



Legislative Assembly Of Manitoba

DEBATES and PROCEEDINGS

Speaker

The Honourable A. W. Harrison



I N D E X

Wednesday, July 22, 1959

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THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Wednesday, July 22nd, 1959

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions

Reading and Receiving Petitions.

Presenting Reports by Standing and Select Committees

MR. M. E. RIDLEY (Pembina): Mr. Speaker, I wish to present to you the third Report of the Select Standing Committee on Municipal Affairs.

MR. CLERK: The Select Standing Committee on Municipal Affairs, beg leave to present the following as their third report. Your Committee has considered Bills No. 61, an Act to amend an Act respecting the School District of St. James No. 7; No. 62, an Act to amend the St. James Charter; No. 65, an Act to amend an Act respecting the St. Agathe Bridge over the Red River in Manitoba; No. 85, an Act respecting the Town of Gimli, and has agreed to report the same without amendments, all of which is respectfully submitted.

MR. RIDLEY: Mr. Speaker, I beg to move, seconded by the Honourable Member for Brandon, that the report be received.

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

MR. SPEAKER: Notice of Motion

Introduction of Bills

Orders of the Day.

MR. R. PAULLEY (Leader of the CCF Party) (Radisson): Mr. Speaker, before the Orders of the Day, I'm sure members of the House will join me in welcoming back one of my colleagues the Honourable Member from Elmwood, who has been in hospital.

MR. G. W. JOHNSON (Assiniboia): Mr. Speaker, before the Orders of the Day, I would like to take this opportunity of correcting, according to my information, certain statements made in the House the other day by the Honourable Leader of the CCF Party in regards to the Municipality of Victoria Beach. According to my information, the only parking lot in the town charges 75¢ per day according to the Honourable Leader. I understand that the charge is \$7.50 per season, 75¢ per weekend and 50¢ per day. The Honourable Leader made the statement the parking lot is owned by the same man who operates the beach's only taxi. There are at least five taxis available owned by five permanent residents of the municipality. The Honourable Leader of the CCF further said, that the By-law is creating difficulties for tradesmen and visitors to the beach. The fact is all local tradesmen plus Winnipeg milk and bread firms have permits issued to them annually by the municipality -- municipal council on request. Itinerant vendors are not wanted by the residents particularly because of a majority of the elected municipal council are always Winnipeg residents and it is understandable that the majority at least of the residents would prefer processed milk. Further, visitors to the beach by invitation of residents have the same facilities that bungalow owners have and do not want changed. Uninvited, shall we say, litterbug parties are not wanted. Drive-in restrictions to this end of the road peninsula makes Victoria Beach the only summer resort in Manitoba where crawling infants are safe on the roads. Property owners, predominantly Winnipeg residents, want to keep it that way; and if they ever change their minds, can change it by ballot without any unwarranted interference by anyone. And that is the end of the . . .

MR. PAULLEY: Mr. Speaker, I wonder if the honourable member would permit a question? Does he agree that the restrictions are in accordance with the general law in respect of freedom of the highways? I appreciate, Mr. Speaker, the corrections as to the rates. I have checked them again. I might say too, if I may, Mr. Speaker, to the honourable member that since I raised this question in the House, I have received innumerable phone calls agreeing with my contentions.

MR. JOHNSON (Assiniboia): In answer, Mr. Speaker, to the Honourable Leader of the CCF. My information is based on several residents of at least 17 years standing in that area.

MR. SPEAKER: Orders of the Day.

MR. D. ORLIKOW (St. John's): Mr. Speaker, I move, seconded by the Honourable Member for Seven Oaks, that an order of the House do issue for a return showing for each of the years from 1945 to 1958 inclusive, the following: (1) Number of strikes; (2) Time lost in man

(Mr. Orlikow, cont'd.) days; (3) Number of trade union locals; (4) Total trade union membership.

MR. SPEAKER: Are you ready for the question?

HON. J. THOMPSON (Minister of Labour and Acting Minister of Municipal Affairs) (Virden): Mr. Speaker, on this request for a return, I would like to remind the honourable member that in our Department of Labour we have no record on these matters, nor have we any reference data from which we could obtain the information requested. I understand that in connection with items (1) and (2), that the information can be obtained from the Federal Department of Labour at Ottawa, and I think with reference to items (3) and (4) the honourable member himself would be in a much better position to get the information than our Department is. I therefore would -- I don't like to ask him to withdraw the motion, but that is the situation. And if he does not care to withdraw it, I'm afraid that as we have not the information or no means or machinery at the present time of obtaining it, we would be obliged to oppose it.

MR. ORLIKOW: Mr. Speaker, I'm not left with much alternative, since the government can if it wants vote this motion down. This request is for information which I am told by students of the labour movement is available, as far as federal labour matters is concerned from the Federal Department is available in most of the provinces from their provincial department. And if we haven't got it, then I think that maybe the Minister should have a look at the need for further research facilities in his Department. But, of course, if he tells me that he hasn't got the information available, I take his word for it. I'm perfectly willing to withdraw the request.

MR. SPEAKER: Has the honourable member leave of the House to withdraw the motion? Agreed. Adjourned debate on the proposed motion of the Honourable the First Minister for second reading of Bill 35 -- for third reading of Bill 35. The Honourable the Leader of the Opposition.

MR. D. L. CAMPBELL (Leader of the Opposition) (Lakeside): Mr. Speaker, as I have mentioned on a former occasion or two, I consider this bill to be an extremely important one and for that reason I make no apology for speaking again with regard to it. Because of the business of the House, I have not had the opportunity of conducting the research that I would like to do in connection with the history and development of treasury matters.

I think that if one had the opportunity of spending some time on that question, Mr. Speaker, that he would find that the history is just as interesting a one as the speakership that we have been talking about in this Chamber; and runs somewhat parallel with it, in that in the early days, there was little or no control over the funds that a sovereign appropriated, and that the process of the people themselves through their Parliament getting control, was a long and arduous one, and at times, like the speakership, a dangerous one. But I have had the opportunity of doing a little bit of reading since I last spoke on this matter, and without wearying the House with any long dissertation on the events that led up to what might be termed our modern practice, I think it would be right to say that even after the Commons got control of the taxing powers -- and it was quite a struggle even to get that -- that for quite a long time after having that control they paid very little attention to how the money was spent. But gradually they found that the money was not always spent for the purpose for which it had been intended, that the taxes were raised; and they extended their control further and further to take care of the expenditure of the money as well as the raising of it. And that I think, is why we have rules as far as this government is concerned, and most others that I know of, that appropriations other than capital appropriations elapse at the end of the fiscal year. -- If not used, that they expire. There are, of course, some exceptions to that as well. And one of the authorities that I was consulting gave this statement, which to me is quite interesting, after reviewing the history of this matter quite fully and tracing it through its various stages of development. He says that in 1886 Gladstone's Exchequer and Audit Act came into effect. And he goes on to say that that one is still in effect in the United Kingdom; and further that it has been the model for all similar legislation in the Commonwealth. And one of the provision of that legislation is that should there be and this one is quoted, "should there be a surplus the treasury is bound to pay it over within twelve months to the National Debt Commissioners to redeem public debt." That, Mr. Speaker, is the position that we have taken, that it's to redeem public debt, or to do the same thing in effect as is covered by the present legislation that this bill is intended to amend. Because as you will remember, Mr. Speaker, the bill that is before us now, is to amend subsection (7) and (8) or the effect of them, of the Treasury

(Mr. Campbell, cont'd.) . . . Act, of section 27 of the Treasury Act, and which deals with the disposition of a surplus arising in any fiscal year.

And the three uses according to the present Treasury Act, that that revenue can be put to, after authority is taken to transfer it to the Capital Division of the Consolidated Fund, is or are, (a) first to meet capital expenditures thereto for or thereafter authorized by an Act of the Legislature, to be chargeable to Capital; " (b) to meet capital expenditures the money for which has been theretofor or is thereafter authorized by an act of the Legislature to be raised by way of loan and expended, but that has not been so raised; or (c) in payment or part payment, of any liability of the government for which it has issued securities." Which in general I think is fair to say, is either to pay debt or to keep the debt from increasing after an increase has been authorized.

So, I maintain, Mr. Speaker, that so far as I have been able to find out, that the practice in the United Kingdom and which has been followed by Commonwealth countries generally, according to this statement, has been along that same line. Now, I'm forced to admit however, that as I understand it, that is not done with the Federal Government, and they no doubt, have good reasons for not following the United Kingdom practice. But it was done in this province when this Act was put into effect, and my contention is that that's a good provision, that it should be maintained, consequently that the amendment should not be made that this Bill should not be read the third time.

However, having said that, I want also - there's no need of belabouring that argument because my position is well known on it and I simply restate it at this time. But in addition to that I would like to reply briefly to some of the things that the Honourable the First Minister said in his closing the debate on second reading. Because I think it's correct to say, Mr. Speaker, that the Honourable the First Minister did not correctly represent the proceedings of the former government. Even before that, I think he did not correctly inform the House as to the two other reserve funds, as he speaks of them the War and Post-war Reserve Fund, and the Deferred Revenue Reserve. Because the Honourable the First Minister certainly intimated to this House, and I think emphasized to this House, that those two funds were already fully available to the government for purposes such as he is suggesting now. I maintain that that is not the case, Mr. Speaker; and I maintain also that when he suggests that one of them was so used by the former administration, that that is not a correct statement of the facts.

Now on the first point I return to the argument that I have used before, that with regard to the War and Post-war Reserve, if you will look at the Act itself and the preamble you will find that it states very definitely "whereas the purpose and intend of this Act is to authorize the expenditure out of the consolidated fund to be charged to the reserve -- meaning this reserve -- of monies for the welfare and employment of the people of the Province during the war and post-war period; and for war and post war emergencies, and for future uncontrollable expenditures; and for insurance against future loss of revenue." And I do not agree with the Honourable the First Minister that that particular fund is available to the Government on the broad base that he has intimated. And while I know that his suggestion with regard to the former administration having done what he calls exactly what he is doing now, that he was not referring to this fund. I say to him as evidence of the fact that we regard it, the former administration regarded this Act and the terms that I have mentioned now, that I'm sure he will find that we did not use it, any of the money in that fund, for purposes outside the intent of the Act as expressed in that preamble. I think that to a considerable extent that fund was used for the employment of people in the Manitoba Power Commission program, post war, and for some time thereafter, and for other usages that added to the capital of the province or its subsidiaries; and for the very purposes that are expressed in that preamble, and that it was not used for purposes similar to what the Honourable the First Minister has in mind in this connection with this Bill. Now to be fair to him I must say, that he did not suggest that we had used that fund, but he did suggest that that fund was available for ordinary purposes if the government wished to so use it. I disagree.

