

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, December 15, 1966

MR. ROBLIN: Mr. Speaker, the point that I was trying to establish when we rose at 5:30 was that so far the Manitoba Development Fund has been an effective instrument in improving and enhancing the industrial development of the province. That's what we started to do, and at the report for the year 1964-65 to which I referred, there's ample evidence, we have evidence from the knowledge of every member in the House that the Manitoba Development Fund has been an effective instrumentality in creating new jobs and making it possible for Manitoba people to build new plants and to get ahead. I see one of them was dug up by the people who have a dollar to go down to the Land Titles Office or wherever it is, to find out what mortgages are registered. The Dominion Tanners, a splendid Manitoba firm, has been helped to build one of the most modern plants in the country apparently with the help of the Manitoba Development Fund. News to me, I give you my word. News to me. But I'm interested to see it, so that the point I want to make is it proved a useful tool. Not only that, after we got into this business - and I think we were the first or one of the first - practically every other province in Canada has done the same kind of thing; Nova Scotia, New Brunswick, Quebec, Ontario, Saskatchewan, Alberta; indeed the Dominion itself, with its Industrial Development Bank which is the grand-daddy of them all. So this is a widely employed device in which we were, I think, to an extent pioneers in Canada, to promote industrial development. And this widely employed device, the Manitoba Development Fund, was studied in some detail by COMEF when they looked at the industrial development of this province, and they liked what they saw, and I intend to give you some quotations from what they said. But they went further than that. They said this province has serious gaps in its industrial structure. They say for 40 years there hasn't been a development in the newsprint field, for example, in Manitoba. For forty years we've been trying to get that northern forest of ours put to use and nothing has happened. And they said to us, "If you want to keep up the industrial field you've got to have a chemical industry in Manitoba. It's one of the key catalytic agents for industrial development. You've got to do something about that." A chemical industry brings more industry of the same kind, as I hope we may be hearing very shortly in our review of industrial progress in this province.

And they said, "Furthermore, you've got to have a steel industry that's bigger and better than what you've got now, if you want to lay the basis for industrial expansion, and you've got to expand your agricultural processing industries at the same time," and they set before the government and the public these goals in the development of key industries in this province, chemicals, forests, steel, agricultural processing - those are the four. And they pointed out to us - and this is one of the key considerations which nobody pays any attention to at all at these discussions, they pointed out to us that we don't live alone, that we're in competition, that we're in competition with the Province of Saskatchewan, that we're in competition with the State of North Dakota. You should see the inducements given to plants to go to North Dakota, and in chemicals, for one we have free trade. There's no reason on a tariff point of view why the plant should be in North Dakota rather than in Manitoba or the other way around. And we have to fight for the establishment of these key industries in our province in competition with the rest of North America, and the competition is mighty tough. And if you think that we have inducements to try and get people to come here, you should see what the other fellow is doing. We look like pikers. But we have to make our way as best we can on the basis of what we think is sound policy in industrial development and industrial promotion in the country.

Well anyway, when the COMEF Report gave us these guidelines -- and how we've been urged by people on the other side to fulfill the COMEF goals. You urged us on, along with a lot of other people, don't forget it. You thought it was a good idea. We turned to the Industrial Development Fund as one of the potential ways by which we could get these key industries, and less than one year ago, in this very Legislature, we revamped and revised the Manitoba Development Fund Act in order to enable us to tackle what I have called "operation breakthrough." And nobody was under any misapprehension about what we were trying to do. We made speeches in this House and out of it, as to how we had to get cracking on chemicals, the forest industry, the steel industry and agricultural processes. There was no secret about it; everyone knew what we were trying to do; the Act was in this House less than one year ago, and I want to put it on the record that when it came to the vote in principle on second reading, every solitary soul in this Legislature voted in favour of it with the exception of the Honourable Member for Rhineland, who most certainly did not. And when this bill was in Committee of the Whole in this House, with its clauses about confidentiality - don't forget it, with its clauses about confidentiality - there was

(MR. ROBLIN cont'd.) no motion moved to affect that particular clause.

