spelling out of responsibilities in codified form, I'm not as enthusiastic. But if one compares what the Honourable Member for La Verendrye has said here and has done here in terms of defining and articulating the gut issues of Manitoba's economic situation today, I suggest, Mr. Speaker, that one cannot help but be enormously impressed, enormously impressed with the impact and the value of that kind of an exercise in comparison to what we've had from certain extensions of the government, certain extensions of the Department of Industry and Commerce where the same issues and the same question is concerned, and I refer specifically to the kind of general and superficial substitute for an overview of Manitoba's economic problems and challenges of the moment as was proffered recently in the report offered to members of this Assembly by the Economic Development Advisory Board, and I was not being sarcastic or cynical when I suggested that the kind of thing that the Member for La Verendrye has done would amount to an extremely effective and valuable contribution if it could be substituted for the reports that the Economic Development Advisory Board have offered recently on our economic situation.

The proposer of this resolution, Mr. Speaker, has a grasp of our current economic

(MR. SHERMAN cont'd.) . . . . . problems in this province and what should be done about them. He hasn't dealt with trivia; he hasn't concerned himself with superficialities; he hasn't concerned himself with generalities; he hasn't wasted time on the economic equivalent of motherhood, and he has talked here and spelled out here the hard, tough, economic challenges that must be met if any new wealth is going to be created for the people of Manitoba. -- (Interjection) -- The only reason I'm raising it so loud, Mr. Speaker, is that I'm hoping that I get through to the Honourable Member for Lakeside who is now outside the Chamber.

But this is the challenge that the society we have in Manitoba today really faces in the most severe terms, and this is the requirement that in my opinion is the top priority requirement for us - the creation of new wealth, not the kinds of priorities that some others have proposed are of the utmost and fundamental importance. The utmost and the fundamental necessity is to keep our people here and give them an opportunity for the kind of sharing in the life style that Manitoba can offer that they deserve, and that will never be provided them unless there is a continual and sustained and successful effort to create new jobs and, through new jobs, new wealth. And here, in this resolution, particularly in those paragraphs and sections and clauses of it to which I've referred in specifics, Mr. Speaker, the Honourable Member for LaVerendrye spells out those needs, those challenges and those commitments, and that is why I say that I subscribe 100 percent to the purport and the intent of that resolution while separating myself in terms of enthusiasm for what he has to say about a written code.

Mr. Speaker, I was struck the other day by a pamphlet that I received from the Canadian Manufacturers Association, and there may be many members of this Chamber who received similar copies, dealing with the 100th annual general meeting held by the Association in Toronto a few days ago - it was just this past week, in fact - and outlining in some depth and detail the program of seminars, papers and discussions that made up the main business part of that three-day meeting. The title of the program was "The Future is Now" and it divided into several sections, several parts, one of which was entitled "Industry and the Global Economy." The presentations and seminars in that section of the program dealt with, Mr. Speaker, the dawning era of the global economy, and I would like to put on the record a paragraph or two from that paper to underscore the concept of global economy and the importance of it.

The paper had this to say, Mr. Speaker: "The concept of a global economy may seem to be the economist's idea of Utopia. Nonetheless, it seems likely to become a practical reality in the foreseeable future. Perhaps the most effective tool for the advancement of the concept is the multi-national corporation which transcends national lines yet respects national sovereignties and cultures. It is perhaps the only existing institution which can be instrumental in creating a genuine global economic community." And the paper went on to say in a subsequent paragraph: "Canada is a dynamic element of the global economy. If she is to grow and move towards the realization of her great potential, however, both industry and government must play their parts effectively. Government must, above all, pursue effective trade policy objectives so that Canadian manufacturers will not be denied access to their foreign markets. Industrial policy must be oriented to the building of tomorrow's industries. Such policy may well embrace incentives to encourage the development of new technology and to encourage participation in the global market, as well as to ensure adequate investment both at home and abroad."

Mr. Speaker, the multi-national corporation is with us. The global economy is just around the economic corner. If Canada and Manitoba are to have their full chances of participating fully and properly in all that such an economy implies and in all that such a society implies, if Manitoba is going to have its opportunity to share equally and fully, then we must concentrate on looking outward, Mr. Speaker, not inward. We must concentrate on inviting foreign investment, not insulting it, and on taking the big view rather than the narrow one.

-- (Interjection) -- Yes, I would permit a question, Mr. Speaker.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Can the Honourable Member for Fort Garry conceive of any circumstances under which it would be desirable not to attract foreign capital, or does he take the position that the attraction of foreign capital is justifiable in almost every practical conceivable circumstance?

MR. SHERMAN: No. I must say, Mr. Speaker, I don't take the position that the attraction of foreign capital is desirable in almost every possible, conceivable set of circumstances, but I would hope that the emphasis of this government, in its efforts to generate new activity

(MR. SHERMAN cont'd.) . . . . . and new lifeblood to the Manitoba economy, would be focused very heavily in favour of all practical foreign investment opportunities.

Mr. Speaker, when it comes to foreign investment, what are we frightened of? Are we not able, are we not strong enough, do we not have enough experts, do we not have enough faith in our own positions and in our own expertise to defend our natural heritage, to defend ourselves, to protect ourselves from being subjugated, as it were, by those with whom we're dealing in economic terms? Do we not have enough strength and faith in ourselves to look after ourselves? I say that those who fear for an investment really are little men, Mr. Speaker, with petty and mean horizons and with dull and self-defeating goals.

Mr. Speaker, in the one or two minutes remaining available to me I would like to deal, if I could, with one or two comments offered a few moments ago by the Minister of Industry and Commerce. The Minister of Industry and Commerce talked about home-grown Manitobans and home-grown talent being discouraged at times by the presence and the effects of foreign investment and foreign capital. Well, I suggest that in my experience in this province - which goes back perhaps almost an equal number of years as the Minister's does although I'm not sure of that point; I've been a Manitoban since 1943 - in those three decades I have not witnessed as much discouragement put in the way of our home-growth talent in economic terms as is being put in their way now by the narrow and restrictive economic policies of this government, particularly those spelled out by the Minister of Finance and the Minister without Portfolio who sits next to the Minister of Industry and Commerce and shouts nonsense from his seat. Obviously he has no capacity to keep abreast of current developments in economic terms in the City of Winnipeg or he'd be familiar, he would be familiar . . .

MR. SPEAKER: Order please.

MR. SHERMAN: He would be familiar with -- Mr. Speaker, I would like to defer to the Minister of Industry and Commerce but I only have a minute left and I want to finish this point with the Minister without Portfolio because he is so wrong. He would be aware that only within the past 36 hours, major business talent, major entrepreneurial imagination and talent in this city has admitted publicly that one of the reasons why it's leaving and going to the Province of British Columbia - and I refer to the R. C. Baxter Development Company - is because of the inhibitions placed on recruitment and placed on the attractiveness of work here by the present taxation levies.

MR. SPEAKER: Order please. The hour is 5:30. The House is now adjourned until 2:30 Monday afternoon.