

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, May 31, 1979

Time: 2:30 p. m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER: Before we proceed, I should like to draw the honourable members' attention to the gallery where we have 16 students of grades five and six standing from David Livingstone School under the direction of Mr. John Zubatiuk and Mr. Ron Bailey. This school is in the constituency of the Honourable Member for Point Douglas.

We also have a group of lady visitors representing the American Railway Development Association.

We have 25 students of grade nine standing from Beliveau Junior High School under the direction of Mrs. Koswin. This school is in the constituency of the Honourable Member for Radisson.

And we have 16 students of grades five, six and seven standing from Brochet School under the direction of Mrs. Tracy and Ms Arlene Poole. This school is in the constituency of the Honourable Member for Churchill.

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

Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports with Standing and Special Committees.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Attorney-General.

HON. GERALD W. J. MERCIER (Osborne): Mr. Speaker, I wish to table the 1978 annual report of the Manitoba Human Rights Commission.

MR. SPEAKER: Notices of Motion . . . Introduction of Bills.

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. HOWARD PAWLEY (Selkirk): Mr. Speaker, my question is to the Attorney-General. This morning we have received reports to the effect that the case involving Dr. Kasser in Austria has either been dismissed, as suggested by Kasser's legal counsel, or alternatively has been recessed for further facts and information. My question to the Attorney-General is, whether or not the case has in fact been recessed or dismissed.

MR. SPEAKER: The Honourable Attorney-General.

MR. MERCIER: Mr. Speaker, I am advised this morning, through special prosecutors retained by the provincial government that the Court of Appeal in Austria, after reviewing the previous indictment of some 98 pages, has decided to remit the matter back to the prosecutor's office of Innsbruck for clarification of certain circumstances regarding the charges against Alexander Kasser. This was contained in a 22-page decision which is in the process of being mailed to our special prosecutor. I would emphasize, Mr. Speaker, that the information I received is that the Court of Appeal merely wants a clarification of certain points in the indictment and there's been no decision as to whether or not the appeal would be accepted or rejected.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Speaker, then can I gather from the answer of the Attorney-General that in fact the statement by the legal counsel for Kasser, Lawrence Souse, to the effect that all charges in the court have been dismissed is in fact incorrect and false?

MR. SPEAKER: The Honourable Attorney-General.

MR. MERCIER: Yes, Mr. Speaker. That statement is contrary to the information that I've received from the special prosecutors of the government.

MR. PAWLEY: Mr. Speaker, my further question to the Minister of Consumer Affairs. In view of the statement last night to the effect by the leader of the New Democratic Party federally, that subsequent to a meeting with the Prime Minister-elect Clark, that in fact Clark was sympathetic to institution of subsidies pertaining to bread and milk. Can the Minister of Consumer Affairs indicate his position, his government's position in respect to subsidies for milk and bread and whether or not that position will be related to his federal counterpart.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

HON. WARNER H. JORGENSON (Morris): When a decision is made on that matter, it will be communicated to my honourable friends.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Speaker, is the Minister of Consumer Affairs advising the House that in fact the matter posed to him is presently under review by his government?

MR. SPEAKER: Orders of the Day. The Honourable Member for Winnipeg Centre.

MR. J. R. (Bud) BOYCE: Mr. Speaker, my question arises out of a copy of a letter that I received just as I was entering the Chamber. It's from the Manitoba League of the Physically Handicapped and there's a note on the bottom that says "A meeting has been established as of 12:30 p. m. with the Minister of Education on June 19th." Does this indicate that it is the Minister's intention to stand those two bills over for an intersessional review?

MR. SPEAKER: The Honourable Minister of Education.

HON. KEITH A. COSENS (Gimli): Mr. Speaker, I wasn't aware of what date a particular meeting had been arranged with the group in question. It certainly indicates nothing of that sort. That matter is under consideration, but I have no determination at this point one way or the other.

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

MR. BOYCE: I'm sorry, Mr. Speaker, maybe the Minister could clarify his statement that that matter is under consideration, the referral of the bills to an intersessional committee?

MR. COSENS: Yes.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN: Mr. Speaker, I would like to direct a question to the Minister of Mines and Natural Resources. Could the Minister assure the people of Turnbull Drive, who were referred to by my friend as the "fat cats," that the fat cats in Carman and the flood protection works which will be considered on their behalf — that the people on Turnbull Drive will be given the same type of consideration based on the same criteria with regard to flood protection works for the homes that they have had flooded at least three times in the last 10 years?

MR. SPEAKER: The Honourable Minister of Mines, Resources and the Environment.

HON. BRIAN RANSOM (Souris-Killarney): Mr. Speaker, it is always the intention of our government to treat all citizens of the province equally.

MR. SPEAKER: The Honourable Member for Inkster with a supplementary.

MR. GREEN: Yes, Mr. Speaker. Does that mean, Mr. Speaker, that the Minister of Mines has abandoned his project of giving special consideration, based on criteria completely unique to the

people of Carman, with regard to flood protection around the community of Carman?

MR. SPEAKER: The Honourable Minister of Mines, Resources and the Environment.

MR. RANSOM: It had never been the position of this government to use criteria unique to the situation at Carman, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Inkster with a final supplementary.

MR. GEN: Yes, Mr. Speaker. I wonder if the Minister would review the last answers that he made in Hansard with respect to this matter, in which he said that "localities would be considered on a case by case basis, with each locality having special consideration."

MR. RANSOM: That simply means, Mr. Speaker, that when there is a flooding problem, we are prepared to review the situation that exists in that particular area.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. RUSSELL DOERN: Mr. Speaker, I'd like to direct a question to the Minister responsible for Telephones, and ask him whether he would confirm that MTS has some \$116 million in foreign borrowings?

MR. SPEAKER: The Honourable Minister Responsible for Telephones.

HON. EDWARD MCGILL (Brandon West): Mr. Speaker, in reply to the Member for Elmwood, there were some questions placed; I believe he was the member who placed the questions to the General Manager of MTS this morning with respect to the amount of foreign borrowings which are now payable by MTS during the years ahead.

Mr. Speaker, I don't recall precisely the actual figures that were given at that time, but they are, and will be, a matter of record of that committee meeting.

MR. DOERN: Mr. Speaker, I asked the Minister whether he would be prepared to recommend to Cabinet that by making up the difference between the 86 cent Canadian dollar and par at 100, some \$16 million, if that money was provided to MTS, that they could then eliminate the 12 percent rate increase that's now in effect.

MR. MCGILL: Well again, Mr. Speaker, the question in general terms, is the same one as the member placed in the Committee of Public Utilities this morning. I explained to him at that time that when government policy was to be announced with respect to foreign borrowings, and the Crown Corporation, Manitoba Telephone System, it would be communicated in the usual manner.

MR. SPEAKER: The Honourable Member for Elmwood with a final supplementary.

MR. DOERN: Mr. Speaker, can the Minister explain that while telephone rates are a cost to business, and a cost to the consumer of Manitoba, that there is this apparent discrepancy in the treatment to Manitoba Hydro and to the Telephone System? Why is one being subsidized and not the other?

MR. MCGILL: Well, Mr. Speaker, I have some difficulty in understanding the concern of the Member for Elmwood, in that this treatment be extended to Manitoba Telephone System. It was indeed a part of the Budget presentation of this government that the rates of Manitoba Hydro be frozen, but it's my impression that the Member for Elmwood voted against that Budget directive. Is he now suggesting that he would be in favour of it with respect to the telephones? —(Interjections)—

MR. SPEAKER: The Honourable Member for Emerson.

Order please. Order please. The Honourable Member for Emerson.

MR. ALBERT DRIEDGER: Thank you, Mr. Speaker. I have a question to the Minister of Health. Could the Minister indicate when the renovations to the lab and x-ray facilities in the St. Pierre Hospital will be ready to start?

MR. SPEAKER: The Honourable Minister of Health.

HON. L.R. (Bud) SHERMAN (Fort Garry): In the St. Pierre Hospital, Mr. Speaker, my understanding is that there have been some discussions there relative to the type of x-ray equipment that is necessary or considered necessary, whether or not they require fluoroscopic equipment at that hospital or a different type of x-ray equipment. That question has not yet quite been finally resolved, but in terms of the building renovations, the construction aspect which means expansion of the hospital to accommodate new lab and x-ray facilities, it's my understanding, Mr. Speaker, that that project is ready to go to tender next week.

MR. SPEAKER: The Honourable Member for Elmwood on a matter of privilege.

MR. DOERN: The Minister responsible for Telephones has either misconstrued or misrepresented my position and the position of the opposition, our vote and my vote on the Budget was a vote against the economic policy of the government, or the lack of economic policy of the government. And the vote on the actual matter referred to, namely the Hydro rates, that vote will have to wait and see in regard to the introduction of that bill. If the Minister wants to see how we'll vote on a telephone rate freeze, he should introduce a bill to that effect.

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

MR. D. JAMES WALDING: Mr. Speaker, my question is to the Government House Leader. I would like to ask him if he can inform the House of the dates of the next meetings of the Public Utilities Committee?

MR. SPEAKER: The Honourable Government House Leader.

MR. JORGENSEN: Mr. Speaker, if the consideration of the Manitoba Telephone System has not been completed, then I would expect that the next meeting of the Committee will be early next week some time, and I will endeavour to set the precise date for it to make sure that he has plenty of notice.

MR. WALDING: Mr. Speaker, a supplementary to the same Minister. Could he inform the House of the date when Hydro will appear before the Public Utilities Committee?

MR. JORGENSEN: I can't inform my honourable friend of the ~~precise date~~, but as soon as consideration has been completed on the Government Telephones, I presume that Hydro will follow very closely thereafter.

MR. SPEAKER: The Honourable Member for St. Vital with a final supplementary.

MR. WALDING: Yes, Mr. Speaker, is the Government House Leader prepared to change his assumption into an undertaking that Hydro will appear before the Public Utilities Committee before the end of the Session?

MR. JORGENSEN: Mr. Speaker, that has been the normal practice. I don't intend to deviate from that practice.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Speaker, my question is to the Minister of Consumer Affairs. In view of the announcement from Ottawa this morning to the effect that CMHC will no longer provide grants insofar as the installers of foam installation, I would ask the Minister of Consumer Affairs if he can advise the position of Manitoba Hydro, as Minister of Consumer Affairs, in respect to providing interest loans up to \$1,000 in respect to the installation of foam?

MR. SPEAKER: The Honourable Minister of Consumer Affairs.

MR. JORGENSEN: I'll have to take that question as notice, Mr. Speaker.

MR. SPEAKER: The Honourable Minister of Health.

MR. SHERMAN: Mr. Speaker, yesterday the Honourable the Member for Kildonan asked me about rat infestation in certain suburbs of Winnipeg. I am advised that our health inspectors were informed last week of limited rat infestation in a section of Fort Garry and St. Vital, and that the Environmental Control Branch of the Department of Mines, Resources and Environmental Management is satisfied that they are effectively dealing with all cases brought to their attention, and doing so in full co-operation with the city.

The cause, apparently, is related to the recent flood, Mr. Speaker. So far, I am advised that no rats have as yet been officially identified in the constituency of the Honourable Member for Kildonan.

MR. SPEAKER: The Honourable Member for Rupertsland. —(Interjection)—

MR. SHERMAN: We are working on it, Mr. Speaker.

MR. FOX: Maybe I should invite the Minister in.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. HARVEY BOSTROM: Thank you, Mr. Speaker. My question is to the Minister of Mines. In light of his statement yesterday in the House that the reason for the reduction in the royalty payments payable by the Abitibi Paper Company from \$9.00 to \$3.00 — a reduction of \$6.00 per cord of royalty payments. The reason that he gave in the House was that the government was interested in new and/or expanded business activity in Manitoba. And I would ask, Mr. Speaker, the Minister to outline to us what new and/or expanded activity will take place as a result of this \$6.00 incentive, so to speak, to the Abitibi Paper Company?

MR. SPEAKER: The Honourable Minister of Mines, Resources and the Environment.

MR. RANSOM: The Abitibi Paper Company will continue to operate as a private, or as a corporate entity within Manitoba, and not as a partially or wholly-owned agency of government, as was the intention of the previous administration.

MR. BOSTROM: Mr. Speaker, a supplementary question to the same Minister. In view of the fact that the Abitibi Paper Company was prepared to continue to operate pursuant to an agreement which they signed with the New Democratic Government of Manitoba, they were prepared to continue to operate, and pay a royalty of \$9.00 per cord; why did the Progressive Conservative Government of Manitoba see fit to reduce that royalty by \$6.00 a cord, with the only reason given that they wanted the company to stay in Manitoba?

Mr. Speaker, I ask him to explain why they did this, when the company was prepared to stay in Manitoba without this reduction in royalty.

MR. RANSOM: The company, Mr. Speaker, was facing what might have been termed an offer they couldn't refuse, from the previous administration. We are bringing the stumpage rates in Manitoba in line with those in other provinces, and in line for this company with the stumpage rates that other operators in Manitoba would pay. We are doing it for the same reason that we are bringing mineral taxation in line with other jurisdictions in Manitoba, so that the private sector, which 11 governments of this country agreed over a year ago, Mr. Speaker, was the engine that drove the economy of the country, and that is why we are making these changes so that will continue to be so. The honourable members opposite do not wish to acknowledge in debate that they in fact believe in government control as the means of production, but when we come to this sort of specific situation, Mr. Speaker, they do.