There were two motions moved in committee, one by the Honourable Member for Rhineland with our joint consent respecting the status of an MLA, and the other by the Honourable Member for St. Boniface who wanted to strike out Part II, which is the part that lets us make deals that are not normal or businesslike deals that the MDF would normally undertake. But that's all. That's all. Nothing on confidentiality. Nothing on other points in the bill which I am going to come to. And at the same time, Mr. Speaker, we brought into this House a request for the money to carry it through, \$50 million, and the House voted for the money. I don't recall anybody who voted against that money, so on the matter of the policy of industrial development in this House through the Manitoba Development Fund, we carried the opinion and the judgment of almost everybody in this Legislative Assembly of ours in the bill that is now on the Statute Books at the present time. And I want to say that everyone was quite aware of what we intended to do, that we intended to use the Development Fund as one of the tools, but not on a subsidized basis, except for Part II which requires Order-in-Council and report to the Legislature, not on a something-for-nothing basis, on a very sound, solvent, profit-taking businesslike basis. That's the basis on which we work, and we said that a province like this that is striving to get ahead in the world, where we don't have the resources that some other people have, we've got to make the most of what we've got, and we've at least got to match the competition when it comes to the tools of Industrial Development, but we did not say that it should be done at the public expense or with public subsidies to put public money in the hands of people in the form of a subsidy or which would not be in a solely self-liquidating and self-repaying way.

So I claim, and I think I can claim with accuracy, that when it comes to the matter of the principles upon which we have founded our policy, that we had the consent of the Honourable Leader of the NDP, that we had the consent of the Honourable Leader of the Liberal Party and of everyone in this House with the exception of the Member for Rhineland, because this is what the Honourable Leader of the Grits, of the Liberal Party had to say—excuse me for using a rather colloquial expression; I shouldn't do it. But this is what that honourable gentleman had to say on third reading of the bill, and I quote: "So I say to the Minister, we are prepared to support this bill." I hope I don't quote him out of context or leave any sentiment or qualification he may have made unexpressed. If I do, I apologize. But he made the statement: "So I say to the Minister, we are prepared to support this bill."

My honourable friend the Leader of the NDP went a good deal farther. He was happy. He said, and I quote: "So I am happy with this legislation, Mr. Speaker. I commend it to the House and I'm certainly going to ask for a recorded support from the Member for Burrows," who apparently had some differences of opinion with him at the time. And by golly, so he did, and we took a vote 44 to 1, 44 to 1 on the third reading of this particular bill, so I am satisfied that the House as a whole approved of the policy, they approved of the money, they knew what we were trying to do. There was nothing secret or concealed about it. It was the fact that this policy was one that had general consent. — (Interjection) — Well, if we had caused any stirring in the dovescotes on the other side of the House, well, perhaps I should apologize, because I'll admit that I don't always listen to everything the Honourable Member for St. Boniface says, so I really don't see why he should listen to everything that I say.

I now want to relate the Churchill Forest Products' general arrangements, the policy the government followed in the disposition of a natural resource. I want to relate the story of that, and then I intend to bring that story and the Manitoba Development Fund together as far as I am able to do so. But I say that it was the responsibility of the government in connection with the unused northern forest that has been standing there with annual revenues of \$75,000 a year only from stumpage and it hasn't changed in a dog's age, a forest that had been untouched, unused, and by and large useless and not producing anything for man or beast for 40 years since the last time we had a pulp and paper development here, a standing challenge, a standing reproach, a reproach to my predecessor who tried his best to get something going there, a reproach to me until something happened in that part of the world, and our job was to see that an equitable deal, whatever it was, that the terms and conditions were equitable to the people of Manitoba.