Then when we come to the other fund the Deferred Revenue Reserve, he says that, "My honourable friend ex-Provincial Treasurer, ex-Premier of Manitoba is well aware" - no, I got to go back further than that. "Since '52 it has been quite legal as I'm sure my honourable friend ex-Provincial Treasurer, Ex-Premier of Manitoba is well aware, perfectly legal way in which you can take current reserve in this fund and apply it to the revenue requirements of a current

(Mr. Campbell, cont'd.) . . . year. Not only is it legal, Sir, but my honourable friend did it, he didn't come to us and ask us to pass a Bill about it, no he didn't, he did it without so much of a scratch of a pen as far as legislation is concerned; that in March, 1958, they authorized a transfer of \$3,000,000. Order-in-Council from this reserve. What for, for current reserve and so on." Then just at the end of his speech, near the end, after speaking of the way that he is proposing to do this he says "the figures are not -- I'll have to go back a little further there -- but I would not say that we should be charged of doing something that is improper in the sense that I have mentioned, because we have endeavoured to bring this method, which in our opinion, is a better way of doing it than would otherwise be available -- is above board, is honest, is fair and square. The figures are not only in the public accounts, but in our budget when we bring it down -- and not afterwards as was done by my honourable friend," is the quotation, and earlier he had referred to March, 1958.

Mr. Speaker I wanted to check that, because I would not want to have it thought because of my honourable friend's implications that we had not disclosed all the information to the House and to the people of Manitoba. I will suggest to him that if he will turn to the '58 budget speech the one that of the year just ending March 31st, 1958, that he will find that the drawing on these reserves -- which he suggests were not reported at the time -- the drawing on these reserves are referred to in that budget speech one, two, three, four, five times, - five times in that budget speech. The first one as I have mentioned previously was mentioned with regard to the difference between the estimates that our officials made and the federal officials made as to our tax -- likely tax yield in the coming year -- the then coming year, under the Federal-Provincial Financial Agreement, and the federal authorities had continued to say and insisted that there best estimate was \$35,750,000. in round figures. Our officials simply couldn't make that figure come any higher than \$33,750,000. in round figures. And so after reporting the matter very fully to the House we said that we were going to take \$2,000,000. because we thought that this would amount to only \$33,750,000. in round figures, we had no option, but to put in the amount that the federal people gave us, we put it in, but we told the House that we would take \$2,000,000. from the deferred revenue reserve in order to shore up that estimate. And Mr. Speaker according to the returns that were furnished a short time ago the information is that for the year that was then being estimated that what the Province of Manitoba received was \$33,577,000. In other words it was lower than our estimate and that \$33,577,000. under the formula that is used - and there is the note I must say that it's expected that some more will come. Now it looks at the present time as though the estimate that we made is going to be almost exactly right, and so the \$2,000,000. was needed, and I maintain that that is the right place from which to take the money to shore up an estimate of that kind. Because and this is the point where my honourable friend and I differ again, because I maintain that that deferred revenue reserve is not in the same category with these other reserves that he's talking about, because of this fact that that deferred revenue reserve was established entirely in connection with the taxation agreement and the payments into that are the payments that come as a result of the collections under that particular agreement. And that's the logical place, the proper place to take the money that would be needed to shore up a revenue of that kind. Incidentally a little earlier the Treasurer at that time had reported on the expected revenues for the year just ending and he had mentioned that during the course of the year, I'm quoting now "It became apparent that the rate of growth in income and tax collections was being exceeded by the rate of growth of populations particularly in the two provinces Ontario and British Columbia, whose per capita standard tax yields determine the level of payments under the arrangement. Furthermore the rate of growth in population of Manitoba as in other provinces was not equalling the rate of growth being shown in those two provinces. As a result the initial estimate of our '57-'58 tax arrangements payment had to be substantially revised, and Manitoba in the year just closing will be receiving not \$33,426,000. as had been estimated by the federal people, but \$32,350,000. - a short fall of 1.1 million dollars.

And just to show how good the treasury officials in the Province of Manitoba are at estimating, as compared with the federal department, the returns to which I referred to just a moment ago, shows that in that year about which the Treasurer was talking then, and he estimated a revenue of \$32,350,000. -- the whereas the federal people had estimated \$33,426,000. the return tells us that in '57-'58 Manitoba received \$32,655,000. odd, which included an adjustment

(Mr. Campbell, cont'd.) . . . of \$305,000. odd. Again demonstrating that our people were much closer in their estimate than the Federal Government. And anyway we used, without any apology, \$2,000,000. of this deferred revenue account which arose through the tax-sharing agreements themselves to bolster up the estimate that we had made to correspond with the figure that we felt we had to take in as provided by the Federal Government. Now that was one place where the drawing on the reserves was referred to.

And then a little further over on Page 18 of the Budget Speech of 1958 under the heading "Provincial Finances '57-'58" the Treasurer says "It is now estimated that in 1957-'58 provincial expenditures will reach \$80,000,000. odd because of several sharp and necessary increases in expenditure, all of which have been before the House for review, we may have to transfer from our deferred revenue an amount of as much as \$2,500,000. to balance the current year's budget." A definite reference -- a statement to this House in the budget speech of what might be likely to take place. As a matter of fact as the Honourable the First Minister mentioned it turned out to be \$3,000,000. that was transferred; but not all of that was used. I think the final figure was just above \$1,600,000. -- which again shows that the estimating was reasonably close. But the point I am making is that it was reported to this House through the budget speech, and does not deserve the comment that my honourable friend the First Minister made in this House by saying that they are doing it by showing it in the budget when we bring it down, "and not afterwards as was done by my honourable friend." It was done afterwards, it was mentioned in advance.

Then on the next page, once again, the Minister in giving some figures says, "It will be found that our revenue expectations for the coming year total \$81,073,000. including the \$2,000,000. transfer I have already mentioned, that we may have to make from deferred revenue reserve" -- referring to the \$2,000,000. item. On page 21 the Minister again says "We are expecting a normal growth in most of our other regular revenue fields, if such growth fails to materialize we may draw further from our reserves in order to help maintain the economic activity of our province." And even on the very last page, second last paragraph of them all telling about the policy of the Government "in conclusion let me say that ours is a government which tries to save in prosperous times, which tries at all times, and particularly in the years like these to keep taxes as low as possible, because we continually recognize the need of agriculture and industry in Manitoba, to have costs low enough to help them compete in the trading markets of the world." This year's budget, Mr. Speaker, tell more clearly than any speech, the policy of this Government to push up expenditures in the time of uncertainty, and if necessary to draw on reserves during such times in order to reduce or help to limit provincial and municipal taxations till further. So not only were the items specifically mentioned to which my honourable friend referred, but the general policy of building up some reserves in better years to be available in the poorer years was enunciated quite fully.

Now Mr. Speaker, I simply do not wish to belabour the many arguments that could still be made in this connection, and say only once again, that I'm disappointed that the Honourable the First Minister, because of a position I think he got himself into at the time of the spring session, when he brought down the estimates of expenditure and revenue rather hurriedly, that he now finds it necessary to follow the procedure further along and introduce a bill like this. I think it's a retrograde step as far as public finance in the Province of Manitoba is concerned; I think it is not in the interests of treasury policy, and that consequently this Bill should not be proceeded with. I therefore intend, Mr. Speaker, to vote against third reading of this Bill.

MR. SPEAKER: Are you ready for the question?

MR. S. ROBERTS (La Verendrye): Mr. Speaker, I beg to move seconded by the Honourable Member for Gladstone that the debate be adjourned.

Mr. Speaker presented the motion and after a voice vote declared the motion lost. The Committee of the Whole House.

MR. ROBERTS: Mr. Speaker, if that motion was lost, would you please explain the next step to me then

MR. SPEAKER: You have the right to speak if you wish to on

MR. ROBERTS: Doesn't the First Minister close the debate then? Or do we -- do we wait for tomorrow or what? You were calling for a Committee of the Whole House.

MR. SPEAKER: Oh yes. Do you wish to close the debate?

MR. DUFF ROBLIN (Premier) (Wolseley): now and close the debate. But if my

(Mr. Roblin, cont'd.) honourable friend wishes to speak first I would be quite happy to have him do so.

MR. ROBERTS: I would like to say a few words -- well, first of all, of course, I would like to say that I can't quite understand the First Minister's attitude to my desire to adjourn this debate because of the -- unless he has something to hide in this amendment -- that he certainly shouldn't be in any great rush to see it whipped through. I mean, certainly we have the right to express our beliefs on any piece of legislation that's introduced into the House, and unless the First Minister has a guilty conscience on this particular item, I can't see the purpose for this type of well, closure, I guess you'd call it.

The first thing I'd like to refer to are the remarks of the First Minister on July 9th, when he was referring to the remarks of the Leader of the Opposition, and I'm reading from the First Minister's remarks in Hansard, as he quoted the Honourable the Leader of the Opposition, and I shall read first the quotation of the Honourable the Leader of the Opposition "I submit to you that the things to do with it in private practice -- and we're referring to a surplus -- or in company practice or in government practice are the things that are mentioned here. To add to capital, to a reserve, to a bank account, or individual or others or to pay off debts. These are the things that are authorized here and I think that is the thing for a private individual or for a company to do." Now the Honourable the First Minister adds his remarks here. "That's an interesting doctrine 'Duff Roblin winds up the end of the year 1959 with \$200. in his pocket surplus over and above his expenditure. He has no money in January, but he doesn't spend this \$200. because that's in the bank so he doesn't eat.' That's literal interpretation of that doctrine." I think that that was rather a ridiculous statement by the Honourable the First Minister to interpret the leader of the Opposition's remarks in that manner, because this is just nonsense. I think it's clear that if you have \$200. at the end of the year, you or I or anyone else, that you make use of the \$200. You better your overall financial position somehow; you pay a debt; you buy a bond, use it for security. You may even use the \$200. -- but one thing you don't do is call it revenue. And you're not going to report it on your income tax returns at the end of the year as part of your revenue for that year. That's ridiculous, it isn't revenue, why call it revenue? A government or private individual rather with \$200. left over at the end of the year can do what he likes with it because he doesn't have to answer to anyone, he answers to himself. The Leader of a Government answers to the taxpayers and the leader of the company answers to the shareholders. And surely the First Minister agrees that a government should be operated in this legitimate manner. I think he specifically would like to operate this government in a business-like manner; and surely then that such things as the surplus which accrues in any one year should be treated in a business-like manner, shouldn't be used as revenue for the succeeding year. Because that's nonsense, it isn't revenue for the succeeding year.

And just to briefly refer to a book I have here authored by Roy A. F. . . . Vice President of Dunn and Bradstreet. The name of the book is "Practice of Financial Statement Analysis." It's just a logical treatment of financial statements, and they have a whole chapter here referring to what business-like businesses, honest businesses, legitimate businesses, do with surpluses. I don't think you'll find anywhere in here that they say to use them for income for the succeeding year -- as revenue. Page 580 - first remarks here regarding surpluses on net profits of large corporations. "That a profit and loss statement should be concerned fundamentally not with including all items of expense, but in showing the net profit from operations for the year unaffected by losses and adjustment applicable to earlier years." Now, if you're carrying a surplus in from an earlier year you're throwing your whole financial statement for the year off -- that's obvious. On page 581 - "In view of the complexities introduced by surplus adjustments and the fact that the classification of income and surplus charges is often based on the whims of management, the analyst must be on his guard against manipulations designed to either over or understate earnings." What else but carrying a surplus in from a preceding year is a manipulation to overstate earnings.