MR. BLAKE: What about the question?

MR. SPEAKER: Order please. May I suggest that answers to questions should be brief and to the point and it is my sincere hope that the Question Period does not become a debating period. The Honourable Member for Rupertsland with a final supplementary.

MR. BOSTROM: Thank you, Mr. Speaker. My question to the Minister of Mines is as follows: why does the Progressive Conservative government see it necessary to maintain the stumpage rate to the Abitibi Paper Company at \$3.00 in the year 1979 when I believe they signed an agreement

with the government of Manitoba in 1925 at a stumpage rate which was over \$2.00 a cord? What other company, what other individual or group in society has that opportunity in this day and age to maintain the price they paid at a rate which is similar to that of over 50 years ago?

MR. SPEAKER: The Honourable Minister of Mines, Resources and the Environment.

MR. RANSOM: The answer is very simple, Mr. Speaker. The rates that are being charged under the new agreement are competitive with rates that are being charged in other jurisdictions. They are similar to those which are being charged other operators in the province. Now, the honourable meers opposite had singled out that particular company and charged excessively high rates compared to what they were charging other operators. And of course when a company is established in a jurisdiction, Mr. Speaker, they have very little choice with those circumstances but to either pay the stumpage rates or perhaps offer to sell out to the government.

If I might simply very briefly point out that the stumpage rates paid in Saskatchewan for example, for soft woods there, run \$1.25 to \$1.95 a cord. In Alberta, they are \$1.00 to \$1.35 a cord, and in Quebec they go as high as \$4.25. In New Brunswick \$3.40. I think those prices indicate, Mr. Speaker, that Manitoba is simply in a competitive position.

MR. SPEAKER: The Honourable Member for Transcona.

MR. WILSON PARASIUK: Thank you, Mr. Speaker. My question is directed to the Minister responsible for Housing. Does the Minister of Housing agree with the recent move of some banks and trust companies to increase mortgage interest rates by $\frac{1}{4}$ of one percent, purely on speculation of the Conservative government's proposed mortgage deductibility scheme?

MR. SPEAKER: Orders of the Day. The Honourable Minister of Economic Development.

HON. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I didn't hear the question.

MR. SPEAKER: The Honourable Member for Transcona.

MR. PARASIUK: Yes, I'd like to ask the Minister responsible for Housing if he agrees with the recent move of some banks and trust companies to increase mortgage interest rates by $\frac{1}{4}$ of one percent, purely in speculation of the mortgage interest deductibility scheme which has been proposed by the newly-elected Conservative government of Canada.

MR. JOHNSTON: Mr. Speaker, I don't really know how I can answer that question. It's an assumption that they're raising their rates because of that. I have heard no announcement from any bank that that's the reason.

MR. PARASIUK: I'd like to ask the Acting Minister of Finance if he would contact the new Minister of Finance federally, whoever he is, when he is appointed on Monday, to have him investigate the speculative increase in interest rates which bears no relationship to the market and which bears no relationship —(Interjection)— Mr. Speaker, I am trying to ask a question but the backbencher, who isn't a member of the Treasury Board, keeps asking me to ask him a question. I can't; I'm trying to ask the Acting Minister of Finance a question and he will not let me finish my question.

My question is: Will the Acting Minister of Finance contact the new Federal Minister of Finance on Monday to have him investigate the speculative increase in interest rates, which bears no relationship to the market and which bears no relationship to the bank rate which is the usual mechanism by which interest rates, mortgage interest rates in Canada, are increased?

MR. SPEAKER: The Honourable Minister responsible for Manitoba Telephones.

MR. MCGILL: Yes, Mr. Speaker. I think I understand the question from the Member for Transcona and I'd be glad to take that question as notice on behalf of the Minister of Finance and relay to him your concern relative to the allegations that have been made about increases in interest rates, relating to some policy of the Federal Government which is not yet in effect.

MR. SPEAKER: The Honourable Member for Portage la Prairie.

MR. LLOYD G. HYDE: Mr. Speaker, my question is to the Honourable Minister of Agriculture. Can

the Minister advise the House that the new McCains Food Processing plant at Portage la Prairie, has been forced to delay progress in the processing of their 1978 contracted crops due to the four-and-a-half month construction strike that plagued this province last summer?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. JAMES DOWNEY (Arthur): Yes, Mr. Speaker, I have been informed that there is a 25 percent reduction in the contracted acreage in the Portage area due to the delay in the processing of last year's potato crop and has affected the growers in that area to quite a large degree.

MR. HYDE: A supplementary to the same Minister then, Mr. Speaker. Will this delay cause the changes to be made in the contracts for the current crop year?

MR. DOWNEY: Well I believe, Mr. Speaker, I indicated that in my answer that there was a reduction of some 25 percent which does cause a serious hardship to the farmers who have to look for other markets. They've made high investments in machines to grow these specialized crops and has certainly caused somewhat of a hardship.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, a question to the House Leader. In view of his expressed opinion that people causing strikes should pay damages to those people who suffer, will the government institute legislation so that the farmers who have suffered, can sue the construction industry and the Builders' Exchange for causing a strike in the construction industry last year?

MR. SPEAKER: The Honourable Member for Churchill.

MR. JAY COWAN: Thank you, Mr. Speaker. My question is to the Minister responsible for the Manitoba Telephone System. During the course of the committee discussions on the Manitoba Telephone System, it was indicated that completion of telephone service to several remote northern communities including Brochet, Lac Brochet, Tadoule Lake, and Shamattawa, has been stalled. Can the Minister indicate if there currently exists any time table for the completion of dial and toll phone services for those communities and other communities currently existing under the adverse conditions of radio phone service?

MR. SPEAKER: The Honourable Minister responsible for Telephones.

MR. MCGILL: Mr. Speaker, I would be happy to accept that question as notice. I would also remind the member that he will have an opportunity perhaps to place the question during the resumption of the Public Utilities Committee Hearings probably early next week.

MR. COWAN: Yes, thank you, Mr. Speaker. Well, I've informed the Minister that I intend to do that. In the meantime, a supplementary to the Minister. As it was said several times this morning that the extension of those phone services to northern Manitoba have been completed, and in light of the fact that there was a previous commitment to extend service to all communities of northern Manitoba, can the Minister indicate if the decision not to continue extending service on a scheduled time table to northern Manitoba is new policy, or is merely an oversight on this government's part that will be immediately corrected?

MR. MCGILL: Well, Mr. Speaker, again, the Chairman and General Manager of Manitoba Telephones did respond to a question in general terms of that type. The response, as I recall, was that the technology presently available to provide dial-type service in certain communities in the north, notably the ones which the member has named, is of such an expense at this time that some further delays are being experienced. Nevertheless, the Telephone System is very anxious to fulfill that objective of providing first-class telephone service and anticipates that eventually there will be a technology which will be able to be used in fulfilling that objective.

MR. SPEAKER: The Honourable Member for Churchill with a final supplementary.

MR. COWAN: Yes, thank you. The Telephone Service is not nearly as anxious as are the people of those communities and the technology does currently exist, it is but a matter of priorities.

My final question is to the Minister of Labour. Can the Minister confirm that a tentative schedule

has been developed in regard to the re-opening of the Canadian Bronze operation, and that June 11th has been set as a tentative date for resuming production at that operation?

MR. SPEAKER: The Honourable Minister of Labour.

HON. KEN MacMASTER (Thompson): I can assure the member, Mr. Speaker, as I assured the House that discussions would continue to take place between the employees and the company and ourselves as to how quickly the plant or a portion of it could get back into operation, and those discussions are still taking place, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Pembina.

MR. DON ORCHARD: Thank you, Mr. Speaker, a question for the Minister of Agriculture. With the many rumours floating around about the delivery capacity in meeting export commitments of grain and a recent report that the Wheat Board itself has said they are one million tons behind on this year's grain shipments, can the Minister confirm whether recent reports that ships are leaving the Lakehead without full cargo have any factual basis?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. DOWNEY: Well, Mr. Speaker, in the questions that the Member for Pembina has asked, I believe that there have been press reports indications from the Canadian Wheat Board that they are going to fall somewhat short of last year's exports and it is further causing somewhat of a cash shortage to the people and the farmers in western Canada. As far as the boats leaving the Thunder Bay area with partial loads, it is my understanding, Mr. Speaker, that because of the capacity of the seaway to handle boats fully loaded, that it is a normal practice not to have them fully loaded at Thunder Bay but to finish the loading at Montreal. So it is a normal practice because of the capacity of the seaway to handle fully loaded boats.

MR. ORCHARD: Thank you, Mr. Speaker. A supplementary then. Because southern Manitoba traditionally supplies the majority of the summer shipment of grain into the Lakehead because of the quick car turn-around, has the Minister had any discussions with both C.P. and C.N. rail regarding how quickly they can retain service or regain service along the Morris to Hartney line; the C.P. line through Morden, Winkler, Manitou, etc., in different lines that are out as a result of bridge destruction by the recent flooding?

MR. DOWNEY: Well, Mr. Speaker, to the Member for Pembina, I would like to inform him that the area affected in the Morris to Hartney line, that in that particular line there is intention by the CNR to have that line operating approximately in the middle part of June, the information that I've been made available to me. We have had contact with the CPR and the line going from Morris to Altona. They have engineers looking at the structures there as they were affected because of the high flooding and hope that they're back in operation very shortly. I would say there has been a good effort put forward by the railroads in restoring the service to those particular communities.

MR. SPEAKER: The Honourable Member for Flin Flon.

MR. THOMAS BARROW: My question is to the Minister of Consumer Affairs, Mr. Speaker. In regard to the problem of The Bay selling bicycles with defective brakes or at least being accused of selling bicycles with defective brakes, I followed the advice you gave me and neither Consumers Bureau provincially nor federally will accept the responsibility. My question is, what is the Minister prepared to do in this very serious matter?

MR. SPEAKER: The Honourable Minister of Consumer Affairs.

MR. JORGENSON: Mr. Speaker, I don't blame the Department of Consumer and Corporate Affairs for not wanting to accept the responsibility for the defective brakes that are sold by the Hudson Bay Company, but the Department of Consumer and Corporate Affairs, if approached, will investigate the matter for the person who has the complaint.

A MEMBER: Right.

MR. BARROW: Mr. Speaker, they have been approached and they accepted no responsibility, neither does the Federal Bureau of Consumer Affairs, so it leaves it in limbo. Now, I think being this is "the year of the child," you should show a little responsibility towards this kind of effort. —(Interjection)— The Member for Minnedosa, like a real bank manager, — get him a new bike. So, now you have bikes with defective brakes and this kid has a new bike, Mr. Speaker. That's the attitude of that side of the House. What we're trying to do is make bicycles safe for children, and the Minister of Transport treats it as a humorous matter. What are you going to do?

MR. JORGENSEN: Mr. Speaker, I have said and I will say again, that if the gentleman in question directs his complaints to the Department of Consumer and Corporate Affairs, they will be looked into. The Department of Consumer and Corporate Affairs wouldn't take the responsibility for the defective brakes and I don't blame them for not doing that, but they will look into the matter.

MR. BARROW: The young gentleman, Reg McNeil, 23 years old, has lost his job and he's trying to make bicycles safe. He's saying they will do something, he's saying they are not. Evidently he hasn't passed the word to the Bureau yet.

MR. SPEAKER: Orders of the Day. The Honourable Member for Transcona.

MR. PARASIUK: Yes, my question, Mr. Speaker, is directed to the Minister of Health. A couple of months ago he indicated that his department was investigating the operations of the private guest homes, which provide room and board to elderly citizens who can't get accommodation in public or non-profit senior citizens' housing projects or personal care homes. Has the Minister's department completed that investigation yet?

MR. SPEAKER: The Honourable Minister of Health.

MR. SHERMAN: Mr. Speaker, I'm not sure that I indicated that we were carrying out an investigation, although I'll check the record and if I did so indicate, then perhaps some clarification is necessary. What I intended to indicate was that we were compiling a compendium or a list of all guest homes in the city of Winnipeg at least, if not in the province of Manitoba, to see what size and magnitude of community of this type there is and then to undertake some studies and considerations based on the number of guest homes and whether there is indeed, a significant proliferation of it.

MR. PARASIUK: A supplementary to the Minister, since these private guest homes are not regulated in any way, shape or form by the provincial government and since they're providing care to these elderly people, can the Minister indicate whether he will be bringing in any measures to regulate the way in which these private guest homes operate, when they provide care to elderly people?

MR. SHERMAN: Not at this juncture, Mr. Speaker. These guest homes are rooming houses — that's what they are — and we would have a natural disinclination to move into still another area of society and activity, unless there were an overweening reason for doing so. If there is such a reason, then I would be prepared to consider it, but I can't say that we've concluded that yet.

MR. SPEAKER: The Honourable Member for Transcona with a final supplementary.

MR. PARASIUK: Yes, I'd like to ask the Minister if he indeed, as he indicated in his departmental Estimates review, are they investigating these operations? I raised this matter after there was a death at a private guest home, and the Minister assured me at that time that they were looking into the entire matter of private guest homes, and I was expecting that we would be getting a report before the session ended. Is the Minister now saying that we will not be getting any such report before the session ends, so that we will not be able to deal with this matter before the session ends?