Now I want to make some examination of that, because there's been some complaint that the arrangement we made was spendthrift, that, in the words of the street, we sold the farm, that we did not get a good deal for the Province of Manitoba, that we should have made other arrangements, and I want to examine that point because I think it's quite important. I maintain that the agreement with the Churchill Forest Industries was an equitable arrangement, consistent with practices elsewhere. That's the point, because we're in competition. Consistent with

(MR. ROBLIN cont'd.) practices elsewhere, and let's look at the practices elsewhere. Let's go across the country.

Take the question of tenure. Tenure in this agreement is for 20 years, with a provision for two renewals of 20 years each. Then you can go through British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia - they're all a little different; 21 years in B. C. - they all have renewal provisions; Alberta, 21 years; Saskatchewan, 30 years; Ontario, 21 years; Nova Scotia, 50 years.

Stumpage. Let's take a look at stumpage. Under the Manitoba Agreement, 37½ cents per cord of any species for the first 7½ years; 75 cents for the next 7½ years; and then the formula is escalated according to the price of newsprint. -- (Interjection) -- That's right. This fee includes forest protection and ground rentals similar to Saskatchewan. In British Columbia the stumpage charge is 17 cents per cord for salvage wood, 55 cents per cord for all other pulpwood generally, with reductions for the first 12 years. That's not too far off base. In Alberta the stumpage is \$1.00 - \$1.50 a cord for spruce, 45 cents for white spruce, 30 cents for balsam, 45 cents for poplar, 55 cents for jackpine, or 75 cents per cord for all species. In Saskatchewan, the stumpage is 70 cents for spruce, 80 cents for jackpine, 35 cents for poplar. Provision is made to increase the rates after 1980. Ontario, for the first three to seven years the stumpage rate is 70 cents for spruce, 10 cents for jackpine - we charge 75 - 10 cents a cord for poplar, 65 cents for balsam.

MR. PAULLEY: What is it at Pine Falls?

MR. ROBLIN: Nova Scotia. It's a lot more at Pine Falls and a very good reason which can easily be justified. Nova Scotia, prior to the mill's start-up and for the first 10 years, provides for a dollar per cord for soft woods and 50 cents per cord for hardwood, and you know what we got in the Province of Manitoba. In the recently announced pulp deal in Newfoundland, right on the sea, the most advantageous position conceivable with respect to transportation compared to our hinterland 300 miles north of here, what do they charge? Fifty cents per cord including ground rent and fire protection. What about the protection for existing cutters? Our arrangements were pretty generous. We protected them to double their present operations. This is more favourable for other areas, and they hint an arrangement in Alberta; for example, the existing cutters were phased out as soon as their current licenses expired. Not ours.

Forest management: the company prepare the forest management plan; the same thing in British Columbia. They prepare the forest management plan. This is a normal arrangement. Fire protection. The province's responsible for fire protection and suppression in Manitoba, and it is quite true that in other provinces a fire-guarding tax is frequently assessed. For example, in Nova Scotia, one agreement is three-quarters of one cent per acre for a maximum charge of \$5,000. It's a pretty ridiculous fee for fire fighting but there you are. In New Brunswick the tax is five cents per acre productive forest with an offsetting credit allowed for company trucks. In the Newfoundland recent agreement they make no charge for fire protection as we do here.

Ground rent. They don't pay ground rent in Manitoba. That's the same deal as in Saskatchewan and in Newfoundland. In some provinces they make a nominal charge of a cent per acre to \$1.00 to \$3.00 a mile per square mile of productive forest, really not an important factor.

Road construction. We provide for the construction of several arterial roads within the timber area and a shared cost program for access roads. A two mile access road to the site, plant site, is also to be built for a total mileage of 100 miles. The Saskatchewan agreement is building a \$400,000 8-mile access road, and has agreed to build 200 miles of multi-purpose roads.