This book also quotes from other well known authorities and here's one, a quote from William H. Bell, Haskin And S. . . . Briefly it says "I like to see a surplus account that is clean, that has but one credit net income and charges for dividends." And then quoting from David H. of David H. & Company - "I never did believe in surplus adjustments, I still don't. I think they are the convenient device of many managements to prevent showing the full facts." Then we

(Mr. Roberts, cont'd.) . . . have some remarks here from the Executive Committee of the American Accounting Association, and then from the American Institute of Accountants. "Income should not be distorted or artificially stabilized by creating arbitrary reserves either by appropriating income or surplus." And then further on "Earned surplus reserved for contingencies or for similar purpose does not lose its character as earned surplus." And further along it says "If net income is to have any meaning, the factors influencing it must be isolated and given a distinct and unified expression." Once again you can't use surplus in that, or you throw out the whole balance of it. So with those -- oh, one more here from the same American Institute of Accountants, from their recommendations. It says "That financial statements are prepared for the purpose of presenting a periodical review or report by the management, and deal with the status of the investment in the business and the results achieved during the period under review. They reflect a combination of recorded fact, accounting conventions and personal judgment; and the judgments and conventions applied affect them materially. The soundness of the judgments necessarily depends on the competence and the integrity of those who make them and adheres to generally accepted accounting principles and conventions." I suggest, Mr. Speaker, that this bill that we're discussing today if it's passed, will be leaving generally accepted and accounting principles, and I suggest that it is not worthy of the government of Manitoba.

MR. SPEAKER: Are you ready for the question. The Honourable Minister is closing the debate.

MR. ROBLIN: I think, Mr. Speaker, that we've had a pretty full discussion of this matter. It's been discussed not only at second reading as we know; it was discussed in the committee of Law Amendments; it was discussed in Committee of the Whole House; it has now been discussed at third reading. It's interesting to observe that some of the people who found it worthwhile to enter the debate at third reading, were conspicuously silent at other places in the progress of the Bill. And I must say that I don't blame them for being silent, because I really don't think that they've added anything to the debate that we have had on this matter so far.

But I am going to undertake, Sir, to deal with the points that have been raised, that are worthy of some discussion or some expression of view as far as the Government is concerned. And I think I would like to deal first with the statement that was made twice by the Honourable Member for Selkirk -- and I'm sorry that he's not here this afternoon -- in which he gives us the opinion that this Bill is unconstitutional, in that it was not introduced by a message from His Honour the Lieutenant-Governor. Now I think that is a point which I am duty bound to examine, because it casts a light on the very beginnings of this protest. I wonder if the Honourable Member from Selkirk is aware of Rule 91 of the Rules of this Legislature. Sorry he's not here to tell me about it, because Rule 91 makes it perfectly clear that the Legislative Counsel is one of the Officers of this House. "The Officers of the House, other than the Law Officer -- which obviously includes him -- shall be the Clerk, the Clerk's Assistant and the Sergeant at Arms." And then going on to Rule 99, referring to the Law Officer of the Crown, we find "the Law Officer of the House shall be the Legislative Counsel, who shall have charge of all Bills." And then paragraph "G" under those rules states, "that he shall prepare the resolutions required in connection with measures that appropriate any part of the public revenue of any tax or impost to any purpose." What that means, Mr. Speaker, I submit, is that the Law Officer of the House, who is an Officer of this House, has the duty of examining all the bills and deciding whether or not they require a message from His Honour. I am glad to say that the Law Officer of this House is a very experienced public servant. He has been in charge of bills presented to this legislature, Sir, for many a long year. The method followed by the government in introducing this bill carries his judgment, and carries his approval, because it was done under his supervision and control.

I am sure that if the Honourable Member for Selkirk were to be in his seat today, he would be able to tell me whether or not he has ever heard of Citation #250 of Beauchesne's Parliamentary Rules and Forms, Fourth Edition 1958, which says in connection with this matter. "If any motion or a bill or proceeding is offered to be moved, whether in the House or in a committee, which requires but fails to receive the recommendation of the Crown, it is the duty of the Chair to announce that no question can be proposed upon the motion or to direct the withdrawal of the Bill." So that in addition to the responsibilities of the Law Officer of this House, we have the duty of Mr. Speaker to refuse to proceed with the bills which do not comply with this important

(Mr. Roblin, cont'd.) . . . provision. Our speaker is learned in the rules. He is assisted by another officer of this House, the Clerk of the Legislative Assembly, and those two gentlemen between them have seen many a bill, and are in a position to say.

Accordingly since Mr. Speaker has not requested a withdrawal of this bill as he is duly bound to do, if it is inaccurate or incorrect, I submit that the bill is properly before the House. Now I point out that the officials concerned, and whom I have referred so far, are not creatures of the government, they are servants of this Chamber and are conducting their duties in a proper way. But we were not content, Sir, to let that matter rest. I consulted with the Assistant Deputy Provincial Treasurer who prepares all the Money Bills; the matter was referred to the Comptroller-General, who is also a servant of this House and not a servant of the government; and I find that on all counts and from all sources to which I could inquire, legal, constitutional, financial and accounting, there is unanimous agreement that the Bill was presented properly. Now I'm at a loss to know what other steps the government could be expected to take to make sure that the matter is properly dealt with, and I trust the House will take that evidence that I have presented to it as being conclusive to the effect that the Bill is properly before the House, and while it's perfectly right for the honourable member to raise the matter, I think that his fears can be set at rest in respect to that particular point.

Now, the Leader of the CCF Party spoke two or three times on this matter, and -- I think he probably stated his case as distinctly as possible when he spoke in this debate on third reading -- and he was concerned with high interest rates in respect of the municipalities and he seemed to feel that this money should be devoted to take care of that problem. Now I don't wish to be guilty of misinterpreting him, but I did get the impression at one stage in his remarks that he would be quite willing to have the money appropriated for some other, or some specific purpose such as the one in connection with municipal interest rates, and that he was not so concerned about the principles that were being presented by my honourable friend in the Liberal Party. Now that may not be correct, and I -- all right then, it is or isn't (Interjection) -- it is not -- well then, if I were to follow his argument further, I would say that he said this to us. He did say that this matter of interest was his main point but he did mention others, and as far as I can trace the others, they are three.

First, that it should be used for revenue reserve. Well, he'll have to wait till the budget comes in to know whether that's the course we're following. The second thing, he says, it should be used as a pool of capital for the province, which is much what has been said on the other side, and again he'll have to wait until the budget is brought down before he knows about that. But when he talked about a third point, which I've referred to already, that it should be a capital pool to help municipalities in this condition of high interest rates. Well, Sir, that's a perfectly legitimate point of view to hold, but I suggest that it indicates that he is unaware of what this government and its predecessors has already done in terms of assisting municipalities in connection with interest rates. Is he aware that we have several times the amount of this surplus, in fact we have practically, within our financial limitations there is no legal ceiling that I'm aware of, in connection with assisting municipalities in this way. And at the present time more than \$14,000,000.00 is invested in debentures of municipalities and school districts and several millions more to come, at rates of interest Sir, which are lower than they could obtain on the open market. So that at the present time we are to a very considerable extent indeed providing a market for municipal debentures at an interest rate lower than what they can obtain if they were exposed to the actual forces of the market.

MR. PAULLEY: Mr. Speaker, I wonder if the Honourable the First Minister would permit a question? You say that they are lower, how much lower? I appreciate the fact that in some of the school debentures and public improvement debentures that were taken up by the former governments some period of a year or so ago, may be lower than they could get at the open market today. My whole contention was, in referring to this particular fund with low interest rates which the municipalities are not being able to obtain either from the provincial government or any other authority or from the open market.

MR. ROBLIN: Mr. Speaker, the open market controls interest rates, and I can say this to my honourable friend, that at the time any particular loan is negotiated, where the government bought it, it was lower than the market rate at that time. And I will go further, and say there are some issues that have been purchased by the provincial government which I doubt

(Mr. Roblin, cont'd.) could have been sold in the market at any price. And I think those who have had experience in these matters will back me up when I say that while it is by no means true in a universal sense, there are a considerable quantity of debentures which could not be sold at any price unless we in the Provincial Government took them up . . . (Interjection) . . . no, we do not, we charge a fair price which at the time is lower than the market. Now, I don't think that that can be described as extortionate or unfair. You may still think it's too high, but it does in my mind represent a reasonable approach to this problem. But I'll go further than that, because we too are very concerned about the difficulties that municipalities have. And when I had the honour of representing this government before the Dominion Provincial Conference, just the other day, I made a proposal to them, whereby municipalities -- and incidentally the province -- could obtain money at much lower rates I believe than what is charged at the present time. That proposal is contained in the address to the Provincial Conference which I tabled in the House the other day, and if my honourable friend wishes to take the trouble to look it up he can see exactly what was proposed at that time. So I want to assure him while not quarrelling with his general view, that we want to get low interest rates, that certain steps have been taken, and we trust that ever more steps may be taken as time goes on.

MR. PAULLEY: I want you to take them here - not at Ottawa.

MR. ROBLIN: I'm taking the steps here right now, and we're doing a fair job in respect to that particular matter.

MR. PAULLEY: Not good enough.

MR. ROBLIN: Well, there are many things we do that don't seem to be good enough to my honourable friend, but we had that adjudicated by the final arbiters just the other day and they have settled who's going to do it for the next few years, and then we'll go back to them again and see what their wishes are.

SOME OF THE MEMBERS: Hear! Hear! (Interjection)

MR. ROBLIN: Well, I doubt that they will, I think they'll be quite satisfied that my honourable friend isn't running things.

Now, I want now to refer to some of the points made by speakers representing the Liberal Party. And I've read in the newspaper, although I haven't much means of knowing if it was true from personal experience, because I'd never been inside their caucus, fortunately, and I doubt that I ever shall. I find from reading the newspapers that their caucus isn't altogether agreed on everything. Well, I suppose that's the state in most caucuses, I don't claim any uniformity of opinion -- (Interjection) -- I doubt that, I think my honourable friend was in a Conservative caucus at one time, and of course he wouldn't be allowed in today, but he knows it's much like any other caucus. But I would suggest that the Member for Ste. Rose and his Leader ought to get together as to what they mean and what their policy is. . . .

MR. W. C. MILLER (Rhineland): I might suggest that the Honourable the First Minister would

MR. ROBLIN: And I think they should all get together with the honourable members behind him because they seem to have a little doubt as to where they really stand on this matter. I want to read what the member for Ste. Rose said. "The profit and loss statement of each year stands on its own as a reflection of the operations of that year. That is exactly what we are asking the government to continue to do in the Province of Manitoba. And that is, that any revenue collected in one year be clearly understood to be the revenue of that year." And here's the sentence that I think desires some consideration. "The following year if they want to use it for current purposes -- current purposes, as I said before, I would have some reservations, but not overwhelming reservations, depending on what it was. But certainly if they wanted to use it, the least that should be done is that it should be carried forward as revenue surplus and not simply as revenue, because if it's carried as revenue, then it would indicate a wrong picture for that particular year." Then he said in another place, "It should be clearly labelled as revenue surplus or a surplus of some kind. Call it what they will, but let us not consider it as straight revenue." Well of course, I must say that I haven't the slightest quarrel with that statement. I think that statement pretty well fits what this government is actually doing. Mind you it doesn't fit in the least what his Leader is saying, but it fits what we're doing. Because if my honourable friend who now shakes his head had read from page 34 of the details of estimated revenue for the fiscal year ending March 31st, 1960, in which this matter first

(Mr. Roblin, cont'd.) . . . arose, he would find that this contribution to our financial resources is clearly labelled for what it is, namely, and I read, "Item 12 - transfer of estimated revenue account surplus for fiscal year 1958-59."