MR. SHERMAN: Yes, Mr. Speaker, that's what I'm saying, but we are in my department compiling a list and compiling as best we can a record of the performance of guest homes. We will be continuing to discuss it in my department among my officials. If it's a matter that requires Cabinet attention, it will be taken to Cabinet for consideration. At this juncture, we want to get a handle on how many guest homes there are.

What we're talking about — I recognize what the honourable member is saying and I regret

the particular tragedy that occurred, but that was one incident, regrettable as it may have been and we have not had any evidence to date that there is any severe incidence of that kind of thing. If that were to increase, then obviously it would require more drastic action than we're taking at this point in time. But once we have a list and a total that we can work from and carry on some discussions with some of them, we will be in a better position to make the determination as to whether a full-scale investigation is necessary.

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

MR. WALDING: Mr. Speaker, my question is to the Honourable Minister of Mines. Does he have an answer to the question that he took as notice yesterday, regarding the delay in sending out permits for applicants for the rental of garden allotments in Winnipeg?

MR. SPEAKER: The Honourable Minister of Mines.

MR. RANSOM: No, I don't have an answer for that, Mr. Speaker, but I certainly am pursuing it with vigor.

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

MR. JORGENSEN: Mr. Speaker, I would like to respond further to my honourable friend, the Member for Flin Flon. I have now received a communication from the department, advising me that the young gentleman did indeed approach the Consumers Bureau and his complaint has been referred to the appropriate officer of the Motor Vehicle Branch which administers the safety of standard rulings and the complaint is being processed.

MR. SPEAKER: The Honourable Member for Flin Flon.

MR. BARROW: Mr. Speaker, it may seem like a trivial affair to most people, but it's a very serious thing. I thank the Minister.

MR. SPEAKER: Order please. The time for Question Period having expired, we will proceed with Orders of the Day, and before we proceed with Orders of the Day, I should like to advise the House that we have had some difficulty with the printing of Hansard. There may be a delay of a day in the last issues. The Honourable Government House Leader.

MR. JORGENSEN: Mr. Speaker, I move, seconded by the Minister of Highways, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee of Supply with the Honourable Member for Radisson in the Chair.

COMMITTEE OF SUPPLY — DEPARTMENT OF LEGISLATION

MR. CHAIRMAN, Mr. Abe Kovnats (Radisson): The committee will come to order. I would direct the honourable members' attention to Page 3 of the Main Estimates, Department of Legislation.

Resolution No. 1, Item 4, Other Assembly Expenditures, (a) Leader of the Official Opposition Party—pass; (b)—pass; (c)—pass; (d)—pass; (e)—pass. Item 4—pass. Resolution 1—pass.

Resolution 2, 5. Provincial Auditor's Office, (a)—pass; (b) — the Honourable Member for St. Vital.

MR. WALDING: I would like to know from the Minister about the work that the Provincial Auditor is doing on those Crown corporations where the responsibility for the auditing is being transferred from the Provincial Auditor to outside private auditors. I wonder if the Minister could perhaps give us a breakdown on those particular Crown corporations that have been assigned to other auditors and those cases where agreements have been reached with the private auditors.

MR. CHAIRMAN: The Honourable Minister.

MR. MCGILL: Mr. Chairman, this question has been put to the Minister of Finance, who has

that when figures are available that the detail as to the appointment of private auditing firms and the contracts that will be appropriate to each will be outlined in an Order-in-Council. I am advised that there is no money involved in this particular appropriation that relates to the assignment of certain audits to private auditing companies.

MR. WALDING: Mr. Chairman, there might not be any moneys under this particular appropriation that is being paid to private auditing companies, but there is money under this allocation I understand, for the salary of the Provincial Auditor himself. I notice, just as an aside that he is not sitting at the desk in front of the Minister where he would be in a position to advise the Minister on questions such as these, but it is a responsibility of the Auditor, a statutory obligation, I understand, in a number of cases, for some five Crown corporations it's presently his responsibility to carry out those audits. I understand that he also has a responsibility for those Crown corporations where the auditing is done by an auditor selected by the Lieutenant-Governor-in-Council.

We ascertained this morning that as far as the Manitoba Telephone System is concerned and Manitoba Data Services, that auditors have been assigned to each of those two Crown corporations and that they have in fact begun their work on the '78-79 figures for those two Crown corporations, so in that case we can only assume that agreement has been reached with those private auditing companies as to the rate which they are charging. So I would like to ask the Minister if he can inform the committee as to what the rates are that are being paid to the Manitoba Telephone System and to Manitoba Data Services.

MR. MCGILL: Mr. Chairman, I'm not able to provide the detail that the member is requesting. Again I would suggest to him that the Minister of Finance has undertaken to provide that detail, the amounts involved in relation to all of the private audit corporations that are being employed or contracted for and that this will be public information through an Order-in-Council.

MR. WALDING: Mr. Chairman, I'd like to ask the Minister why is there this reluctance to provide the committee with figures on a contract which has presumably been signed or where agreement has been reached with certain auditors. Why is he so reluctant to give those figures to the committee now, when according to his own statement they will be made public at some time in the future?

MR. MCGILL: Well, Mr. Chairman, I am advised now, since the arrival of the Provincial Auditor, that we do have a figure for MTS; we do not have for MDS. If the member will just hold for a second, we'll get it.

The figure for the Manitoba Telephone System is \$49,000.00.

MR. WALDING: Just for clarification, Mr. Speaker, is that the charge that has been made to the Manitoba Telephone System for the audit of the year 1979 to '80, or is that an estimate of the coming year?

MR. MCGILL: This, I am advised, is the fee that would cover the audit which will take place for the year just completed, or March 31, 1979.

MR. WALDING: Can the Provincial Auditor, through the Minister, inform the committee as to the basis for that \$49,000.00? In other words, what is the rate that is being paid to different categories of accounting staff who are doing the actual audit, and is there also an estimate as to the number of hours involved?

MR. MCGILL: I am advised that the estimated hours for this audit are 2,050, and the rate per hour is \$23.90.

MR. WALDING: Thank you, Mr. Chairman. I assume from the Minister's answer that gives me a dollar figure of \$23.90 is the . . . well, I'll put it in the form of a question. Is that for all of the staff who would be working on the audit or is there a different figure for chartered accountants and for senior and junior assistants? .

MR. MCGILL: I am advised, Mr. Chairman, that this covers all of the personnel working on the audit.

MR. CHAIRMAN: (a)—pass — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, I would like to ask the Provincial Auditor, through the Minister, whether an hourly rate has been set for the auditing firm, I believe it's Arthur Anderson, who are doing the audits for the Manitoba Data Services?

MR. MCGILL: No, Mr. Chairman, I believe that the answer to that is no, that the hourly rate has not been set.

MR. WALDING: Mr. Chairman, is the Minister then telling us that Arthur Anderson is doing this audit without knowing how much it will be paid for the job?

MR. MCGILL: Well, Mr. Chairman, it's probable that these have been approved by the Department of Finance, but that this is not available to the Provincial Auditor at this time.

MR. WALDING: Mr. Chairman, I'd like to ask the Provincial Auditor, through the Minister, whether an agreement has been reached with the private auditing company who will be auditing the books of Manitoba Hydro?

MR. MCGILL: I am advised that an agreement has been reached with that firm.

MR. WALDING: Can the Minister inform the committee as to the name of the auditing company that's doing that work?

MR. MCGILL: Mr. Chairman, Coopers Lybrand is the name of the firm.

MR. WALDING: Mr. Chairman, I'd like to ask the Provincial Auditor, through the Minister, whether an agreement has been reached with Coopers Lybrand as to the rate that they will be paid for auditing Hydro's books, and is there an estimate of the number of hours, or an agreement signed as to the number of hours that it will take them to do this audit?

MR. MCGILL: Mr. Chairman, we're not able to give these detailed amounts, and I think it would be best supplied, as the Minister of Finance has indicated he will, through the Order-in-Council which will be filed.

MR. WALDING: Well, Mr. Chairman, I make the same argument and the same question that I put it before, and that is why, if some agreements have been reached with some private auditors, why is there a reluctance by the Minister to give that information to the committee? May I ask the question in another manner, to perhaps save time, so that I need not go one by one through all of the 13 different Crown corporations?

Will the Minister inform the committee as to which of those corporations, agreements have been signed for, and give the rates at which they are being paid for those for which he has figures?

MR. MCGILL: Mr. Chairman, I am advised by the Provincial Auditor that he is not responsible or directly involved in approving such rates, and he's only in possession of such rates as where there may have been discussions carried out. I think it would be better for these rates to be supplied by the Department of Finance in total, as has been indicated they would be supplied.

MR. WALDING: Mr. Chairman, I wonder if the Minister can confirm that there is a statutory obligation upon the Provincial Auditor as far as MPIC, ManFor, the Liquor Control Commission, the Lotteries Commission, and MHRC, that he has that statutory responsibility at present for the auditing of the books of those corporations.

MR. MCGILL: Mr. Chairman, I am advised that there are five such situations where there is a statutory responsibility.

MR. WALDING: I wonder if the Honourable Minister could confirm that the Provincial Auditor has been ordered by the Cabinet to make arrangements for private auditors to take over his function, to do the actual auditing on the books of those five Crown corporations. I would like to know whether the Provincial Auditor has in fact made those arrangements, whether he's had discussions with the five private auditing companies involved, and whether he is satisfied that the rate being charged by those companies to the government is a proper and reasonable charge?

MR. MCGILL: Mr. Chairman, I'm advised that four of those five have already been agreed to, and that in the opinion of the Provincial Auditor the rates are reasonable.

MR. WALDING: Mr. Chairman, I wonder if the Minister would be prepared to inform the Committee just what those reasonable rates are?

MR. MCGILL: Mr. Chairman, I think we're getting again to the general question which was asked in relation to all of these rates, and I think that the preferable way would be to provide them in total, as we have undertaken to do, and that that would be done by Order-in-Council.

MR. WALDING: Well, Mr. Chairman, it might be preferable for the Minister to do it all at once, but it's preferable for me to get as many of them as I can at this time. I would like to ask the Minister again, would he be prepared to inform the Committee just what those reasonable rates are for those four Crown Corporations that have signed agreements with private auditing companies for the auditing of their books?

MR. MCGILL: Well, Mr. Chairman, the rates for the four Corporations which we have, or which the Provincial Auditor has, are rates which he is satisfied are correct, but that he did not negotiate these rates, and he would prefer for the Department of Finance to make that announcement as to those rates.

MR. WALDING: Mr. Chairman, is the Honourable Minister as Acting Minister of Finance and a representative of the Cabinet, who directly is responsible for those rates, is he prepared to tell the Committee at this stage just what those rates are; and if not why is there delay, why is there reluctance on the part of the Minister to give information to the Committee which he says will be made public in a matter of weeks or . months any way?

MR. MCGILL: Mr. Chairman, for the reasons already stated. I'd like to be certain that the rates, when they are given, are correct and we are anxious that this be done in an official way.

MR. WALDING: Mr. Chairman, I'd like to try another question on the Minister. Can he inform the Committee whether any payments have been made to any of those four private companies with which the government has arranged to do the audits on — the four companies?

MR. MCGILL: Mr. Chairman, I'm advised that some progress payments have been requested, but they are not made by the government directly, they would be made from the agencies for which the audits are being done.

MR. WALDING: I would like to ask the Minister if he is satisfied that such payments by the Crown Corporations to those private auditors are, in fact, proper and legal, since the Statute presently says that it is the responsibility of the Provincial Auditor to do those audits?

MR. MCGILL: Mr. Chairman, I'm advised that the billings are submitted to the Provincial Auditor for approval as to being correct, and then they are submitted to the Corporations for payment, so I think in that sense there is no contravention of any statutory requirements.

MR. WALDING: Mr. Chairman, as I understand the Statutes governing these four Crown Corporations in question, there is a requirement for the Provincial Auditor and his department to do the audit and for the bills to be sent by the Provincial Auditor to the Crown Corporation for payment to be made to him, the Provincial Auditor. What I'm asking the Minister is, is it not improper for these Crown Corporations to be making payments to private auditing companies, where there is no legislative sanction for them to do such work?

MR. MCGILL: Mr. Chairman, I'm advised that the Provincial Auditor is responsible for the work. This work is being provided under contract and the payments for such are being approved by the Provincial Auditor.

MR. WALDING: Mr. Chairman, the Minister for the second time has not answered the question, and if the Honourable Minister of Highways wishes to make some contribution to this debate, he knows what he has to do.

What I am asking of the Minister is, is it not improper for these Crown Corporations to be making payments to outside auditors for auditing services, when the Act in each case requires that the

Provincial Auditor do the work and that he charge for the work?

MR. MCGILL: Well, Mr. Chairman, in effect the Provincial Auditor is doing the work by having it contracted.

MR. WALDING: Mr. Chairman, I'd just like to quote a question that was posed by my colleague for St. Johns to the Provincial Auditor at a Public Accounts meeting, and he asked, "Will you in due course provide us with a breakdown of the costs related to these thirteen organizations within your department in the last full year in which you had the responsibility?" And the Auditor replied, "Yes, it will be part of my presentation of the operations of my office."