I agree with everything that has been said about trying to present figures in such a fashion in a statement, whether of this kind or of a commercial kind, that don't give the facts. Certainly that is to be condemned. I would condemn them. Everybody should condemn them. Nevertheless that does not mean that when transactions are properly and clearly set out for all to see who wish to take the trouble to read, and some didn't take the trouble to read, then that places the matter on an entirely different footing. There is no effort here to say that these are to be submerged or hidden, or somehow woven in with the revenue that is occurring from taxation levied this year in such a manner as to deceive either the House or the electorate, or anybody else. Not at all, Sir. This is clearly set out in the most explicit language as I have read it to you.

MR. ROBERTS: Would the First Minister read his Bill please. It says, "Where at the close of a fiscal year there is an excess of revenues over expenditures for that fiscal year the Treasurer may order the excess be carried to the revenue division of the consolidated fund or."

MR. SPEAKER: Order, Order, Order. (Interjection)

MR. ROBERTS: . . . the revenue of the subsequent year." Now if that isn't clear English.

MR. SPEAKER: Order.

MR. ROBLIN: If it's clearly expressed in the revenue as to the source of the money and where it comes from, I maintain that nobody is deceived. My honourable friends are trying to say I think, that there is something in the methods that we propose to follow which will not clearly explain to the public what is taking place. Now with that point of view, if it were true, I would agree with it, but in my opinion in the language that is used - in the way in which we have done this, no such effort is made to deceive the public in any particular.

Now I want to go on with the --

MR. G. MOLGAT (Ste. Rose): Mr. Speaker, would the Honourable Minister permit a question before he goes on to another subject?

MR. ROBLIN: I'd prefer you'd wait until I finish and then I'll be glad to answer your question.

MR. MOLGAT: Fine, very well.

MR. ROBLIN: Now, supposing my honourable friends don't like that explanation. Supposing they still consider that it is a wrong thing to take these matters in as revenue in the sense that they describe it. Supposing they still maintain that objection as I gather they do. I'm sorry that they weren't here, some of them, others were, on previous occasions when they might have had an opportunity of convincing the then government, and the then Provincial Treasury, that they were doing - that this was the wrong way to do it. Because I would like to refer you to the budget of 1957-1958, which was the last budget actually operated in full by gentlemen sitting opposite. Now Sir, when that budget came down in the spring of the year, expenditures were estimated at \$67,000,000.00, slightly more; revenues at \$67,000,000.00, slightly more again; and there was a surplus on the books of \$137,000.00. That included any provision for capital which was going to be paid for out of current revenue. That included provision for contingencies. That was a clear statement that they were expecting to have a reasonable surplus at the end of that financial year. That was the financial policy which the House was asked to endorse and approve in advance when the thing was under discussion and when the budget was presented to this House. But when the year was over they found that it didn't quite turn out that way. They found that instead of spending \$76,000,000.00 they had spent over \$80,000,000.00. Fortunately for them their revenue had risen slightly, but it still meant that after they had taken into account the increase in revenue, they had a deficit of one million, six. And how did they propose to cure that deficit? What was the solution? They transferred the money from one of the revenue surplus funds of the province called a deferred surplus. Now I stated when I spoke on this at second reading, and I say it again now. There's nothing wrong with that. My Honourable Friend the Leader of the Opposition spent a long time this afternoon trying to impute - at least - trying to defend himself against the charge as I thought, that this was the wrong thing to do. I don't say it was the wrong thing to do. But I do say this.

(Mr. Roblin, cont'd.) . . . I say it was done after the event. I do say that there might have been some merit if he had drawn down on that fund in the beginning instead of at the end, which is what we propose to do. And it is in that sense that I meant when I said in speaking to this thing on second reading that it was done afterwards — because it certainly was. We are proposing to show if we propose to use a revenue surplus of any sort, at the beginning of our proceedings and not at the end. However, let me be clear, I am not being critical in any serious sense with what he did because it was clearly provided for by the legislation. You clearly can use revenue surpluses of various sorts for this purpose, and he did it. To object to us doing much the same thing is something which I think is another matter altogether. . . . my Honourable Friend, the Member for Ste. Rose had a statement about the use of accumulated surpluses. Talking about one of the principles involved in the Bill he said that there's another one which is involved in this Bill, that is pretending that accumulated funds are current income, and that's a very different thing from what the First Minister was replying to. And yet we find that accumulated funds which certainly are the deferred surplus, much as anything else, were used in precisely this way.

I'm not going to deal with a couple of other matters that were raised because I don't think they are major points in this matter. But I would like to refer to the budget speech that was read by my Honourable Friend the Leader of the Opposition in connection with what was done when this \$3,000,000.00 was appropriated by Order-in-Council in order to prevent the government from having a deficit, and that's exactly what happened. The \$3,000,000.00 appropriated by Order-in-Council to prevent the government from having a deficit. And we hear over there charges that these accumulated funds should not be shown as part of revenue. I said a little while ago it's too bad they weren't on hand to correct the last Provincial Treasurer but one, because in his statement of 1958, on page 18, this is what he said, "It has now been established that in 1958 provincial expenditures will reach eighty odd million dollars. Because of several sharp and necessary increases in expenditure, all of which have been before the House for review, we may have to transfer from our deferred revenue reserve an amount of as much as \$25,000,000.00 to balance the current year's budget. With this transfer our revenues" - our revenues, please mark, "with this transfer our revenues for 1957-58 are presently estimated at \$80,000,000.00 and as a result the nominal surplus will be \$1,000,000.00. So exactly the kind of thing that my honourable friends have been raising such Cain about this afternoon, or using moneys of this sort for revenues was clearly done by the previous administration and candidly stated by their treasurer in his budget. And to that I have no serious objection myself. But I think my honourable friends, particularly the Member for Ste. Rose, who really hasn't done his homework as well as he might have been expected to do in this debate, should have been aware of some of these facts in connection with this matter.

I heard the other day from some members opposite about 'cooking the books'. Well Sir, if the books 'were cooked' I submit to you they were equally cooked in this budget speech of 1957-58, because the same thing that in principle is being done by this Bill, was done by these gentlemen at that time. Now we have a long argument as to whether the deferred reserve and the war and post-war fund and the revenue surplus are matters of a kind. I say they are. I say that all the money that has been accumulated in those funds has come from the revenue surpluses of the Province of Manitoba and I can see no reason why they can't all be treated the same. My Honourable Friend the Leader of the Opposition was at some pains to say that the interpretation placed by me on the war and post-war fund was wrong, he read off in the whereases and the preamble a list of purposes. Each one of those stands on its own feet. It's not a linked together proposition where it has to comply with three or four conditions, but just one. And one of them is for the welfare and employment of the people of the province; and you can take money right today without any new statute, out of the revenue surplus that we're talking about, and put it in this war and post-war reserve fund and use it for any purpose the Lieutenant-Governor-in-Council wishes. My honourable friend denies that. He says that was not the intent when the Act was put in. Well I don't know about that. I say that in law the legislation stands on its wording rather than what was said about it at the time it went in. I don't know what was said at the time it went in. But I know this. We have a treasury staff. It's a very good one. It received a number of compliments this afternoon from my honourable friends opposite on their accuracy - and I thoroughly subscribe to those comments. It's the same

(Mr. Roblin, cont'd.) . . . treasury staff that my honourable friends had, and I think I can say while assuming full responsibility for it, the staff have given me the advice that I give this House, that this money is available for the purposes which I say in a perfectly proper and legal manner. I take full responsibility for that position. I'm not trying to, in any way, engage them in this debate, but if he is going to call them to witness on his behalf, I see no reason why I shouldn't do the same.

I'd also like to say to my honourable friend that he spent a lot of time talking about the \$2,000,000.00 that was taken to make up the short-fall in the tax rentals. I agree with every word he said. That was never challenged by me at the time that I spoke; my references were to this earlier sum of one million, six. I point out to honourable members opposite, that the previous Provincial Treasurers found it quite all right to show in the revenue accounts of this province the words "transfer from the deferred revenue reserve". That was done two years running. That was done by the former administration. That was the taking of accumulated funds and using them for a current year's purposes. The wording used isn't even as good as the wording that we used when we did it in our Act, and yet my honourable friends tell me how wrong I am. I merely wish to say to them that we - if they are interested in established precedents, they established plenty of them, and we can walk in those precedents in - on all fours, in those precedents, when we come to consider the matter that is before us now.

Now Sir, I wonder if there are any points that I have overlooked, that the Honourable Leader of the Opposition had to say. - No, I don't think so, except I'd like to read with approval the final paragraph in the budget speech that he just read to us, if I can find it soon enough. And this is the statement in conclusion - "In conclusion let me only say that ours is a government which tries in prosperous times, which tries in all times, and particularly in years like these, " now let's read that again, "let me say that our government, that ours is a government which tries to save in prosperous times, which tries at all times, and particularly in years like these, to keep taxes as low as possible, because we continually recognize the need of agriculture and industry in Manitoba to have costs low enough to help them compete in the trading markets of the world". And the significant thought in that paragraph that I would like to leave with you, Sir, is "to keep taxes as low as possible". They had been using and properly using in my opinion, monies that have arisen from revenue surpluses to keep taxes low. That's exactly the course that we're following today.

One of the honourable members talked about, read a lot of stuff from textbooks which had no application I submit to the matter before us now. I am glad that the manager of the Hydro-Electric Board, or more particularly the Power Commission or the Telephone System have apparently not read what that honourable gentleman had to say about the treatment of reserves in its application to current problems. Because in both those institutions we have rate stabilization funds. And how are they built up? They are built up by taking the profits of one year, the accumulated funds of one year, and applying it to the current problems of another, so that there may be a measure of rate stabilization and rates may be kept low. All the authorities that were quoted this afternoon would turn their thumbs down Sir, on that particular policy. But it has been followed by this government and by the previous one and will be continued to be followed in spite of the text that my honourable friend happened to find. I say to you that our policy in this matter can be called a tax stabilization policy, just as my honourable friends had a tax stabilization policy, because they were interested in keeping taxation as low as possible in the Province of Manitoba. And we want to use the three revenue surplus accounts we have, the one in this Bill, the deferred revenue reserve, and the war and post-war fund, for those purposes, should it be necessary and desirable and advisable to do. I submit Sir, that what they have been saying to us in many respects is not do as I do, but do as I say. And I believe Sir, that the measures before the House can be supported by this Legislature with perfect confidence that the integrity of the Province of Manitoba will not be harmed.

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

MR. CAMPBELL: Ayes and nays, Mr. Speaker.

MR. SPEAKER: Call in the members. The question before the House is the proposed motion of the Honourable the First Minister, for third reading of Bill No. 35, an Act to Amend the Treasury Act. Those in favour please rise.