I wonder if the Provincial Auditor now has that breakdown of costs, can he provide it to the committee through the Minister?

MR. MCGILL: Mr. Chairman, that kind of information would be included in the Provincial Auditor's Report to the Legislature.

MR. WALDING: I'd like to ask the Minister, Mr. Chairman, whether he has any estimates of the costs to the Provincial Auditor's department in overseeing the private audits that are being done for these 13 Crown corporations — is there an estimate of that amount?

MR. MCGILL: Mr. Chairman, no, I am advised there is not a specific estimate of the cost of that.

MR. WALDING: Mr. Chairman, could the Minister undertake to attempt to provide that information for the committee?

MR. MCGILL: Yes, Mr. Chairman, we will attempt to get an estimate of that figure for the member.

MR. WALDING: Mr. Chairman, the Minister, a few minutes ago, gave me a figure of \$49,000 as the amount which is to be paid to the auditors for the Manitoba Telephone System, Thorne Riddell.

I recall asking the General Manager of MTS this morning what was the amount paid to the Provincial Auditor for the last year that he had responsibility for which would be the 1977-78 year and I recall that he quoted to the committee a sum of \$29,000.00. Now, I don't have that in my notes in front of me, so I'm just going from memory. If the Minister remembers a different figure, perhaps he will correct me.

I seem to recall it was a figure of \$29,000 for the 1977-78 year, which Hydro would be paying, or did pay, to the Provincial Auditor. When I say Manitoba Telephone System, that is all of the subscribers to the System.

And the Minister has now given us a figure of \$49,000, which Manitoba Telephone System, and through it, all of the subscribers to the Manitoba Telephone System, would be paying for the year 1978/79. I would like to ask the Minister now, does he feel that the subscribers for Manitoba Telephone System will be getting almost twice as much value for their auditing dollar for that year as they did for the previous year?

MR. MCGILL: Well, Mr. Chairman, that would be a very difficult answer to give in any precise way. I think it's something that we'll have to develop as the audits proceed.

The figure which the member recalls, I am advised is essentially correct — \$28,900 I think. The figure that may have been used by the Chairman was \$29,000 in round figures, but I think that's essentially the correct figure.

MR. WALDING: I wonder if the Minister could explain to the committee, Mr. Chairman, in these days of restraint, and the government-stated policy of restraint, why it is spending some \$20,000 in additional auditing fees for a system which told the committee this morning that it was quite satisfied with the auditing services that it had received from the Provincial Auditor. Would it not be more likely to be the government's policy to seek to have these services carried out at a lesser amount, and hence restrain the amount of government or Crown corporation spending?

Or, can the Minister demonstrate to the committee that this additional amount somehow accrues to the benefit of the subscribers of the Manitoba Telephone System? Are we getting almost twice as many hours on the audit, or is the audit of about twice the value, or is this simply a means of making work for a private outside company?

MR. MCGILL: Well, the question which the member poses is one that will be left unanswered until some experience has been gained under the private auditing operation that's carried out. Now, after a year or two of experience there, it may well put the government in a position of comparing the previous system and the system of audit under private firms. What differences may evolve, and what new particulars may appear as a result of a different approach to the audit, will have to await the actual experience.

MR. WALDING: Can I just ask the Minister then, in confirmation, Mr. Chairman, whether the government was in any way dissatisfied with the level of service that the Provincial Auditor was giving to Manitoba Telephone System?

MR. MCGILL: Mr. Chairman, no, I think that has been responded to on many occasions. The change is one which is not new to this government. There have been occasions and times in the past when the services of private auditors were used in addition to those of the Provincial Auditor. The extension of the Provincial Auditor's workload throughout many of the Crown corporations occurred during the past eight or ten years. It's now a reversion to an earlier system and we will again be able to compare the results achieved by each.

MR. WALDING: Mr. Chairman, when the Minister suggests that a means of comparison might develop over the years, is he suggesting to the committee that this particular private auditing company might be reducing its charges in the forthcoming years, down to a level comparable to those charges being made presently by the Provincial Auditor?

MR. MCGILL: Mr. Chairman, I don't anticipate there'll be a reduction in the costs of the audit in future years. Not many prices have been reduced. But the charges that are related to the private audit operations are somewhat different in their development from those which were in apportionment and a charge related to the time spent by the Provincial Auditor's office on these audits.

So, no, I was not suggesting that as the years proceeded, that there would be a reduction in the cost of the audit. I was suggesting that during that experience and the result of the audit by private auditing firms the amount of information that would be supplied might be somewhat different and have emphasis in different areas than that which previously took place under the provincial audit.

MR. CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Just a couple more questions, Mr. Chairman. Can the Minister inform the committee whether there was any tendering process involved in the selection of these Provincial Auditors and any tendering arrangement as far as the amount of the fee was concerned?

MR. MCGILL: Mr. Chairman, no it was not tendering in the usual sense of the word. Firms were requested to submit estimates of their costs to the Treasury Board. They were examined; if they were felt to be out of line they were either rejected or they were asked to review them. But I think it is not normal for tenders to be called in the formal sense in respect to the use and the employment of private auditing firms. I think that's not the normal method.

MR. WALDING: Mr. Chairman, I am most interested to hear from the Minister that there was an invitation from these private auditing companies to submit estimates of what their charges might be which raises the next question of why it was that each of these companies received or was awarded the auditing contract for one Crown corporation each. I would have assumed that if different rates were submitted by different companies that the government would have selected the most reasonable cost involved and perhaps given all 13 Crown corporations to one company, or conversely, if the work load had been too much perhaps they would have given it to the two lowest bidders or the third. Does it suggest that each of the bidders in this particular case all submitted the same bid and that's the reason why each was given one Crown corporation to handle? I wonder if the Minister could answer that point.

MR. MCGILL: Well, certainly there'd be no question of, Mr. Chairman, of them each submitting identical bids because they were not received in tender forms as I attempted to explain to the member earlier. There is some merit, and I'm sure the member can appreciate it, in having some dispersal of these contracts among a variety of firms. I think it would not be in the best interests

generally to centralize them all in one or two firms, but that is a principle, I think, which government has used not only in the allocation of contracts of this type but in others as well.

MR. WALDING: Mr. Chairman, I'd like to ask the Minister now if he can tell us whether Cabinet, when it received these proposals from a number of different companies, then attempted to negotiate one set price with all of these companies or whether they accepted the rates which were different for the different companies.

MR. MCGILL: Mr. Chairman, I'm afraid I can't advise the member as to how and in what manner Cabinet dealt with these matters. When they are published in total of course the results of those decisions will be available. But the details as to how such decisions are arrived at within Cabinet, of course, are matters which I'm not permitted to give out to you.

MR. WALDING: Can the Minister advise, Mr. Chairman, whether for those companies where contracts or agreements have been signed for auditing services for those Crown corporations, whether the amounts paid to them were all at the \$23.90 rate or whether there are deviations from that figure?

MR. MCGILL: Well, Mr. Chairman, that goes back to earlier questions by the member. The amounts for progress payments have been submitted and examined and approved by the Provincial Auditor in some cases but these amounts have not as yet been paid out. So when the member says the amounts that have been paid, I would just like to remind him that my response earlier indicated that the bills for progress payments were received and checked and in some cases approved, but that payments have not necessarily been made as yet.

MR. WALDING: Mr. Chairman, I was not referring just to payments that were made. I was referring more to contracts or agreements that had been entered into with these private auditing companies. I would like to ask the Minister again whether they are all at the rate of \$23.90 or whether in some cases a figure has been agreed at that is lower or higher than that.

MR. MCGILL: I am advised that there are different rates involved.

MR. WALDING: Further to the rate of \$23.90 an hour, Mr. Chairman, and that the Minister has told us is for all of the staff who were working on the books in doing the audit, I wonder if the Minister can confirm to the committee that it was the practice of the Provincial Auditor's office to make charges to Crown corporations and presumably government departments at three different hourly rates, the top rate of which was \$16.60 an hour, and that was for a chartered accountant. And that an audit accountant 1 was charged at the rate of \$9.90 an hour and an audit clerk was charged at the rate of \$6.95 an hour, plus in all cases a 25 percent markup, if you might call it that, on the total bill to cover the other fixed costs of the Provincial Auditor's office which would bring the top rate to \$20.75, according to my arithmetic and proportionately less rates for the other two categories. Can the Minister confirm those rates?

MR. MCGILL: Mr. Chairman, I'm advised that essentially those rates that the member has quoted are correct within a few cents.

MR. CHAIRMAN: Pass — the Honourable Member for Inkster.

MR. GREEN: Well, Mr. Chairman, I would like to ask the Minister whether he can cite previous precedents for the provincial government ordering the auditor to hire a private firm for a Crown corporation which by legislation is required to be audited by the Provincial Auditor.

MR. CHAIRMAN: The Honourable Minister.

MR. MCGILL: Well, Mr. Chairman, the member uses the word "ordering". I presume that there have been discussions with the Provincial Auditor about the contracting of these audit services, and I presume that arrangements were agreed upon with the Provincial Auditor and that I don't accept the inference that this was an order that was imposed upon the Provincial Auditor. Whether there have been other instances of arrangements being made where part of the work of the Provincial Auditor was allocated to private contractors and carried out in that way, I don't know. But I think the member is overstating it completely when he describes it as a sort of a summary order to make these changes.

MR. GREEN: Mr. Chairman, we have already been advised by the Provincial Auditor and Public Accounts Committee that he was not given a choice as to whether this work was to be done through his office hiring people or whether he was to hire the private auditors, but that it was a matter of government policy that he accept it. But he has not been given a choice to use the same funds as are being paid to these private auditors to hire people in his own staff. And the reason that my honourable friend says that I am overstating it is because what they have done, the enormity of which is unthinkable, Mr. Chairman. We have a statute here which says "the books and accounts of the corporation shall be examined, checked and audited from time to time and at least annually by the Provincial Auditor, and the cost of the audit shall be paid by the corporation". Now, the Minister will not say because he cannot say that this Provincial Auditor was given a choice of hiring a new firm or taking the money that that new firm would get and hiring the staff himself. He has already said in Public Accounts that he was told "this is the way the provincial government wants it done", and he accepted the policy in that respect.

And therefore, Mr. Chairman, to have it stated any other way but that the Provincial Auditor was ordered to in effect, Mr. Chairman, break the statute, because that is what is happening, it is a complete subterfuge, the Provincial Auditor is not auditing the books of MPIC. He has not even negotiated the price that the auditor who will audit the books for MPIC will be paid. You've already told us he can't give us those prices because they're being negotiated through the Department of Finance. He has limited his role now to getting those books and saying "Okay, I have received them from the private firm and I am sending them on to you." In this case, Mr. Chairman, the Provincial Auditor is being treated by the government as the invisible man and may I say, Mr. Chairman, that it is not only the government who's to blame, but it's the Provincial Auditor who's to blame. That he is not only being treated by the government as the invisible man, but he is letting himself be the invisible man to the provincial government. He should have stood up and said, "I will not participate in this subterfuge, that you will either let me do the books or if you say that it could be done cheaper outside, tell me what you will get it for outside and give me the choice of hiring a firm or telling you that I can do it for that price."

But what the government has done, Mr. Chairman, where it's interesting, it's interesting, we are discussing the field of legislation. Do you know why we're discussing legislation? Because the Provincial Auditor is responsible to the Legislature. And in this case the government has overridden the legislation, the Provincial Auditor and the Legislature. And they have said that as a matter of policy you are going to hire x, y, z firms to do your work, there will be a negotiated price. Until we change the legislation, which they've now indicated that they're going to do because they realize the enormity of the situation, we will continue to have you used as a conduit pipe through which the —(Interjection)— A tool, yes, through which the private firm sends their books to the MPIC, you will okay them and then when the legislation is changed we will no longer need your okay. That's what is happening here. The only reason that it is not acknowledged, Mr. Chairman, is because my friend the Member for St. Vital, who has skillfully, both here and at committee raised these questions, does it with his usual gentlemanly style, but otherwise, Mr. Chairman, this would be looked upon as a scandal, an absolute scandal.

And we have been told, not only is it a scandal, Mr. Chairman, but we're told that it's costing us more money. That the Provincial Auditor could get the work done through his office at the fees that were given as between \$9.00 and \$20.00, that you've negotiated them for \$23.00 and more, and what is this, Mr. Chairman? This is a case of kiss my ankle. We've got a certain number of auditors whose ankles have to be kissed by their Conservative friends. We heard it earlier today. We had a Minister get up and say that we had royalties of \$9.00, we're reducing them to \$3.00 from a company, Mr. Speaker, that has competed and made good money and has had their entire investment in the Province of Manitoba virtually written off for the years that they have put it in; and somebody wanted me to put it on the record, the Member for Pembina — I wish he was in the House.