A standing vote was taken, the results being as follows:

YEAS: Messrs. Alexander, Baizley, Bjornson, Boulic, Carroll, Cobb, Cowan, Evans, Hamilton, Hutton, Ingebrigtsen, Jeannotte, Johnson (Assiniboia), Johnson (Gimli), Klym, Lissaman, Lyon, McKellar, McLean, Martin, Ridley, Roblin, Scarth, Seaborn, Shewman, Smellie, Stanes, Thompson, Willis, Witney.

NAYS: Messrs. Campbell, Desjardins, Gray, Guttormson, Harris, Hawryluk, Hryhorczuk, Miller, Molgat, Orlikow, Paulley, Prefontaine, Reid, Roberts, Schreyer, Shoemaker, Tanchak, Wagner, Wright.

MR. CLERK: Ayes 30. Nays 19.

Mr. Speaker declared the motion carried.

COMMITTEE OF THE WHOLE HOUSE

HON. GEORGE JOHNSON (Minister of Health and Public Welfare)(Gimli): Mr. Speaker, I beg to move that this matter stand until law amendments.

MR. ROBLIN: Mr. Speaker, while we do want this one Bill to stand, I think the rest could probably go to Committee of the Whole. So if my honourable friend would . . . move Committee of the Whole.

MR. JOHNSON (Gimli): Mr. Speaker, I beg to move, seconded by the Minister of Education that Mr. Speaker do now leave the chair and the House resolve itself into committee to consider the following Bills on the Order Paper- with the exception of Bill No. 59.

Mr. Speaker read the motion and after a voice vote declared the motion carried.

MR. SPEAKER: Would the Honourable Member for St. Matthews please take the Chair.

Bill No. 43, Sections 1 - 16 was read a third time and passed.

Bill No. 44, Sections 1 - 15 was read a third time and passed.

Bill No. 64, Sections 1 - 6 was read a third time and passed.

Bill No. 68, Sections 1 - 20 was read a third time and passed.

Bill No. 69, Sections 1 - 21 was read a third time and passed.

Bill No. 77, Sections 1 - 6 was read a third time and passed.

MR. CHAIRMAN: Call in the Speaker.

MR. W. G. MARTIN (St. Matthews): Mr. Speaker, the Committee of the Whole has considered Bills, 43, 44, 64, 68, 69, 77, and directed me to report the same without amendment and ask leave to sit again. Mr. Speaker, I beg to move seconded by the Honourable Member for Winnipeg Centre that the report of the Committee be received.

Mr. Speaker read the motion and after a voice vote declared the motion carried.

Bills No. 43, 44, 64, 68, 69, and 77 were each read a third time and passed.

MR. SPEAKER: Adjourned debate on the proposed motion of the Honourable the Minister of Public Utilities. The Honourable Member for St. John's.

MR. D. ORLIKOW (St. John's): Mr. Speaker, we certainly have no intention of opposing this motion. We agree completely with the purpose - the purpose being to divide the work formerly done by the Municipal and Public Utilities Board; we agree completely that that Board had too much work for any one board to do. However, we are concerned about the way in which Board will function. In our opinion this Board - the new Public Utilities Board - will be an extremely important Board. It will be an important Board particularly because of Bill 74, which we will be discussing shortly, an Act to facilitate the distribution of gas in Greater Winnipeg. Now under the provisions of that Act - and it is not my intention to discuss that one tonight, at this time - but the distribution of natural gas in the Greater Winnipeg area will be left with the private company. Now the experience of the people of Greater Winnipeg with the desires of that company are, to say the least, a sad one. I am not going to go into a long history, I just want to read a couple of paragraphs of the report of the Natural Gas Distribution Enquiry Commission of Greater Winnipeg. On page 13 of that report it says as follows, and I quote: "March 1957, the Company applied to the Municipal and Public Utility Board for approval of natural gas rates for Greater Winnipeg." Further it says, "The proposal involved an average cost of approximately \$1.13 per thousand cubic feet. At the hearings before the Board, the Company's proposal was opposed by the Winnipeg Chamber of Commerce, Canadian Manufacturers' Association, the Industrial Development Board of Greater Winnipeg, Social Credit League of Manitoba, Mr. Oscar Tonn, a resident of Fort Garry, and by the City of Winnipeg. All those who opposed the application, including the City of Winnipeg, argued that the Company's

(Mr. Orlikow, cont'd.) proposed rates were too high, and in support of this contention made comparisons with the significantly lower rates in the cities of Saskatoon, Regina, Brandon and Portage la Prairie."

In its order of September 3rd, 1957, the then Municipal and Public Utilities Board, and I quote further, "established natural gas rates which in terms of total revenue estimated to be realized by the Company in the subsequent year, indicated a reduction of about 8 percent from the Company's proposal. Under the rate ordered by the board the cost to an average resident or consumer, using 177,000 cubic feet of gas for space heating and base load amounted to approximately to \$1.06 per thousand cubic feet." Now I presume, Mr. Speaker, that the Board did that on the best of information which they then had, but when the Royal Commission was set up - and having heard submissions from the Company and from various other organizations, this is what the Royal Commission recommended, and which the Company subsequently agreed to, and if you turn to page 64 of the Report, this is what they say, and I quote: "On the basis of this analysis" - that is, of the Royal Commission's analysis, and I quote further, "On the basis of its own detailed studies, the Commission is convinced that it should be entirely feasible under present conditions to operate successfully from a financial standpoint, a gas distribution utility serving the Greater Winnipeg area with a schedule of rates which involves an average cost for gas of not more than 90 cents per thousand cubic feet to an average residential customer". In other words, Mr. Speaker, the Royal Commission recommended a rate of 16 cents per thousand cubic feet less than the Municipal and Public Utility Board had recommended. And Mr. Speaker, I for one think that in the light of what is done in some of the other cities, it could be even lower than that. The point I am trying to make, Mr. Speaker, is simply this, that I would like to feel certain that the new Board will have adequate permanent staff, and adequate resources to procure special staff when required so that it will be able to do a job to adequately protect the interests of the people of the Greater Winnipeg area.

It is not often, Mr. Chairman - and the Leader of the Opposition made reference to this yesterday - it is not often that I find myself agreeing with the people in the Chamber of Commerce and the Manufacturers' Association. This is one case in which I think that they were right, when they opposed the rates, or request of the Gas Company for a rate of \$1.13 per thousand cubic feet. And yet the Company would have received a rate of \$1.06 per thousand cubic feet on the basis of the recommendation made by the then Municipal and Public Utility Board. I am not suggesting that there was anything wrong in what they did. They did it, I am sure, on the basis of the best information they were able to get, but I am satisfied that had they been less burdened with work, had they had more technical assistance, that they probably would have come up with a recommendation much similar to what the Royal Commission did, and which the Company - although in previous arguments the Company had suggested it couldn't live with a 90 cent rate - the Company accepted the 90 cent rate, and I think that their experience is showing that they are getting more customers than they ever had before. And, Mr. Speaker, this is the one point which we felt needed to be made with regard to this resolution.

MR. SPEAKER: Are you ready for the question?

HON. J. B. CARROLL (Minister of Public Utilities) (The Pas): Mr. Speaker, if no one else wishes to speak on this Bill, I will close the debate.

I would like to thank my honourable friend from St. John's for reinforcing our argument for splitting the functions of the Municipal and Public Utility Board. However, I cannot agree with his argument which he has used in this case. I wish that our honourable friend had continued to read from the place where he left off in the Royal Commission report, because the reason the rate was set as it was at that time, is as follows: "The somewhat peculiar financial structure" - and this is from page 14 of the Royal Commission report, I would like to say this in defense of the decision of the Municipal and Public Utility Board at that time - "The somewhat peculiar financial structure of the applicant company, the heavy losses incurred while the Company was awaiting natural gas, adds further to the complexity of fixing a rate schedule. In addition to these factors, the Company's construction program has not yet been completed, and in order to complete this it will be necessary for the Company to raise relatively large sums of additional capital. To fix a rate schedule so low as to risk the incurring of continued heavy annual losses, would undoubtedly seriously impair the Company's ability to raise such necessary capital." Now I will skip on a little ways - "that until sufficient

(Mr. Carroll, cont'd.) time has elapsed to allow some experience with which to relate estimates, no rate base - no rate should be established on any but a short term basis." I will continue on - "that at the present time no rate base should be established for the applicant company." In other words, we aren't giving them a return on their investment at all - "that the question of amortization of the Company's past losses, should not be finally disposed of, that the rates to be authorized should be based on an estimate of the immediate financial requirements of the company." These were some of the factors which influenced the decision of the Board at that time, and I must rise to their defense in suggesting that it was an entirely reasonable decision which they made at that time. We must agree that the Municipal and Public Utilities Board did not have the same kind of scope to deal with this problem that the Royal Commission had. They couldn't for instance come back with the recommendation that some other company take over the distribution or that they incur the additional costs of distributing gas to reach the rate of saturation as has been recommended in this report. But I do agree that what the Honourable Member from St. John's -- with what the Honourable Member from St. John's said. This Board has been burdened with too many responsibilities and too heavy a work load over the past years.

MR. SPEAKER: Are you ready for the question?

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

.....Continued on the next page.

MR. SPEAKER: Second reading of Bill No. 74, an act to facilitate the distribution of gas in Greater Winnipeg. The Honourable the Minister of Public Utilities.

HON. J. B. CARROLL (Minister of Public Utilities) (The Pas): Mr. Speaker, I beg to move, seconded by the Minister of Municipal Affairs, that Bill No. 74, an Act to facilitate the distribution of gas in Greater Winnipeg be now read a second time.

MR. SPEAKER: Are you ready for the question?

MR. CARROLL: Mr. Speaker, in order that the House may be brought up to date and particularly with respect to the new members, on the events which led up to the setting up of the Royal Commission and those subsequent events which have led to this Bill which is now before the House, I would like to give a short history of what has happened in the last 12 or 18 months. Now with the approach -- as the time approached for the arrival of natural gas in the Greater Winnipeg area, they're expressing an interest in the distribution of gas to the people of the Greater Winnipeg areas, these companies appeared before Municipal councils and offered their services at rates which were substantially lower than those which were being offered by Winnipeg and Central Gas Companies. And they also offered services which were better than those which were being provided at that particular time. Now this caused a great deal of confusion. And, in order to bring the matter to a head, the City of East Kildonan, by a resolution of council, asked the Provincial Government to call a meeting of the municipalities in this area to discuss the matter of distribution of natural gas. Now as the result of this meeting, a unanimous decision of that group asked the Provincial Government to set up a Royal Commission to investigate matters pertaining to this distribution of natural gas. Now this commission was set up and the commission was charged with certain responsibilities. I'd like to mention one or two of those for the information of the House. They were charged to make a full inquiry and to make findings and recommendations consistent with the public interests and general welfare of the people of the Greater Winnipeg area with respect to the whole field of relevant facts, matters, issues and legislation relating to the distribution of natural gas in the Cities of Winnipeg, St. Boniface, etc. and to report the findings and recommendations of the commission with reference to the matters comprised within the inquiry. The Commission is instructed to make findings and recommendations with respect to (a) the most efficient manner for the distribution of natural gas in the Greater Winnipeg area in order to serve the largest number of consumers in the shortest possible time and at the lowest economic rate consistent with the long term public interest; and (b) whether it would be more advisable to allow one privately owned utility, two or more privately owned utilities, one publicly owned utility or one publicly owned and one or more privately owned utilities.