Mr. Chairman, when the new government comes into power, which will be very soon, we will see to it that the new contract with Abitibi or the rules and regulations or the laws are sufficient not only to get the royalties back to the position that they should be, but to recover what this government has given them in order to kiss their ankles, so that they can say that they are licking the boots of private enterprise in this province, because that's what is happening, Mr. Chairman, with this particular auditing operation. It's the pork barrel; it has nothing to do with accountability; it has nothing to do with good practice; it has nothing to do with efficiency; it has nothing to do with saving money. It happens to be that a certain number of auditing firms in the Province of Manitoba have to be paid off and we will run roughshod over the statute; we will run roughshod over the Provincial Auditor; we will do it before we even bring in legislation because at all costs, we have to see to it that these people get their dues, Mr. Chairman. That's what is happening

And for the Minister to get up and say that it happened before, I will give him examples, yes. There was a firm, I believe it was Venture Tours, whose books were being done by the Provincial Auditor, and the Board of Directors said that they would like it audited in a different way, more as a commercial enterprise rather than as a group of civil servants; and that Board said they wanted a new auditor. But the legislation did not say Venture Tours will be audited by the Provincial Government; and it may be in the past that the Provincial Auditor's office was overloaded, that they had too much work, and the Provincial Auditor hired auditing firms. Perhaps that did happen; nobody is arguing with that.

What is being argued with is, the proposition, Mr. Chairman, that the Cabinet can come in and treat a servant of the Legislature, who is obliged by statute to audit the books — and I don't know how the Provincial Auditor can sit there and say, which he has to say as a matter of conscience, that "I am auditing the books and accounts of the Manitoba Public Insurance Corporation." That's something he has to live with.

You know, I have disputes with the Provincial Auditor as to things that occurred when we were in administration; they were always public, I had no difficulty in arguing with him and coming and defending my position before the House, and he felt free indeed during those years, interestingly enough during those years, he felt free to make whatever statements he wanted to about the government. But, can the Provincial Auditor get up and say, "I, Mr. Ziprick, am auditing the books and accounts of the Manitoba Public Insurance Corporation." Because if he can say it, Mr. Chairman, that is a matter for his professional conscience. I say that he is not doing it. I say that it is being done through him as a conduit pipe by a group of private auditors as ordered by this provincial government. And they have that on their consciences. They have that on their consciences and, Mr. Chairman, they also have on their consciences that they are doing this in order to fill the pockets of private firms in rovince of Manitoba whom they have selected. —(Interjection)— the p It's not a question of tendering, and nobody is talking about private tendering.

You say that they were invited, Mr. Chairman. Who was invited? Who was invited? Who selected the invitees? Were all of the auditing firms in the Province of Manitoba invited to say what they would do? I am certain that that was not the case. Certain selected firms were invited and, Mr. Chairman, I suggest that the invitation was, when my honourable friend talks about an arrangement or consultation, I suggest that the invitation was two ways. What work is available for us? And we looked around and we found that the Provincial Auditor is now auditing Autopac; is now auditing Hydro; is now auditing the Manitoba Telephone System, and here is an area where you can be looked after. I mean, the auditing firms were in trouble. You'll notice, I am sure, that they walk around with patches on their trousers . . . Arthur Anderson; my auditor's Arthur Anderson. I go into their office; I don't see any problems. I don't see that their offices are more Spartan than the civil servants who have been doing this work before, or that they appear to be in great difficulty. But my honourable friend, his heart bleeds for them. I mean, he feels that they're driving second-hand automobiles; he notices that they're smoking roll-your-own cigarettes; that they're wearing suits that are ten years old, so we have to help out these auditors, and there is only one way we can do it. We have to treat the Provincial Auditor as an invisible man, as if he was not there.

And that is the enormity to which they will go and we have more examples of it, Mr. Chairman. We have to deal with the poor widow who inherited \$250,000 and was subject to some estate tax, so let's get rid of that estate tax. We have some . . . Abitibi, who has been here for the last five years operating on \$9.00 stumpage fees. They've been operating at capacity, they have not been having any trouble, but we have to reduce it to \$3.00. We have the mining company who have been operating and selling all that they can . . . excuse me, not selling all that they can make but they are in no different position with regard to minerals in the Province of Manitoba. None of those companies that he is talking about have had to pay the incremental tax, and if they did, it was because they would be making a whole lot of money. But we have to reduce their taxes, and the joke of it is, the joke of it is that they're going up a little bit from what they've been paying. So this notion that . . . and the mining companies are always prepared to pay a little more to avoid paying on the windfall profits.

And this is the particular tidbit that is given to the auditing firms. No other reason whatsoever and right in the face, Mr. Chairman, of the legislation. And if my friend can show me a single instance of where the Provincial Auditor was told by the government that where there was a Crown Corporation and of which he was required to be the Auditor but the government told him: "You are to change, and hire a private auditor and we'll hire him; we'll negotiate the rate; we'll put him into place, and you will sign that everything that he is doing is okay." That's what it is; that's what this is. It's an enormous subterfuge and it's one, Mr. Chairman, that we won't let the government forget and it's one which poses a threat to everybody who has some or is supposed to have some type of professional integrity with respect to their obligations and duties, because I do not know, Mr. Chairman.

And it will be an interesting question as to how, under the circumstances that have been disclosed, somebody can say that I am auditing the books of the Manitoba Public Insurance Corporation in accordance with the statute. It requires some bending, stretching, tearing apart, destroying, of the legislation for my friend to be able to say that the Provincial Auditor is now in that position.

MR. CHAIRMAN: (a)—pass — the Honourable Minister.

MR. MCGILL: Mr. Chairman, I think I should just very briefly say the member is quite right, this is government policy and his positions and the government's positions are clearly much different; his notion of government is much different than that which is held on this side. The position of our government is that we are anxious to have less government in our lives and we are more anxious to have the private sector and the contribution made by the private sector, the tax paying sector of our population to participate more widely. And the Provincial Auditor is the man who is accepting the policy of the Government of Manitoba.

The member points out the statutory requirements and he knows that those requirements are being met by the auditor, who is a man responsible in his capacity and, Mr. Chairman, the position of this government and the position of the Provincial Auditor under these arrangements will be quite clear and the charges which the Member for Inkster is making are based upon his position that the government should be the larger performer in the economy and that there should be less input from the private sector. Well, Mr. Chairman, the positions which this government has taken will never be the same as the positions of the Member for Inkster, and the changes which are being made we feel are reasonable and correct.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. GREEN: Mr. Chairman, you can always tell when the Conservative Government is in a corner and cannot rationally answer. Whenever they get to that position, they scream "Bolshevism; they scream "Bolshevik."

Mr. Chairman, when we raised the question of changing Medicare premiums from premium taxes to consolidated revenues, they said: "It looks good, but it's Bolshevism". When we said, Mr. Speaker, that you should call for a unified city rather than 13 cities, they said: "It's communism". We now say, Mr. Chairman, that the government should follow the statutory legislation until they change it. And you know what their answer is: "We have a different view of government than you have; that's communism. That if you take a statute and follow it until you change it, that is not our belief in government. We intend to undo the statute before we change it." And that's what they said. The Minister of Finance has come in and said he's going to change this legislation. Why? Mr. Chairman, why is he going to change the legislation? He says that he's following the legislation. Why is he going to change it? This has nothing to do with ideology.

Mr. Chairman, I put the reverse to you. You now tell the Provincial Auditor — listen to this, listen to the enormity of it — you now tell the Provincial Auditor, as a matter of government policy, we are telling you to go out and hire private auditors to audit the Treasury of the Province of Manitoba. It's true that the legislation requires you to do it, but we are telling you to go out and hire Arthur Anderson, set him up in his office, send all the books to him; he will produce a statement, when that statement comes to you, you will pass on it.

You know, my honourable friends would say that that is perfectly all right. Not only is it perfectly all right, it's within the statute. Not only is it within the statute, but it's what we Conservatives believe; that's what he is saying. It's now no longer a question as to whether they are following the statute, but it's now a suggestion that the difference on this question is ideological. What the New Democrats are saying is "communism" and what we are saying is "freedom". But all that I am saying, Mr. Chairman, is that there is a statute which you have a right to change by majority vote, which says, Mr. Chairman, what does it say? I read it a moment ago: "The books and accounts of the Corporation shall be examined, checked, and audited from time to time and at least annually, by the Provincial Auditor, and the cost of the audit shall be paid by the Corporation". My friend says that's communism. Let's assume for the moment it's communism. I think it's far from communism, but my honourable friend says that I agree with that because it's communism. If it's communism, change it. Don't say six months in advance that we, the government, can say the statute doesn't mean a God damn thing to us; we say that the Provincial Auditor, who is responsible to the Legislature, shall do what we say, not what the statute says; and we are saying that the Provincial Auditor will follow this policy. We are not going to give him the choice; we are not going to tell him that \$250,000 has been made available to Arthur Anderson and Company — or whatever the figure is — can you do it for less? Do you accept that you will be able to do it for that figure or not do it for that figure? They say, Mr. Chairman, we can be in contempt of the statute; contempt

of the Provincial Auditor; and contempt of the Legislature. And that's Conservatism, that's ideology — now that has nothing to do with pragmatism, that has nothing to do with whether it is right or wrong, that is Progressive Conservatism. I'm glad you've given us the label as to what it is.

MR. CHAIRMAN: (a)—pass — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, at the Public Accounts meeting, the Auditor told us that he was operating with some eleven positions not filled as a result of this transfer of function from his department or his office to private organizations. I wonder if the Minister can give us a dollar figure of the savings on those eleven positions?

MR. MCGILL: Mr. Chairman, I'm advised that there are nine positions now different, and approximately \$74,000 was the reduction.

MR. WALDING: Did the Minister just confirm to me that a saving of nine civil servants is a saving that's a salary figure of \$74,000 which is something like \$8,000 per person?

MR. MCGILL: Mr. Chairman, the figure of \$74,000 was for five that were cut out. There are four vacancies now, so there would be additional money which is in the Estimates to cover those four vacancies.

MR. WALDING: Mr. Chairman, the Auditor has told us that he is operating in his department with nine less people, I take the Minister's correction on the figure nine. In order that this auditing work shall be passed over to private auditors, could the Minister then give us an indication in dollar terms as to what the government is saving by not having those nine people working for the Provincial Auditor's office?

MR. MCGILL: Mr. Chairman, as a rough estimate, between \$140,000 and \$150,000.00.

MR. WALDING: Mr. Chairman, that does seem a more reasonable amount and I note that not only is the government carrying out its stated policy of reducing the number of civil servants, here are nine of that 1,500 or whatever the number is that the First Minister has said has been reduced from the government payroll, but it is also saving \$150,000 at the same time. I wonder if the Honourable, the Minister can give us a figure or an estimate of the amount in dollars that the government will spend extra on the audits of those 13 Crown Corporations?

MR. MCGILL: Mr. Chairman, I am advised that the approximate total cost of the billing for the 13 audits would be \$250,000.00.

MR. WALDING: I thank the Minister most sincerely for that figure, Mr. Chairman, and I hope that the remainder of his colleagues were listening very carefully when he is telling this Committee and through the Committee to the people of Manitoba, that the super efficient private sector is costing the people of Manitoba \$100,000 more than if it were being done by the people themselves and their employees within the government. \$100,000 extra, Mr. Chairman, from a restraint-minded government who is telling the people that by cutting down the expenditures of government, that they will be saving people some money.

I want it to be made quite clear to all of those gentlemen over there who stand up and so strongly support and praise the private system that it is the private system that is costing the people of Manitoba \$100,000 more than it would do if it were being done by the people themselves.

MR. CHAIRMAN: (a)—pass — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, I wanted to move to another area where we might ask the Provincial Auditor to perhaps provide us with a few facts and details having to do with another Crown Corporation, the Manitoba Agricultural Credit Corporation, and since I see the time is almost at 4:30, I wonder if we might call it 4:30 and move into this area at 8:00 o'clock?

MR. CHAIRMAN: Order please. The hour being 4:30, and in accordance with Rule 19(2), I am interrupting the proceedings for Private Members' Hour, and will return at 8:00 p.m. this evening. Committee rise.

MR. SPEAKER: Order please. We are now under Private Members' Hour. First item of business on Thursday, Public Bills.

ADJOURNED DEBATES ON SECOND READING — PUBLIC BILLS

MR. SPEAKER: Adjourned debate on the Proposed Motion of the Honourable Member for Wellington, Bill No. 34. The Honourable Member for Rhineland.

MR. ORCHARD: Stand, Mr. Speaker.

MR. SPEAKER: Bill No. 37, the proposal of the Honourable Member for St. James, An Act to amend The Museum of Man and Nature Act. The Honourable Member for Kildonan.

MR. FOX: Stand, Mr. Speaker.

MR. SPEAKER: On the proposed Motion of the Honourable Member for Wellington, Bill No. 43, An Act to amend The Legal Aid Services Society of Manitoba Act. The Honourable Member for Gladstone.

MR. JAMES R. FERGUSON: Stand, Mr. Speaker.

BILL NO. 53 — AN ACT TO AMEND THE EMPLOYMENT STANDARDS ACT

MR. SPEAKER: The Honourable Member for Transcona.

MR. PARASIUK: Mr. Speaker, I made my comments on this last time. I now invite the Conservative majority to face up to the challenge of putting through this required piece of legislation, if indeed we're going to protect all workers against what I call creeping totalitarianism in the private sector. I'm quite certain that the Minister of Labour indicated that he didn't have a chance to look at this fully — it was brought to his attention a couple of days ago — I'm quite certain that since this is a matter of grave importance to those people who are subject to taking lie detector tests, that the Conservative majority will back this bill and it will be put through, passed, and that this pernicious Act will be outlawed.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Gladstone.