Those were some of the things with which this committee was charged when they were set up. Now the members of the commission were Mayor Steve Juba, Elswood Boles, who is a past mayor of the rural municipality of St. Vital, he is also a member of the Municipal Assessment Equalization and Appeal Board, at least he's chairman of that Board, and he's also a member of the Greater Winnipeg Transit Commission. Now the chairman of the Board was Dr. John Deutsch, head of the Department of Economics, University of British Columbia; he is also a past Deputy Minister of Finance in Ottawa. He had a great deal to do with the investigation in relation to the Colombo Plan and has conducted many special investigations of the type that he was assigned to when he took the Chairmanship of this commission.

Now shortly after we arrived in office here in August, we received the report of the Natural Gas Inquiry Commission and at about the same time certain pertinent facts which were outlined in this report somehow or other became available to the press. As a result of that leak, we made the report public on that occasion and subsequently tabled the report in the House at our special session last fall. Now one of the problems the commission was confronted with was whether or not we should have one or more utilities operating in the Greater Winnipeg area. And many people have wondered why it wasn't proper for more than one utility to operate. Now some of the factors which affected their decision were less overhead and the better price on gas. There'd be less duplication -- at least no duplication of mains and facilities. But probably the greatest factor is the fact that we have this peak requirement upon which the rates to the company are based. And the higher your peak requirements are, the more money you pay for natural gas. If there are more than one company operating in an area, and one happens to be a strict -- one happens to cater primarily to

(Mr. Carroll, Cont'd.).....residential users, then they're faced with the situation where the rate of consumption is extremely high during the coldest day of winter, and extremely low during the summer period, and they have no way in which they can build their — the rate of consumption in the summertime, they have no way really of reducing their peak requirements during the coldest winter days.

With one company operating in the whole area, they have access to interruptable loads such as Canada Cement, who can use large quantities of gas during the off-peak season. They will be supplied with natural gas during the summer when the other demands are low, and they can be cut off during the winter months, when the demands of residential users is particularly high. Now with two utilities operating in the field, it becomes very difficult to use your gas efficiently, with the result that the people of this area would have to pay more for their gas if there were competing utilities. That is probably one of the most important factors in deciding it should be a single utility rather than more than one utility.

Now in the Royal Commission report it deals with the question of public versus private ownership. And the first sentence in which they deal with this topic on page 58 they say, "here the commission holds no doctrinaire position. I would like to say that your government had no dogmatic or preconceived views as to whether this should be or should not be a publicly owned utility." Not as some of our friends opposite, "Our government is not opposed to publicly owned utilities." Now the recommendations of the report which were read earlier by the member from St. John's I believe, will bear repeating on this occasion. "Consequently the commission recommends that the necessary franchise be approved to enable the Winnipeg and Central Gas Company itself or a single utility created by a voluntary arrangement between Winnipeg and Central Gas Company and Great Northern Gas Utilities to distribute natural gas throughout the greater Winnipeg area, provided that the Winnipeg and Central Gas Company or the utility created as aforesaid, undertakes to put into effect immediately, a schedule of rates for gas which involved an average cost of gas of not more than 90¢ per 1,000 cubic feet for an average residential customer using 177,000 cubic feet per year for space heating and base load; and undertakes to carry out a program of development and expansion of facilities designed to achieve a rate of saturation of the residential market in Greater Winnipeg of the order of 75% in five years.

They go on to say "the commission recommends that the Winnipeg and Central Gas Company itself or the Winnipeg and Central Gas Company and the Great Northern Gas Utilities Limited, jointly as the case may be, be given not more than 45 days from the date of the publication of this report to submit to the government of Manitoba substantial evidence of intent to meet the conditions specified above. The commission recommends further that if substantial evidence of intent is submitted within the period specified, the company or companies should be allowed a further period ending not later than December 31, 1958 to complete arrangements and to give the Government of Manitoba satisfactory undertakings to meet the conditions specified above." Now that was the report and the recommendation of the Royal Commission.

Now your government received this report and gave it very careful study; and we conducted certain special investigations on our own, and after these investigations we accepted the recommendations of the Royal Commission. And the companies involved were so advised of the government's decision. And Winnipeg and Central Gas Company was given 45 days in which to submit their substantial evidence of intent. Now under section 6 of the Municipal and Public Utility Board Act, the government instructed the Municipal and Public Utility Board to carry out certain special investigations. We wanted them to examine the physical program of expansion of the Winnipeg and Central Gas Company. We asked them to examine their economic projections to see whether they could attain this rate of saturation of 75% of the residential market within a period of five years and at a rate of 90¢. We instructed them to hire such technical experts as might be necessary in conducting these special investigations. And we also charged them with the responsibility of making reasonable allowances for costs, cost increases, which could be anticipated at this time. Now after the Municipal and Public Utility Board were given this job, we called a meeting of the municipalities in the Greater Winnipeg area. This meeting was called for September 22nd, and which we placed the government's decision before the mayors and Reeves of the Greater Winnipeg municipalities. And we had discussions with them on that occasion and we found really no objection to the course

(Mr. Carroll, Cont'd.) of action which was followed by the Provincial Government.

Now on October 1st, by order of the Municipal and Public Utility Board, it reads as follows: "The expert advisors to the Board have each submitted a report. After considering the material placed before it, and after consultation with its expert advisors, the Board has found (1) that the Winnipeg and Central Gas Company has put into effect immediately a schedule of rates for gas which involves an average cost of gas of not more than 90¢ per 1,000 cubic feet to an average residential customer using 177,000 cubic feet per year for space heating and base load; (2) that the Winnipeg and Central Gas Company has submitted substantial evidence of intent to carry out a program of development and expansion of facilities designed in the opinion of the Board to achieve a rate of saturation of the residential market in Greater Winnipeg of the order of 75% in five years; and (3) that in the opinion of the Board the financial projections of the Winnipeg and Central Gas Company evidence the feasibility under present conditions of the company's program to achieve the degree of saturation of the residential market within the time limit required by the report of the said commission at a rate not in excess of that recommended in the report." That is

MR. PAULLEY: Mr. Speaker, I wonder if the Honourable Minister would permit a question? Who were the experts referred to in the statement you just read?

MR. CARROLL: Well, I can advise the Honourable Leader of the CCF that two of the experts were Eric N. Wright, Chartered Accountant; and George C. Davis, Consulting Engineer. Now there may have been others, those are the two which come to mind.

MR. PAULLEY: I mean the two that were definitely referred to in the statement, Mr. Minister, that you've read from the -- in the order of the Utility Board.

MR. CARROLL: Yes, those would be the two.

MR. PAULLEY: Those were the two?

MR. CARROLL: Now there may have been others, as I say, I don't know, those were the two specifically referred to in this order.

Now, by Board order of a later date, dealing with the matter of substantial undertakings, I will read in part. "The Board and its expert advisors have further examined the submissions of the company and have made such additional inquiries as have been considered necessary. Projected revenues and expenditures were based upon economic conditions prevailing at the time of their submission. Any future variations in economic conditions will, of course, influence the actual results. Undertakings have been backed by substantial investment and are considered by the Board to be satisfactory." Now what were some of these factors which were taken into consideration by the Board in making this order? Now I don't know what they all were, but at least some of them were that the company had raised an amount in excess of \$10,000,000.00 in which to -- with which to carry out their program of expansion of facilities. The company wrote off 3.5 million dollars of accumulated losses over a period of time. They took steps to provide for stability in the directorate during this period of expansion. And they've done that by means of a voting trust agreement whereby the new common shareholders are bound for a period of five years to the directors which have been allocated under this voting trust agreement. That insures that there will be stability during this period of expansion at least.

I'd also like to report that 7 out of the 10 directors of the Greater Winnipeg Gas Company are now residents of Greater Winnipeg, which I think is very important in overseeing the expansion operations of this utility. Now, also the company have got new management. They've hired a man who is eminently capable I think, in my opinion, to conduct the business affairs of the Greater Winnipeg Gas Company. This man is 52 years old and has had some 30 years experience in the utilities field. He's a graduate of the Massachusetts Institute of Technology with a Masters degree, has done some teaching and also has very considerable experience in the gas field. Now one other thing which was taken into consideration was the program of expansion of the physical plan of the gas utility. And the expenditures which were committed up to that date were part of the over-all program of expansion, that is the perimeter loop and the mains and things of that kind. Their capital investment was not going into the local distribution, but was part of an over-all scheme of expansion which indicates the intention to serve the larger area of Greater Winnipeg. Now on March 16th.

MR. MILLER: Would the Honourable Minister permit a question?

MR. CARROLL: If the honourable member would make a note of it, I'd be very pleased to answer.

MR. MILLER: Well, I don't want to make a speech, I just want to, in view of the fact that you've mentioned the directors of the gas company, would there be any objection to naming them?

MR. CARROLL: No, I'd be very pleased to name the present directors as of May 2nd, 1958 and reported in their annual report. Edward Bochelle of New York; Peter D. Curry of Winnipeg; Jack R. Dempsey, Chicago; J. Reginald Findlay, Toronto; R. D. Guy; A. Searle Leech; John A. MacAulay, Gordon P. Osler; Isaac Pitblado and George H. Sellers, all of the City of Winnipeg.

On March the 16th of this year, we called once again, called in the representatives of the municipalities of the Greater Winnipeg area. But before doing so, we sent to each council our proposed gas legislation and invited them to study this proposed legislation and then attend a meeting on March 16th, at which time we would hear any of their complaints about the Bill if they had any, or any suggested improvements to the Bill. Now that Bill was convened on March 16th as result of which there have been certain minor changes in this proposed legislation. Now this Bill is being introduced so that there will be no misunderstanding as to the rights which are being granted to the Greater Winnipeg Gas Company, they're exclusive right to sell gas in the Greater Winnipeg area. We also plan to eliminate those special privileges which they had under previous legislation and under their franchise agreement with many of the municipalities in this area. One very important part of this Bill is that we have a termination date on their franchise agreement -- a termination date on their exclusive franchise to sell gas in this area. Now under the legislation -- previous legislation and under all their franchise agreements, this company had the right to sell gas in those areas in perpetuity. There was no limiting factor on -- no termination date for the sale of gas in those areas.

Now it has been said outside of this Chamber, that we as a government plan to 'sew it up' for Greater Winnipeg Gas Company and give them this exclusive franchise for this long period of time. It's no such thing. We're actually taking away from the company this exclusive right which they held under previous franchises and under previous legislation. We're limiting them to a 25-year period. We're also providing the machinery to enable the municipalities at the end of 25 years to (1) renew the franchise if they want to, if they feel at that time it's in their best interest to do so. We have also made it possible for the municipalities at that time to take over the distribution of natural gas in this area, or they can negotiate with another company altogether, to negotiate on their behalf to take over this monopoly gas distribution system. And the municipalities at their request at our meeting on March 16th asked for the right of the first refusal if the company ever decides to sell out their distribution system in this area.

Now another thing we're bringing this municipality -- at least this company under the jurisdiction of the Municipal and Public Utility Board, and we've given special instructions to the Board in connection with the supervision of this utility. And these are our instructions to the Municipal and Public Utility Board (1) That the Municipal and Public Utility Board be directed to examine into the performance of the Greater Winnipeg Gas company in relationship to its undertakings pursuant to the findings of the Natural Gas Distribution Inquiry Commission of Greater Winnipeg. (2) The Municipal and Public Utility Board report not less frequently than semi-annually upon the performance of the company in undertaking its program in relationship to its undertakings. And (3) that the first such report be made with respect to the position of the company as at July 1, 1959. So we're taking those precautions which we feel necessary to insure that this company is complying with its undertakings made to this government prior to the end of 1958.

We're also taking steps to set up a uniform system of accounts so that we can compare the operation of this utility with the operation of other utilities across the Dominion of Canada or with utilities throughout United States and elsewhere. This is a standard which is accepted by utilities and one which will enable us to have a much better understanding of their operation and be able to compare it with yardsticks in other jurisdictions. We've also set up standards of safety for the protection of the people of this province. We've accepted the American standard for gas transmission and distribution piping system. This has been set up by Order-in-Council and those are the safety standards under which this company must operate. Besides that under other legislation we are setting up a base rate so that we can have

(Mr. Carroll, Cont'd.) some control over those things which are considered — upon which a rate of return is considered for the company.

Now the Royal Commission, who were represented by people who were well qualified to conduct this study, spent several months in their investigations. They travelled through many of the provinces in Canada and in some of the States of the Union to find the best way in which to handle the distribution problem which was confronting Greater Winnipeg. The Royal Commission was charged with determining the most efficient manner of distributing natural gas in order to serve the largest number of people in the shortest possible time and at the lowest economic rate consistent with the long-term of public interest. They reported to us in August; we have accepted their report; and we are now implementing it by this Bill which is now before the House.

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

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

MR. SPEAKER: Committee of Supply.

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

Mr. Speaker presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty.

MR. SPEAKER: Would the Honourable Member for St. Matthews please take the Chair?

MR. CHAIRMAN: Department 13. Department of Labour. 1. Administration.

MR. THOMPSON: Mr. Chairman, I will make just a very few brief comments on the Department and its activities. I think honourable members of the Committee will note that there are some increases in expenditure in this Department. That is a result of some additions to staff in various sections of the Department. In the Mechanical and Engineering Division we have added six; in the Employment Standards Division we have added six; in the Apprenticeship Training Division we have three additions; and in the Labour Relations Division we have one addition. All these were found necessary to meet the increasing demands of our people and to provide if possible increased services in the various fields which are covered by these separate divisions of the Department. There has been no basic departure from the normal activity and work of this Department of Labour in the past year, with one exception, and that is the Winter Employment Bill which was introduced in the session last autumn and which this Department administers. I might quote for the interest and information of the honourable members the extent in dollars of the expenditures under the winter employment — winter works incentive program. The total costs of projects amounted to \$4,740,351.00. \$4,343,463.00 represents federal projects and \$396,888.00 represent provincial projects, and the federal projects of course, the province paid 30% of the labour force on the winter project which was that part of the force which was — who had exhausted their insurance benefits or who might have become public charges or required assistance from public funds, and the provincial projects of course the province paid 50% of the cost of labour. Now the expenditure on labour under these winter works projects amounted to \$924,944.67 and the expenditure on materials amounted to \$3,815,406.33.

So that in answer to a question which was asked I believe under a short amendment to the Winter Employment Act earlier in the session, the total expenditure of the Federal Government and the Province of Manitoba for their contribution to the labour costs under this incentive program was \$924,944.67 and the municipality paid in labour 500 — the municipalities of the province paid in labour \$521,220.69 and in materials \$3,284,185.64, so that we have an over-all total as I say of \$4.7 million dollars involved in these winter works projects in Manitoba. Now it's interesting to observe, and we have made some surface calculation I might call it, we haven't the machinery to go intimately into this problem or deeply into any research, but of the 3.8 million spent on materials it is estimated by municipal engineers and by consulting engineers who were involved in these several projects this past winter, that over 90% of the materials involved in these projects were produced in the Province of Manitoba. Between 90 and 95% is their estimate, so that material production of 3.8 million naturally also resulted in addition to the figures which I have given of direct labour, resulted in a considerable amount of labour in the various firms of the Province of Manitoba.

(Mr. Thompson, Cont'd.) Now in addition to the winter works program

MR. PAULLEY: Mr. Chairman, I would just like to make a brief comment or two in respect of this department, which we of this group feel that it is of the utmost of importance to the Province of Manitoba. I don't mean to say by that, Mr. Chairman, that I'm inferring that other members of the House do not also consider it a very important department, because I think that we all recognize that it is the fruits of labour applied to our natural resources and wealth -- or our natural resources, that gives us in the end our national wealth. And I think in the past that enough emphasis has not been directed toward making the over-all situation in regard to labour and those who produce, attractive enough in order that the cycle of labour, and the product of labour goes on without interruption.

Now the Honourable the Minister this afternoon informed my colleague in respect of an Order for Return that the department, unfortunately or otherwise, did not have available the information requested in the Order of Return which would be able to indicate to us on a strictly provincial basis the relationship between management and labour, and I would like to suggest to my honourable friend, the Minister of Labour, in all sincerity, that such information should be in the files of the Department of Labour. Otherwise how else, Sir, except in a very piecemeal sort of a method can the Minister or any of his officials truly know what the situation in respect of labour relations is in the Province of Manitoba.

Labour is quite frequently accused of being irresponsible, it is quite frequently accused of having no regard for management. I personally refute these contentions entirely. Now I think it would help in the assessment again of the whole labour picture. If we had before us, or if the department had before it, information which would allow them to analyze all of the disputes which occur in the Province of Manitoba respecting management and labour. We note with interest that in the Department of Education -- excuse me -- in the Department of Agriculture, a considerable portion of our budget is devoted to research in respect of that great industry. I'm sure that when my former almost seatmate, the Minister of Industry and Commerce, reports on that department we'll hear a lot more about research. He also, in his capacity as Minister of Mines and Natural Resources, spoke of research. In order that we know the whole picture of these very important departments I suggest to you, Sir, that there is a field for the question of research in labour relations as well.

I think it is most unfortunate, not only here in Manitoba but throughout the other jurisdictions as well, that our newspapers and spokesmen of various descriptions play up the fact that there is labour unrest, disagreements between labour and management, without any attempt other than by prolonged strikes in many cases, or walk-outs, of really getting down to the basic factors involved and conducting real research into this matter, and I would suggest to the Honourable the Minister of Labour that this can be a field of endeavour in his department.

I might say too, Sir, speaking of the Minister insofar as the position is concerned, labour still regrets that despite its former pledges that the government has still not chosen a full time Minister of Labour. Now we know that in the budget, or rather in the estimates before us, in this department as in the others, there is provision for a full time -- or a full salary in respect of the Minister of Labour. But I think, Sir, that the government has had ample time to make a firm announcement, although I understand by newspaper comments that this is to be done some time after this session, but I do suggest, Mr. Chairman, that there has been ample time for the administration before this, to announce the factor -- the fact that one of the representatives of the Conservative Party is devoting full time to the problems of labour.

I might say, Sir, that in respect of the report the Minister has given us of the winter employment bill and works, that we are pleased and support it, both here and at Ottawa, a provision for the undertaking of additional works during our winter months. I know that we of the CCF Party here in this House had made proposals and suggestions similar to this on many occasions in the past without avail. We are now happy that it was a fact during the last winter. And we are very pleased that the net number of unemployed during the past winter was, on a comparative basis, less than the previous year, but I would like to suggest to the Minister and to the administration not to be guided entirely by figures of a comparative nature between one year and another, because while we did have, and we readily admit it, and are pleased to have the knowledge, that there was less unemployed last winter and the winter before, there are still too many, even today, who are not employed gainfully in industry and the associated

(Mr. Paulley, cont'd.) branches of our economy.

So I say to the Minister that while he is able to present a picture of improvement, the situation still remains grave when we still have a large number of unemployed, not only in Manitoba but in Canada. The situation in respect of Manitoba was a little bit better this year than it was in respect of some other jurisdictions. Whether that could be attributed directly to the winter works program in Manitoba or to other considerations, I'm not in a position at the present time to analyze, but I do say to the Minister and to the administration that while the picture has improved somewhat over what it was a year ago, let us not take that and relax in our endeavour to provide work for every man who is willing to do a job.

Now, Sir, I would just briefly touch on one or two of the activities of the department as a whole which has come to my notice and I think requires the immediate investigation of the Minister and his department. I have been receiving numerous complaints of intimidation of workers by certain companies, and I might say, Sir, in all fairness, that I feel sure that insofar as our employers are concerned, the types that I am going to speak of at the present time are relatively few. That in general, labour and management get along pretty well and I must say, I think I should say, in all fairness, that some factors of labour are just as bad as some factors of management, and I do not suggest that the ranks of labour are without their faults. But I do say this to the Honourable the Minister, that there still are too many managements who are afraid or opposed to unionism and are intimidating workers when they are applying for certification as a labour organization.

I raised a question the other day in the House in respect of two men who were dismissed for union activities in respect of a certain firm. I now find that there were more than two. But I will say this, and I thank the Minister for it, that the particular situation that I drew to his attention at that time is now going to be fully investigated and I trust that the difficulties between the men and the management will be overcome and that the men who were dismissed, and I think illegally, will be restored to their proper positions that they held before, and as I understand it they have voted for certification and that after they have been certified as an organization, that these men will be reinstated and that from then on this particular company and its men will be able to work in harmony in the production of their product. And I say to the Minister that this isn't the only case that has been drawn to my attention. And I would suggest to him that he look over the Act very, very carefully because it appears to me that there are too many loopholes, or that there isn't sufficient penalties, or that the Act is not clear enough to indicate all of the ramifications of intimidation, particularly during the period when the men are first attempting to form themselves into an organization, because I think, Mr. Chairman, it is at that time that most of the trouble occurs, and maybe one or two individuals of a group of a half a dozen or more think to themselves that they should be organized into a union and that management knows of it and before any real due process of law is entered into under our Act, management calls them in and tells them - "Now look boy, we heard you talking about desirability of joining yourselves into a union or forming a union. You'd better cut it out or you won't be with us tomorrow". Now that has happened, I think it is happening too frequently. It's before the period actually when the vote is being taken as to certification.