MR. FERGUSON: Mr. Speaker, I move, seconded by the Member for Rock Lake, that debate be adjourned.

MOTION presented and carried.

ADJOURNED DEBATES ON SECOND READING — PRIVATE BILLS

MR. SPEAKER: Now we move on to Private Bills, on the Proposed Motion of the Honourable Member for Crescentwood, Bill No. 31, An Act to amend An Act to incorporate The Investors Group. The Honourable Member for Kildonan.

MR. FOX: Stand, Mr. Speaker, and Bill No. 40 as well.

MR. SPEAKER: I want to point out to the honourable members that there was an omission on the Order Paper. Bill No. 33 should also be included there on the Proposed Motion of the Honourable Member for St. James, Bill No. 33, An Act to amend An Act to incorporate Bel Acres Golf and Country Club, standing in the name of the Honourable Member for Kildonan.

MR. FOX: Stand, Mr. Speaker.

MR. SPEAKER: On the Proposed Motion of the Honourable Member for Minnedosa, Bill No. 41, An Act to amend An Act to incorporate United Health Services Corporation, standing in the name of the Honourable Member for Wellington.

MR. FOX: Stand, Mr. Speaker.

RESOLUTION NO. 12 — RAILWAY LINE ABANDONMENT

MR. SPEAKER: The Honourable Member for Pembina.

MR. ORCHARD: Thank you, Mr. Speaker. This resolution comes at probably a very timely interval in view of the change in federal government and hopefully the change in direction in policy that will result from having a different Minister of Transportation in control over grain traffic and rail movement in Western Canada.

I'd like to start out, Mr. Speaker, by saying that despite the fact that the government in Ottawa has changed, I did not at the time the Member for Ste. Rose introduced the resolution and I do not today, agree with the resolution and I will not be supporting the resolution. There are a number of reasons why I won't support or cannot support this resolution at this time, and I'll attempt to explain them to you, Mr. Speaker, in the hopes that we don't get into the sensationalistic arguments and some of the rhetoric that has been so common over the past number of years, any time mention of rail line abandonment, grain movement, transportation, Wheat Board, etc. etc. have been considered.

And all of these various segments of the grain industry are part and parcel of the overall problem that we find ourselves in today in the Prairies, namely that last year, because of a combination of inadequate delivery, inadequate supplies available for export and loading onto ships, demurrage from waiting ships, that each producer in western Canada, each permit-holder in western Canada, Mr. Speaker, lost some \$3,000 of income.

It would appear that this year we're headed for an even greater loss, in the fact that already the Canadian Wheat Board has indicated that they are some one million tons behind in their shipping schedule and export commitments to date. And this is with some three months left, or four months left, in the grain shipping season, no doubt a very serious situation, and has very serious implications to the western Canadian economy, and indeed the Canadian economy. Because one million tons of grain, valued at even an average price of \$100 per ton — and that may be quite a conservative estimate of the price of that grain — amounts to some \$100 million. That is an incredible amount of dollars that the western economy is missing.

And there are a number of problems which are leading up to the reasons why we cannot meet export commitments. And it's going to be more serious, Mr. Speaker, down the road two or three years, because if you're a chartist — what is called a chartist — and the chartist being one who follows the grain markets and notes the trends of the price declines and the price increases; the chartists are very optimistic for the next couple of years in grain prices, because according to their graphs, grain prices have reached a bottom, and are now starting to climb up. And you can hear predictions by U.S. grain marketing analysts that two to three years down the road, we may be conceivably looking at wheat prices of \$8.00 to \$9.00 per bushel.

And I suggest, Mr. Speaker, that should that come, we're not looking at one million tons of lost exports being valued at \$100 million, we may well be looking at that million tons of lost exports being worth \$300 to \$400 million to the western Canadian economy.

So the problem is a serious one. It's an immediate one, and it needs some concrete thought and some new direction.

Now, I can't agree with the Member for Ste. Rose's proposed Resolution because, first off, I do not deplore the establishment of the Prairie Rail Action Committee.

Now, I don't want the Member for Ste. Rose, in his weekly column, to make his broad-brush interpretation of that, that I agree with the recommendations of the Prairie Rail Action Committee, as he has been so wont to do on many statements that he likes to misinterpret of members on this side of the House. I don't agree with the recommendations of the Prairie Rail Action Committee in terms of abandonment proposals for certain lines, Mr. Speaker. But what I do agree with is the fact that, in his wisdom, the former Minister responsible for Transportation did set up a committee with a specific mandate and a specific time schedule within which to exercise that mandate, and as a result of which, to come up with some concrete recommendations for retention and abandonment of the various lines throughout the province — throughout this province and throughout the other two prairie provinces.

Now what that did, Mr. Speaker, was take away this constant uncertainty as to where a given rail line was at. Now, as a result of recommendations by the Prairie Rail Action Committee, a decision has to be made on a number of lines throughout the province. We are no longer faced, as grain producers along some of these lines, with the uncertainty and the resultant de facto abandonment by the grain companies, by the railway companies, by the Canadian Wheat Board. That decision, Mr. Speaker, is going to be made, and what caused it to be made was the fact that the Prairie

Rail Action Committee came up with a very specific set of recommendations, which for the first time — the first time since the rail lines were laid down — caused certain lines to be put into a position where a decision had to be made.

And, Mr. Speaker, as I said before, I don't agree with the abandonment recommendations for certain lines. But I do agree that the decision was made so that now the Canadian Transport Commission has to deal with the abandonment applications by the railroads, and in their wisdom, considering all the pertinent facts of each and every individual line, make a decision as to whether that line should stay and be upgraded and retained to the permanent network, year 2000, or else be abandoned.

We are going to finally end up, in the next couple of years, with a decision. And that decision, Mr. Speaker, whether it is for retention or abandonment, will ease the grain company's problems of where to locate new facilities, where to upgrade existing facilities; it will allay the uncertainty amongst the rail companies, C.N. and C.P., as to what lines they should put major renovations and upgrading into. All of a sudden we're now, because of PRAC, at a decision stage that we had not been given by any of the commissions which have studied the rail line system in western Canada over the past number of years. And for that reason, I cannot agree with deploring the establishment of PRAC.

So, the second thing, Mr. Speaker, in the Resolution that I cannot agree with is the recommendation to transfer the lines in question — meaning the lines recommended for abandonment by PRAC — to transfer these lines to the permanent network. I can't agree with that, Mr. Speaker. Because, that does not deal with the basic problem that we have on some of these lines that are up for abandonment.

Certainly, we can leave them in there, into the permanent network, and we can have those lines in place, running past delapidated elevators until the year 2000. But I submit, as I submitted not three minutes ago, that what we will have brought upon those farmers in those areas served by those lines, is de facto abandonment by both the railroads and the grain companies. Because, in the uncertainty of whether or not they are going to be able to continue with a volume of grain through those points, you won't find the grain companies spending dollars, much short capital dollars, on upgrading those facilities to handle grain.

The grain companies are like any other business in western Canada, Mr. Speaker. They must put and rationalize their limited capital dollars to the best available use. They're like any other business; they're like government. They're like any other thing. You have to rationally use the dollars that are available — you can't throw them away.

And from that standpoint, Mr. Speaker, including all of these lines into the permanent network will solve nothing. Because, as I said, the grain companies themselves, if they don't have the volume generated through those grain points, won't upgrade the elevators, and in five years you have no facility there — de facto abandonment.

The same thing, Mr. Speaker, applies to the rail companies. You can tell them that that rail line must be the permanent network to year 2000, Mr. Speaker, that will be in not in any way, shape or form, guarantee that that railroad company then must spend several millions of dollars to upgrade that rail line from some of the 55 pound per yard steel lines we have now, to the minimum 80 pound required to handle hopper cars. They will let the rail line degenerate, as they have in the past, because the revenue generation is not there. And once again you have de facto abandonment.

And what he missed, what the Member for Ste. Rose missed — and I trust that it was an oversight, and not a lack of knowledge, Mr. Speaker — what the Member for Ste. Rose missed in this Resolution was a request that any lines transferred to the permanent network also be upgraded to handle full hopper car service. And there is the nub of the problem, Mr. Speaker. Without that upgrading program, you have, in effect, de facto abandonment.

And, if you don't upgrade the rail lines, soon — and it may be 20 years from now — but at some point in time our boxcar fleet is going to be completely depleted, and we are going to be relying strictly on hopper cars. And if you follow developments in the grain handling system in the southern U.S., where I believe it's Santa Fe Rail Line in the southern U.S., has now a jumbo hopper car which holds approximately double the bushel capacity of any rail hopper car we have in Canada.

Now, what that means, Mr. Speaker, is that we are seeing changes in technology of the rolling stock by the railroad companies themselves, which will require 120 pound steel, not 80 pound. And for certain, any rail line that is left in the permanent network without the requirement of being upgraded, and is left at 55 pound steel, will be abandoned within ten years — de facto abandonment.

And that is something that the Member for Ste. Rose — and I hate to say it, but most members of his Party — fail to realize. They haven't addressed it in this Resolution; it's a very poorly written

Resolution, Mr. Speaker.

Now, Mr. Speaker, I . . .

MR. SPEAKER: Order please. The Honourable Member for Ste. Rose, on a point of order.

MR. ADAM: No, just . . . I wonder if he'd accept a question.

MR. SPEAKER: The Honourable Member for Pembina.

MR. ORCHARD: Mr. Speaker, I will entertain any number of questions the Member for Ste. Rose would care to ask me, after I've finished my remarks — be more than pleased.

Mr. Speaker, the one point that the Member for Ste. Rose didn't address himself to in this Resolution, is that he says, "We must transfer all the lines in questions to the permanent network." And what he has failed to address himself to is that some of these lines don't have rail lines, or don't have grain coanies on them right now. And furthermore, Mr. Speaker, even with upgrading, they won't have elevator companies locating new facilities on them. The elevator companies are rationalizing their grain system in accordance with the modern agriculture that we have in Canada — in western Canada today. We are a changing and dynamically growing industry and we are not going to see, unfortunately, and I don't agree with this, because it does hurt my pocketbook, but we re not going to see elevators every seven miles and every 10 miles apart between rail lines. Those days, I will admit, are in the majority gone and it's a reality of progress in agriculture. But, Mr. Speaker, I would not disagree one moment with the abandonment of some of these rail lines, which are in questionable condition; the elevator facilities upon which are in very poor condition. The service on those lines amounts to de facto abandonment, because the trains are not run on a regular basis. The grain companies do not allocate the cars to those particular elevator points, so that the handle is down.

If those lines were abandoned, I would like to see the full recommendations as advocated in the Hall Commission come into play. Namely, that the federal government, if and when a rail line is abandoned, offers to the province affected and the area affected, funds to upgrade the road system and provide an alternate and cheaper transportation system to that area. That, Mr. Speaker, is only a logical way to go.

Now, unfortunately, what we have had is only a rail line abandonment process. We have not to date, and I will stand corrected by the Minister of Highways if I'm wrong — we have not to date had any contribution by the federal government to pay the province for the additional truck road transportation system needed when the rail line is abandoned and grain has to be now brought out of that area to the adjacent rail line via trucks. We haven't had that Mr. Speaker, and that — that, Mr. Speaker, is the true crime that the federal government, the former federal government has perpetrated upon western Canada and the grain transportation system.

And furthermore, Mr. Speaker, they have not only failed to live up to that particular obligation of providing funding to upgrade roads in areas affected by rail line abandonment, but they have furthermore taken an additional \$6 million in the road strengthening project from the budget of Manitoba, which puts us further behind the eight-ball as a province to provide a viable truck transportation system to move our commodities to market. Mr. Speaker, we cannot avoid this; truck transportation in combination with a viable rail system will be the way that we meet export commitments — get the grain from the farm to the market to the buyer, and generate the needed income for western Canadian farmers and for Canada as a whole; to generate the dollars for the balance of payment that this country so sorely needs. But we cannot do it, Mr. Speaker, by adopting a resolution illy prepared by the Member for Ste. Rose on behalf of the N.D. Party. This resolution does not in any way, shape or form give us a system of transportation — rail transportation, which will meet our export commitments. What it gives us and retains for us is a rather inefficient rail system, some of which, and in my own particular home town, that rail system . . .

MR. SPEAKER: The honourable member has five minutes.

MR. ORCHARD: Thank you, Mr. Speaker. The rail system that is through my home town has been in place since approximately 1888. Now that rail line is 90 years old, Mr. Speaker. It has the original steel in many cases. In some cases, it has the original ties. That is the kind of investment that's been put into that rail line. Now, what we need in the case of that Morris to Hartney rail line, and I'll use that as a specific example, is not to follow the resolution as the Member for Ste. Rose would want us to do, in other words to cancel any further abandonment and transfer the line to the permanent network. If that were to happen, Mr. Speaker, I submit that within 10 years, the Morris to Hartney line would be de facto abandoned. The grain companies for the last four years,

with no direction as to what is going to happen in the Morris to Hartney line, have not made major improvements to many of the elevators. The railroad itself has made only minor cosmetic maintenance along that track. What we need, Mr. Speaker, is for the Morris to Hartney line, No. 1 to be placed in the permanent network, but more importantly, Mr. Speaker, to be upgraded to a minimum of 80 pound steel, so that that rail line can be a viable unit until the year 2000 and beyond.

This resolution deals nothing with the problem; offers no solution to the problem. All this resolution did was prolong the status quo and the status quo is inadequate, it's woefully inadequate. It's proven every year that we go by and every individual farmer in western Canada loses \$3,000 because we can't meet our export commitments. This year, we're going to lose more. This resolution wanted to retain that kind of a delivery system ad infinitum.

I suggest, I could have supported this resolution if he hadn't deplored the establishment of PRAC which brought us for the first time to a stage where we had to make a decision. I would have supported this resolution if he had of forgotten about transferring the lines to the permanent network, if he had of added to that line and upgraded to full hopper car service — I could have agreed with this resolution. But I can't agree with it, the way it is written now. He's failed to touch upon and recognize the total problem that's in front of us today. Mr. Speaker, that is where I have to commend the First Minister in the Grain Handling Conference in January held in this city. For the first time all members of the grain handling system, the grain companies, the Wheat Board, the railroads were brought together under one roof without the press, so that we don't have any posturing, to effectively deal with the problems of grain handling and to come up with some concrete solutions, which are going to make the grain industry in western Canada the viable one that it used to be, the very important one to western Canada and to Canada in general in generating the export dollars and the balance of payment dollars that we so sorely need in this country and that western Canada so sorely needs to continue with the job of being the most viable and progressive agricultural community in the world. Thank you, Mr. Speaker.

MR. ADAM: Would the member permit a question, Mr. Speaker?

MR. SPEAKER: The honourable member has two minutes left in the time.

MR. ADAM: To answer, he has two minutes to answer. I'm just wondering if the member has read the Hall Commission Report because it does provide for upgrading and transport of all grain by rail or by truck from any point, whether the rails are abandoned or otherwise, which would be included in that resolution. I'm just wondering if the member did, in fact, unlike his Minister of Agriculture, did he familiarize himself with the Hall Committee Report?

MR. ORCHARD: Mr. Speaker, I thought I had made that abundantly clear in my remarks that that was indeed recommended by Hall, but hasn't been carried out by the federal government to date — that is the problem. I also indicated in there that without upgrading of the rail lines to 80-pound hopper car service, that we have de facto abandonment. Now, my argument was and it still is, that the Member for Ste. Rose did not effectively address himself to the problem and provide a viable solution within the resolution. All the Member for Ste. Rose did, was try to get — well, all he tried to do was to try to grab some popular headlines in the farm papers as being the salvation of the grain-handling system in western Canada, when in fact, all he did was bury his head in the sand and neglect to recognize and come up with solutions to the transportation problem.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON: Thank you, Mr. Speaker. I would like to also take a few minutes to speak on this resolution coming from the Member for Ste. Rose. Having listened to the comments from the Member for Pembina, it's difficult to add any further remarks that would be more effective than what he gave to us this afternoon insofar as this resolution was concerned. However, Mr. Speaker, I too want to say to the Member for Ste. Rose and to all members of his party, that the wording in which he describes the resolution — and I would like to read it in my introductory remarks. He says, "Be it resolved that this Assembly, deploring the establishment of the Prairie Rail Action Committee, request the Minister of Transportation of Canada, to cancel any further abandonment hearings of the Canadian Transport Commission and to transfer the lines in question to the permanent network or to establish the prairie rail authority, as recommended by the Hall Commission." Well, Mr. Speaker, I don't know where the member has been for the last several years insofar as this whole problem is concerned. I appreciate the fact that he is raising a subject in this House that is of utmost importance to his community, to my community and I think, to many

others in this province. But, Mr. Speaker, the Member for Pembina made some comments about the Member for Ste. Rose and his responsible . . .

A MEMBER: Irresponsible.

MR. EINARSON: Or irresponsible attitude — or I should say his responsibility as a member of this Legislature, to report to his local papers when he is stating — I would suggest to you, supposedly — true facts about a subject matter as important as this.

Mr. Speaker, I have before me and I want to deal — I think we'll encompass a lot more and more a complete debate on this matter insofar as the Member for Ste. Rose is concerned — I want to talk briefly about a press release that the Member for Ste. Rose put out in the Dauphin Herald on May the 9th, and in this report, Mr. Speaker, it states: "The MLA Pete Adams, NDP Ste. Rose, taking up the fight to stop rail line abandonment."

You know, Mr. Speaker, it sounds tremendous. He goes on to express in his brief, "Be it resolved that this Assembly, deploring the establishment . . ." and he goes on repeating his resolution. He states, and I want to quote: "I am confident that I will have the support of every New Democratic member, both provincially and federally. The NDP Leader, Mr. Broadbent, has announced that if he forms the next federal government, rail abandonment will stop." Well, Mr. Speaker, I think that Mr. Broadbent knew full well that he could make that kind of a promise, that he was never going to be the Prime Minister anyway, and it was about as responsible a statement for him to make that, as responsible as when he said, "I'm going to reduce prices of food by 20 percent." This article goes on, Mr. Speaker, and I quote: "Premier Blakeney of Saskatchewan is the only Premier at the western Premiers' Conference at Prince Albert who spoke against rail abandonment." Well here, Mr. Speaker, I'm given to understand, and before I want to go any further I want to correct the member. The meeting wasn't held in Prince Albert. It's a minor detail, but it wasn't held in Prince Albert; it was held in Prince George. For the member's information. And you know, Mr. Speaker, he's quoting what the Premier of Saskatchewan had said. And I want to reiterate, and I think it's very important to what the Member for Pembina had stated. It was the Premier of Manitoba that stemmed from the Provincial-Federal Conference held in Ottawa last fall, who was successful in interesting and convincing the western Premiers plus the federal responsibilities to summit a meeting in the province of Manitoba, which was held last January.

Then, following that, was a meeting held in Prince George. I believe, Mr. Speaker, it was in February. And I don't know what the agenda was exactly, whether it was rail abandonment or what, but I am given to understand, and the Premier himself said in this House that it was discussing the total concept or the total picture of all the problems involved in the movement of grain across this country. And Mr. Speaker, that is a very important subject, not only to the farmers of this country, but to the citizens of the western provinces and the whole of Canada.

Well Mr. Speaker, this article goes on and the Member for Ste. Rose says to the Dauphin Herald, and I quote: "Premier Sterling Lyon, who apparently is so concerned about increasing the Crow rates, spoke not a word about rail abandonment." He says, "I hope the Conservative members would also support my resolution. However, if this Tory government has any concern about this major problem, they should have sponsored this resolution." Well, my colleague, Mr. Speaker, from Pembina gave an extremely good reason why we would never sponsor a resolution from this side of the House in the type that the Member for Ste. Rose has just given. Now the resolution, Mr. Speaker, that does not ask within it to try to solve the problems that we are facing in Manitoba — in this case we're talking about all the rails that we're going to either abandon or were going to maintained. And I want to say, Mr. Speaker, that my Premier, my leader, the Premier of this province, as far as I understand, never did give an issue that he wanted to see the Crow rates increased. It was under a compensatory policy that they were talking about, and when we talk about Crow rates as the Premier has said himself, that it's a total package that we have to consider, not just Crow rates within itself.

So I go on, Mr. Speaker, with this article? "Saskatchewan NDP government Minister, Honourable Gordon MacMurchy, introduced a similar resolution in the Saskatchewan Legislature." To the effect, you know, that he opposes the railway abandonment.

I want to go on further, Mr. Speaker, and I want to quote here, in this article, "Conservative MP Jack Murta of Lisgar constituency rairie has indicated that he commends the P Rail Action C ommittee for its efforts. New Democrats condemn these recommendations and if given the chance we will do something about it."

Now Mr. Speaker, I come to a matter that is extremely important. I called on Mr. Jack Murta the day before yesterday when I was able to see this article and peruse the comments of it. I talked to him personally and I asked him if he had ever made such a statement, that he commended the Prairie Rail Action Committee report. He indicated to me, Mr. Speaker, that he had never done

any such thing. I want to suggest, Mr. Speaker, and I listened to the Member for Inkster this afternoon when he talked about professional ethics. I now am bringing a subject matter, Mr. Speaker, that is so important and we are now faced with a situation when I look at a report like that from the Member for Ste. Rose that the integrity of an MLA — and I'm speaking of the NDP Party now — Where is the integrity of the member of the Legislative Assembly when he puts in his reports, making statements that someone had said which are complete falsities.

Mr. Speaker, I would suggest to the Member for Ste. Rose that he is playing very dangerously with the truth. You know, Mr. Speaker, I can stand up here and call anyone in this House a liar. I can't do that, Mr. Speaker. But I'm telling you, Mr. Speaker, the Member for Ste. Rose in this case, and I've heard it said that he has a great habit of playing dangerously with the truth.

Whenever he goes out to the press and reports on some of the things that have happened, whether it be in this House, whether it be concerning matters of the federal government, the member has this habit of doing so. So, Mr. Speaker, I want it to be placed on the record, because remember this was done on May 9th. It was done on May 9th at the time when we were right in the midst of a federal election and it's a typical example of what honourable gentlemen opposite were trying to do in many other subjects, convey to the people if it was to their advantage, regardless of whether it was true or false as long as it was to their advantage, then they would tell the people the kind of stories that they would hope that they would believe if it was to their benefit.

And Mr. Speaker, you know, I think that this is a sad situation. When I pick up an article that is responsible insofar as the Member for Ste. Rose is concerned, to give that to the Dauphin Herald, because you know, Mr. Speaker, it doesn't only involve the Member for Ste. Rose, it involves the Member for Roblin, it involves the Member for Dauphin who is the member now, and it involves many other areas in that whole community. There are farmers who read this article. There are people who live in the towns and cities who read this article. And you know, Mr. Speaker, I think that's a serious situation when a member of this Legislature goes to the press and gives statements that are absolutely and completely false, and I want to tell the Member for Ste. Rose —(Interjection)— Well, I don't stand up in this House and narrate all the time to the press. He can go out to my constituency, he can go to the whole southern part of the province, and for the past year and a half, I have been attending committee meetings, retention committee meetings with Mr. Jack Murta. We have been doing this for the past year and a half, Mr. Speaker. I'd like to tell the Member for Ste. Rose that.

I wonder, Mr. Speaker, how many meetings the Member for Ste. Rose has attended. I wonder how many concerns he's had for this problem. You know, Mr. Speaker, I want the member to know and all members from that side of the House, because I can think back in this session, the way they were questioning the Minister of Agriculture, the way they were questioning the First Minister insofar as this whole matter was concerned.

Mr. Speaker, I have a letter here from Mr. Murta, which was written on January 29th, 1979 to the chairman of the Canadian Transport Commission, Mr. Edgar Benson. I'm not going to go into the time of reading the whole thing, but he gave his concerns to the chairman of the CTC.

A MEMBER: Read it. Go ahead.

MR. EINARSON: Well Mr. Speaker, perhaps I should to try to convince, if I can't convince the member by speaking here of how erroneous his comment was about what Mr. Murta said about the PRAC Report. Mr. Speaker, I am prepared, rather than go through all the details of it, I can table this letter after I have completed giving information. Well, Mr. Speaker, it seems that a number of the members would like to hear the contents of this letter.

"Mr. Edgar Benson, Chairman of the Canadian Transport Commission. Dear Mr. Benson, Now that the Prairie Rail Action Committee Report is public, I am writing the Canadian Transport Commission to express my grave concern over one area of that report, that being recommendation that affects the C.N. Miami, Carman No. 2 and Hartney subdivisions. PRAC Report, page 219 to 269. In 1977 the Hall Commission Report, this vital rail line was to have been retained and given further study. The Prairie Rail Action Committee has now recommended the above-mentioned line passing through 16 communities be abandoned by 1983. It is my opinion, and I am sure that you will find in due course, the opinion of all the people in southern Manitoba that the rail line must form part of the basic prairie rural network until the year 2000.

"The PRAC recommendations on this rail line are incorrect in many ways. I am going to take the liberty to briefly highlight only a few of my concerns.

"No. 1 — The area that is affected in southern Manitoba is a large grain and special crops producing region. Rainfall is consistently higher than in most other regions in the province and the most important requirement for producing special crops, that being frost-free days, is longer in this region than in others. Special crops such as corn, buckwheat, sunflower, flax, rapeseed, mustard,

peas, and of course wheat, oats and barley are grown in large quantities with production increasing throughout the region.

"On the bottom of page 23 the PRAC Report states, 'Using the case of the Hartney, Carman and Miami subdivisions in Manitoba, 451 miles of affected road was costed at \$2 million.' This figure for road upgrading is ridiculous. The costs are being compiled at present by the Manitoba provincial government", and get that, Mr. Speaker, and I say to the members opposite, and I repeat, "the costs are being compiled at present by the Manitoba provincial government and all indications are that they will be far in excess of the above-mentioned figure.

"No. 3 — The elevator companies involved in gathering grain on the line all want rail service retained. I submit that their concerns were not adequately taken into consideration in the recommendation.