I also would suggest to the Honourable the Minister, that he look into the question of a practice of some employers dealing with their employees in respect of wages. It has been drawn to my attention not only once, but on numerous occasions, that quite frequently an employee; and some of them who are newly become citizens of our country, will go to work for an employer under the presumption that the amount of money that he will receive will be approximately \$1.00 an hour. And then after working for a week or two at this presumed rate he may not -- there's a hold back on his pay -- he is not paid up-to-date, and if he quits his employer there are cases where the employer only pays him the difference to bring him down to the minimum wage rate. In other words, if an employee presumes he is going to be paid \$1.00 an hour, if he is not paid -- as an example, what can happen under The Minimum Wages Act? I have a newspaper clipping here which I am going to read with your permission, the following: A carpenter took a job in a cabinet factory for \$1.00 an hour and after working for two weeks received his first week's pay at \$1.00 an hour. He then quit his job to go back to his previous employer at a higher rate of pay. The second week's pay was then mailed to this worker who was paid at a rate of 20¢ an hour for his second week's work. On inquiring, he was told that as

(Mr. Paulley, cont'd.) the minimum rate of pay was 60¢ an hour he had been overpaid by 40¢ an hour for the first week and therefore only received 20¢ for the second week. Now here is a case, and there are other illustrations that have been drawn to my attention of a similar nature. And I say, Sir, that this is absolutely wrong and I suggest to the Minister that he investigate it.

I also had a case the other day, which happily was taken care of in the department, of a worker who had damaged a piece of property accidentally and when he had received his pay cheque he was docked for the full price - or the price of the article he had damaged. And it was not only until representations were made on the employee's behalf that it was suggested to the solicitor of the company that they should refund him the amount of money. The main point that I raised in that is simply this, that I think the department should instruct or make aware to both employer and to labour what their full rights are under our labour laws. I know it may be said that insofar as our legislation is concerned we passed the legislation, it's enacted on the statutes, and then from then on out it's all we can do about it, but I'd suggest that this is not sufficient. I'd suggest that we have altogether too many workers who are not organized at the present time, who have nobody to fight for them unless it be someone in the legal fraternity or unless they happen to know an MLA, or something of that nature. I think that an educational program could be undertaken by the Department of Labour, particularly in respect of our new Canadians, whom we welcome to our shores.

Now Sir, the Minister mentioned the question of the introduction of the Bills on Workmen's Compensation, and one or two other pieces of legislation which labour has been requesting for a long time. It is a step in the right direction and we are pleased to know it. So Mr. Speaker -- or Mr. Chairman, I have no further comments to make. I would like to reaffirm what I said at the offset of my remarks -- that here in the Department of Labour, while its expenditure may only be in the neighbourhood of some \$400,000.00, the figure on our estimates is 712 - but, of course, there is \$275,000.00 there in respect of winter work projects - while the expenditure is relatively small, it's a very important department, and that a Minister devoting his full time to all of the aspects of labour, could achieve much. When we read in our statistical statements of the number of lost days, lost dollars, in respect of labour disputes, I suggest that in most cases, had a thorough analysis been made of the situations and the causes of the situations, that this huge annual loss in production in Canada would have been forestalled.

MR. CHAIRMAN: (b)

MR. ORLIKOW: Is the Minister going to reply or does he want to take -- is he going to reply now? -- (Interjection) -- Mr. Chairman, I would like to raise a question which I don't think comes under any of the items specifically, because I think it's a matter of policy, and that is the question of the possible extension of The Fair Wage Act. The submission made to the government by the Manitoba Federation of Labour for this year says on page 7: - "We request" - and I quote - "We request that the government take steps to extend Zone A, under the regulations of The Fair Wage Act, to include all areas in the Province of Manitoba." Mr. Chairman, I am interested in this question of fair wages, because I think it's of increasing importance to the people of Manitoba. I will try and be as brief as possible in outlining to the members of this Committee what the provisions are, before trying to find out what the government -- if the government proposes to make any changes.

Now the Fair Wage Schedule deals with the construction industry. Schedule A, Part 1, of the schedule adopted for -- as of May 1st, 1959 and effective till April 30th, 1960 - Schedule A, Part 1 says: "Zone A rates apply to both public and private work as above defined, in Winnipeg and a radius of 30 miles measured from the intersection of Osborne Street and Broadway Avenue" - and then goes on to list the rates to be paid to various types of construction employees.

Zone B rates apply, and I quote further - "(1) to public work as above defined in all other parts of the province except where Zone A rates apply. (2) To private work as above defined in cities and towns which have a population exceeding 2,000, except where Zone A rates apply." And then it says, "By virtue of the 1951 census, this definition includes Brandon, Dauphin, Flin Flon, Minnedosa, Neepawa, Portage la Prairie, Steinbach, Swan River and The Pas." And, Mr. Chairman, the rates are different -- somewhat lower in the Zone B towns than they are in Zone A.

(Mr. Orlikow, cont'd.) Now in the Schedule it says about overtime, Section 5(1): "Time worked in excess of the maximum number of hours per week set out in the Schedule A, shall be paid for at not less than one and one-half times the minimum hourly wage applicable for the trade or calling for the person working such time. (2) All hours worked on Sundays shall be paid for at double the minimum hourly wage rate applicable for the trade or calling of the person working on Sunday." If you turn to the Schedule, you will see that the overtime rates in Zone A apply to hours over 40 hours a week -- that is the Greater Winnipeg area. And in Zone B -- that is the towns which I mentioned -- overtime rates of time and a half during the week, and double time apply after 48 hours. Now outside of Winnipeg and the towns in Zone B which I have listed, The Fair Wage Act provisions do not provide. I am sorry that the Honourable Leader of the Opposition is not in his seat, because I am sure he was here when The Fair Wage Act was originally enacted.

I presume the reason why the rural areas of the province were exempted from either Zone A or Zone B was that it was felt -- and I am not going to argue too strenuously that it was wrong at the time -- that these rates, these relatively high rates, should not apply to the rural areas. But Mr. Chairman -- as I say, I am not going to argue too much about that. What has happened in recent years -- and I'm not being critical of the former government, nor am I at the moment, being critical of the present government -- what has happened in recent years, Mr. Chairman, is that some of the largest construction projects which this province has ever seen are taking place in northern Manitoba in which The Fair Wage Act does not apply. And so we have a situation, Mr. Chairman, and I am trying to state the facts and to be objective, but I want to speak for a moment about something -- a question I raised when we were discussing the estimates of the Public Utilities Department, and the Honourable Minister made the statement -- I had asked about conditions in the north and particularly in Kelsey -- and the Honourable Minister of Public Utilities made the statement that conditions were good there. I am not afraid to say what I know, and I've made enquiries about Kelsey and I want to tell the Honourable Minister that in the good part of what he said I have had what he said substantiated by people who work neither for the company, incidentally, or for the Union.

The food at Kelsey is excellent. One man said it is the best food he has seen on any kind of project of this type. The living conditions, he said, were adequate -- were as good as he had seen on most projects. But I want to tell the House what I've learned about the hours of work there. And I want the House to keep in mind that the provisions as to The Fair Wage -- as to the rates of pay and the overtime provisions, do not provide up there. I am not saying that the Company is breaking the law. Of course they don't. The Fair Wage Act doesn't apply to them. It doesn't apply to them, I state, because those areas not listed were considered as rural areas. And what happens? I discussed this with one Union representative, and I can give the Honourable Minister of Labour the name if he hasn't already got it -- I think these representations were made to him -- I can give them to him if he wants them. He told me that for one company which employs workers over which he has jurisdiction, he has an agreement at Kelsey, and those workers are getting \$2.50 an hour, which incidentally is the rate which is suggested in The Fair Wage Act. But another company who also employs workers who come under his jurisdiction is only paying \$1.70 an hour, and there's really no recourse because the provisions of The Fair Wage Act don't apply. But even more important, Mr. Chairman, he told me that the men are averaging for a two-week work period 180 hours of work -- in other words, 90 hours a week; they are working seven days a week, 14 or 15 hours a day.

Now with what the Honourable Minister of Public Utilities said to me the other day, and it was said to me in last year's session by the then Member from Churchill, that there are no girls -- I won't go into detail -- they have nothing else to do, the men want to work. I am not going to argue too much, although I wonder if the Minister of Health who is in the seat now -- I'm glad of it -- would care to express an opinion on whether it is good in the long range health view for men to work on heavy construction work seven days a week, 14 or 15 hours a day. I wonder. However, that's something else. But the point I am trying to make, Mr. Chairman, is that these men are working at Kelsey 90 hours a week at straight time. I agree with what has been said -- they want to work long hours. But I suggest, Mr. Chairman, that there is no reason why construction workers at Kelsey should not be given the same overtime rates of pay after 40 or 48 hours, as workers in the construction industry in other areas. Mr.

(Mr. Orlikow, cont'd.) Chairman, it's 5:30; I've got another five or ten minutes . . . ?

MR. MILLER: Mr. Chairman, the Committee rise and report in order to observe the rules of the House.

MR. ROBLIN: Well, we can't rise and report this instant minute, but we will give it consideration.

MR. MILLER: There is no consideration, Mr. Chairman - not Wednesday.

MR. ROBLIN: The Speaker is not in the Chair, Mr. Chairman. Will all the members -- I think I have the floor at the moment.

MR. MOLGAT: The member made a motion.

MR. ROBLIN: All right, if the member wants to vote on the motion, we'll vote on it, and that means it will get turned down -- that means we don't rise till an item is passed. Now I think that would be silly.

MR. MILLER: It's 5:30. I don't like that at all. 5:30.

MR. ROBLIN: I would like to say this, though, if the honourable members would give me a chance -- I am getting embarrassed a little bit -- but I guess we can stand it. The situation is this, Mr. Chairman, and members will decide just this as they wish. The Minister of Labour is under some necessity of going to Virden tomorrow on account of the visit of Her Majesty, and if it would be possible we would proceed with some other business tomorrow. Now we've got a couple of alternatives, which I lay before the Committee -- I think one of them will get a pretty rough ride -- and that is that if there is any disposition to do so we might possibly sit for another half hour and deal with labour estimates and get them cleaned up. But if members opposite don't feel that that's enough time, I won't press it. The thing that -- although my honourable friend who shakes his head so violently was doing a lot of complaining to me a little while ago about the talkativeness of some of his friends not too far away from him. However, be that as it may

MR. PAULLEY: Your honourable friend who shook his head is trying to observe the rules of the House, which the Honourable First Minister is not.

MR. ROBLIN: Well, I'm glad to know that that's his view. I want to find out from the Committee, however, whether they will be willing to proceed with Welfare estimates should we dispose of all the business apart from the Minister of Labour's business before the Minister returns. Now I would like to know whether that is agreeable because we have undertaken not to proceed with those unduly in view of the fact of the legislation.

MR. MILLER: Mr. Chairman, I might say that as far as we are concerned we would be quite prepared to go on with Welfare.

MR. PAULLEY: Despite what my honourable friend has just said about the Leader of the CCF Party, I am glad to get along with him and glad to do that.

MR. ROBLIN: Well seeing everything is so amicable, Mr. Chairman The Minister wants a word.

MR. THOMPSON: to answer the Honourable Member for Burrows
(Interjection - No, no. . .) --- Oh, I'm sorry.

MR. MILLER: No, no, no, Mr. Chairman for heaven's sake, let's observe the rules.

MR. ROBLIN: Mr. Chairman, I move the Committee rise.

MR. MARTIN (St. Matthews): Mr. Speaker, I beg to move, seconded by the Honourable Member for Roblin, that the report of the Committee be received.

Mr. Speaker read the motion and after a voice vote declared the motion carried.

MR. SPEAKER: I declare it 5:30, and I leave the Chair until 2:30 tomorrow afternoon.