"No. 4 — the soil condition along the eastern portion of the rail line is virtually identical to the soil condition along the CN Carman No. 1 Subdivision. On Page 220 of the PRAC Report, it states, "Municipal roads in the heavy clay areas are more difficult and expensive to maintain. One can only surmise that the cost of maintaining roads in the heavy clay areas was one of the reasons the CN Carman No. 1 Subdivision was maintained. If this is true, it must also be true for the CN Miami Subdivisions. The same hardships for the municipalities will occur in those particular areas.

"No. 5 — if the rail line is abandoned towns in the areas will suffer undue economic hardship because of the loss of business revenue.

The municipalities will have to bear a greater cost in order to maintain a proper road network.

"No. 7 — on Page 220 of the PRAC Report, there is an indication of the problems and trouble that farmers would have if a particular portion of the line were abandoned. Quoting from the Report, "Farmers on the CN Carman, 2, and the Hartney Subdivision encounter the greatest difficulties from terrain if they were required to truck their grain to alternate points. The Pembina River Valley presents quite an obstacle to access to the south of the Carman Subdivision, while a range of hills parallel to the subdivision to the north." This is exactly the area that is being submitted for abandonment.

No. 8 — severe congestion will occur at elevator points that are to be placed into the permanent rail network as a result of the additional volumes of grain diverted from the CN Miami 2 and Hartney Subdivisions.

"No. 9 — Municipalities not directly adjacent to the rail line will also have increased road maintenance due to farmers trucking grain a greater distance.

"No. 10 — The rail line in question also serves a large portion of the permit holders already affected by the total PRAC recommendations. At present, there are 1,573 producers delivering on the line.

"There will be many other points that will be brought forward in the days that follow. It is sufficient for me to state that the rail line in question is of vital importance to Manitoba's agricultural future. The rail line, in my opinion, must be retained.

"I therefore request, as the Member of Parliament for Lisgar, and the representative of the area concerned, that the Canadian Transport Commission hold a full and complete public hearing in Manitoba, in the area affected, so that all points of view may be brought forward. I hope this request meets with your approval. Yours truly, signed, Jack B. Murta, Member for Lisgar."

I read that letter, Mr. Speaker, to prove my point to the Member for Ste. Rose, in his gross erred statement, when he said that Jack Murta commends the PRAC Report. That letter is proof positive that it's complete contrary.

A MEMBER: You might call it positive proof.

MR. EINARSON: You know, Mr. Speaker, these points that I bring out, Mr. Speaker —(Interjections)—

MR. SPEAKER: Order please. The Honourable Member for Ste. Rose.

MR. ADAM: Yes. I believe that the member should table the letter. He has read from a letter and . . .

MR. SPEAKER: Order please. The honourable member has already stated he would table the letter. The honourable member has two minutes.

MR. EINARSON: Well, Mr. Speaker, having quoted that letter, and made some comments insofar

as we on this side of the House are concerned, I want to indicate to honourable members opposite that we have been working while not speaking in this House. We, on this side, have been working for many months insofar as this railway abandonment problem is concerned.

And, Mr. Speaker, I couldn't put it more eloquently than the Member for Pembina when he indicated his reasons for not supporting this Resolution. Because, Mr. Speaker, I too — and I think it should be reiterated — you merely don't say that you are going to stop the railway abandonment, but something has to be done to upgrade those roads.

And I want to say, Mr. Speaker, that not only the Department of Highways, I want to say that the Department of Highways, under the Honourable Member for Lakeside, has had one person working with the retention committees in this province. The Minister of Economic Development has had two or three people going out to the retention committees and working with them, assisting them in establishing some facts to be able to prepare a brief to the Canadian Transport Commission should they be coming out to meet and listen to the people in the various communities.

In my constituency, Mr. Speaker, I can tell the Member for Ste. Rose that the line from Notre Dame de Lourdes to Somerset is a short line, is abandoned, and I couldn't argue with that. The line from Neelin to Glenora to Greenway is a short line; it had to be abandoned, and I couldn't disagree with that.

But, Mr. Speaker, we have a line that I'm talking about now, Morris to Hartney line, and I'm given to understand, Mr. Speaker, it's the longest single line that was up for abandonment under the PRAC Report in western Canada — in western Canada. Now, I say, Mr. Speaker . . .

MR. SPEAKER: Order please. The honourable member's time is up.

Has the honourable member leave?

The Honourable Minister of Economic Development.

MR. JOHNSTON: Mr. Speaker, it's available, I offer it to the honourable member, his name is Dr. Ray, he's the Director of the Transportation Department in the Province of Manitoba, in my department. The honourable member is welcome, and always has been, as any member is at at time, to ask questions of Dr. Ray regarding railroad line abandonment.

If he had taken the trouble, Mr. Speaker, to contact that department and speak to the people that are involved daily, he couldn't in all conscience have written the article that he produced in the paper. He couldn't have done it; if he did, he wouldn't have any conscience. The information is available there; the government since that time has set up, under the Ministry of the Minister of Agriculture, has put two people completely on railroad line abandonment, to deal with the cities and towns and municipalities. And those men will have the backup of Dr. Ray's research department at all times. And that information is available to you. You can talk to those two men as well; I invite you to.

Now, Mr. Speaker, the situation of that article is completely disgusting from the point of view that it's inaccurate; and I'm not accusing the honourable member of writing inaccuracies in the paper; I'm accusing the honourable member of not taking the opportunity to avail himself of the people in government, who advise their government as well, to get the proper information. Now, wouldn't it have been nice if the honourable member had done that.

The honourable member did not attend my Estimates. The only honourable member that questioned railroad line abandonment to any extent at all — there were a couple of other questions — was the agricultural Member for Transcona. That's where I had my questions come from on railroad line abandonment in my Estimates. Dr. Ray was sitting right beside me, able to give me any information or answers I would probably have had to give, if I'd have had the Member for Ste. Rose take the time to ask some questions, Mr. Speaker. And I could have directed him the next morning to meet with that department and also get some advice.

Now let me tell you, Mr. Speaker, what the Minister is Saskatchewan has suggested. The Minister from Saskatchewan has suggested that we could get rid of the Crow rate, providing the federal government would subsidize wheat, flax, barley, all of those particular grains.

A MEMBER: That's statutory grains.

MR. EINARSON: But that's statutory grains, as my colleague says. But he also says that if the federal government will do that, he, as the Saskatchewan government, will subsidize the other crops — the special groups. And did you know what that means? He has lentils, and alfalfa in Saskatchewan which would cost the Province of Saskatchewan nothing; that's what he wants the provinces to do, and it would cost him nothing.

But we have buckwheat, sunflower, corn, peas, beans, mustard in this province. And those farmers at the present time growing those crops are getting the market without any subsidy at

the present time. So, it would start to cost the Province of Manitoba a fortune; that's what the Minister from Saskatchewan would like to have happen as far as the Crow rate is concerned. Oh, he'd be very happy to get rid of it, providing the government took over the subsidy of 90-95 percent of his crop, not really thinking of the Province of Manitoba. Would you mention that to the Minister from Saskatchewan when you happen to meet him some time.

So, Mr. Speaker, I can only say that I sit down now, and I sit down making the offer that if the member produces an article like that again, and hasn't taken the opportunity to speak to the expertise — and he is an expert, he has a degree — Dr. Ray, and he's an expert and regarded in western Canada and Canada as one of the best advisors to government on railroad line abandonment, freight rates, etc. I invite you, Mr. Speaker, I invite the honourable member to please sit down and have a talk with him.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. JAMES R. FERGUSON: Well, thank you, Mr. Speaker. I believe that possibly this particular matter is one of the most pressing in the province at the present time. We're quite aware of the fact that many . of our producers have their backs to the wall, and as the reports are indicating in the papers today and around the grain trade, that we're already one million tons behind in our deliveries at the port of Fort William, and at Prince Rupert and Vancouver. We also find that we are not having our grain in position.

The Member for Ste. Rose's resolution has, as has been pointed out by many of my colleagues, doesn't really come to the crux of the matter. It's a little bit of headline seeking, kind of an indication that possibly he is out to get himself a little bit of publicity and give the impression that he is trying to do something, and I expect that probably in all sincerity that he is. But I would also suggest that when he was drawing his resolution up that he would have come to the crux of the matter, probably worded it a little bit more correctly and taken a little bit of the fluff off and got down to the facts. —(Interjection)— Well, I have a particular rail line in Neepawa, two brand new elevators, and this is an indication of the irresponsibility of many of our boards, commissions, etc., that have been involved. At one point this winter, there was no railway all out of the Town of Neepawa, not operating at to the petrol junction or up the turkey trail — two different lines, but neither one of them was operating.

And to think, Mr. Speaker, that we can fill the void or whatever you may want to call it with trucks, is utter nonsense. Many parts of the world have found that they have done away with railways; they don't have the vast distances that we have here in Manitoba and in Canada; with the increasing cost of fuel, we certainly do have to stick to our rail lines, and I will be predicting in many cases we will be rebuilding lines and we are definitely going to have to do it.

We are talking about moving 30 million bushels of grain by 1980. We haven't got a facility right now that will move as much as we were moving in 1928. So to say that we're going to go wholesale and start abandoning lines, the PRAC Committee, as far as I'm concerned, is a very poor excuse for anything. We just can't afford to have this kind of a reduction in our system and I would hope that with the change of government we will see a little bit more responsible position.

I'd like to point out, Mr. Speaker, that if any seats should have been safe in this election, it should have been the Honourable Otto Lang's. He was in a position whereby he was representing a rural riding; he was the Minister responsible for Transportation, and he ran third in the election. Now if he had been doing the job, there's no way in the world that he should have lost that seat. So I would hope that whoever Mr. Clark chooses to put in that position, will be more responsible to the needs of the people and will certainly bring a different outlook to the situation.

And we have to not only look at that rail line abandonment, we also have to look at wholesale abandonment of elevators. Our two major companies, of course, are the Pool and the UGG, and they haven't altogether proved themselves in a very responsible manner in many cases either. I know of at least three or four elevators in my immediate area, in my constituency, that were sold, that were abandoned, because they claimed there wasn't a big enough handle. Other elevator companies have come in, and I may as well say who it is; it's Cargill; within a year they had their handle up to a million bushels. Well, there's got to be something wrong there. I think we have had some collusion between the elevator companies and the railroads to close points with the idea that they would get into longer hauls, the farmers would have to buy bigger trucks, if we don't have the railroad system.

Our federal government have given a great deal of money in subsidies to our railroads, and in many cases and in most cases, I'm not sure that that money never saw the railroads, because a lot of those lines never had a thing done on them for 20-25 years.

So, consequently, Mr. Speaker, I feel that that money the federal government was giving, if it was turned over to our Minister of Highways for a few more years — give us a chance to upgrade

our roads. And I would assure you, Mr. Speaker, that when the roads are built they would have shoulders on them, not, as the Member for Transcona says, "You build roads without shoulders." But that's one thing that I'm sure that the Minister of Highways would look after.

I don't really have a great deal more to say about this matter, Mr. Speaker. As I say, it has been one of great concern to our people and I would hope that, as I say, when we have a new Minister, that he will be more responsible. Our government has been pointed out by the Minister as certainly doing their part to try and ensure that our lines will be retained where they are required. There's no doubt in the world that we did have too many lines, and there's no problem in closing some of them. In my area also, this past year, in some of the elevators there were line-ups of 50 trucks, while many of the farmers were only hauling about two loads a day. Well, that is a situation that certainly can't be allowed to exist. We do have to get better roads; we do have to get into the heavier steel so that they will facilitate hopper cars; and there's no way in the world that we're not certainly going to be involved with lots of problems in the grain handling industry. One of them this year might be that we're not going to be going to crop so, it might, in any event, give us a chance to move an awful lot of our surplus out of the country.

So, with those three words, Mr. Speaker, I would certainly say that I am not going to support this resolution the way it is written — that it is a problem and we will try to rectify it. Thank you.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. DAVID BLAKE: Thank you, Mr. Speaker. I think everything has been said on this resolution that I might say, but I know the Member for Ste. Rose is probably going to say the Member for Minnedosa didn't speak on it; and his area is affected as much as anyone else's by rail line abandonment. So, for that reason alone, I feel it necessary, Mr. Speaker, that I add my comments as well, to those of the other members that have spoken. You have probably — as one of my colleagues pointed out, he'll probably say that anyway — but, Mr. Speaker, my area certainly has been affected, as has the area to the west of me, represented by the Member for Virden. The Hallboro-Beulah line runs through both our areas and has been abandoned, and the Rapid City subdivision has caused some delivery problems in that particular area.

So, Mr. Speaker, I am greatly concerned with rail line abandonment, but I agree in some areas there is not too much we can do about it. The Hallboro-Beulah line runs completely parallel to the two main lines and the area of haul is probably eight or ten miles either way. But what happens, the line has been taken out at Cardale, with no delivery system improvement on the other end.

40 percent of the grain will probably go to the River's main line and 60 percent to the Newdale main line and there's no increase in facilities provided.

MR. SPEAKER: Order please. The honourable member will have 18 minutes when this subject next comes up.

The hour being 5:30, I'm leaving the Chair and the House will resume in Committee at 8:00 o'clock.