I want to tell my honourable friend the Leader of the Opposition that if The Pas and Northern Manitoba was situated at Pine Falls, that's the kind of a deal we'd have made with them, the same kind of deal or something similar that we have at Pine Falls, but you can't fake geography. We know the transportation situation; we know the nature of the forest; and to compare the northern one with Pine Falls is to compare chalk to cheese. It isn't the same proposition at all.

Forest industry and timber area, the total agreement in Manitoba is some 40,000 square miles which is a very large area; 13,000 of that we know is water and muskeg. A further 7,000 miles is unproductive, so we have got 40,000 square miles of potentially productive forest. As soon as the timber area inventories are completed, the government has the right to reduce the area to what is actually required.

(MR. ROBLIN cont'd.)

Financial. Some interesting facts. Saskatchewan is guaranteed a \$46.5 million loan at what rate of interest? Six and one-quarter? No Sir; 5.2% U.S. funds. Not a bad deal, I should say, for somebody. And Newfoundland has agreed to guarantee \$80 million for the proposed Melville Pulp and Cellulose Company.

Water Supply. In the Nova Scotia agreement with the Scott Maritime Paper situation, the government is going to supply a \$2 million fresh water system together with everything else. Water pollution control in the MacMillan-Bloedal agreement in Alberta, the Alberta government has undertaken to pay for all the effluent capital costs in excess of a specified amount. In Saskatchewan, in Newfoundland, the government has set a power rate of 2.5 mills per kilowatt hour for large projects and they agree not to levy a provincial sales tax on new pulp capital installations. In some cases they are paying the operating costs of the Canso Water Bombers that are used.

Now what does it all boil down to? There is no clear-cut uniform pattern of timber supply arrangements for pulp and paper mills. Each province has evolved a pattern of timber allocations over the years and incentives offered for pulp and paper mills relating to the desirability for the industry, etc. In general, however, there appears to be recognition that for a major investment, an assurance of all or a significant portion of the supply is essential.

Stumpage or royalty charges - and this is something the Leader of the NDP ought to learn by heart - stumpage and royalty charges are levied in all areas and they range from negligible to substantial, reflecting primarily proximity to or remoteness from market, incentives to utilization of waste material and the desire for industry.

Underlying the actual agreement there must be an appreciation for the comparative location factors, for a similar operation situated in different locations. Taking the Northern Manitoba site for example, the proposed mill site at The Pas is several hundred miles farther from market than comparative mill sites in southern Manitoba, northwestern Ontario and the Maritimes, resulting in additional freight costs of several hundred thousand dollars a year. The Manitoba agreement deals in a practical manner with the special problems inherently facing a company establishing its operations in the Northern forest area. The incentives granted by the Manitoba Government are realistic and do not exceed similar incentives granted by other authorities in similar circumstances.

The key note of this whole thing, Mr. Speaker, is that there is competition in this business. There is competition from every province in Canada. For 40 years we couldn't beat the competition. Now we've got something to go on, and if you want to have a forest industry developed in this province, you've got to make up your mind that you are going to face competition. If you want to sit here for the next 30 or 40 years and watch that forest grow, and fall down, and rot, without contributing anything to the welfare and happiness of mankind in this province, go ahead. Do nothing. Don't take any chances. For God's sake don't take a chance that you are going to have to be called to criticism in this House by people who don't understand what they are talking about.

MR. PAULLEY: Let the taxpayer pay for it, eh?

MR. ROBLIN: The taxpayer

MR. PAULLEY: That's your policy.

MR. ROBLIN: If my friend will just listen, I'll tell him how much the taxpayer is paying. Anyone who says that the taxpayers of Manitoba are subsidizing this plan in any way is not telling the truth. That is not the fact, and that should be known, and I say to my honourable friend deliberately, it is not the fact.

MR. PAULLEY: I'll prove it.

MR. ROBLIN: If you can prove it, you are welcome to go ahead and try. There we are. This Legislature is going to last another three months anyway and you'll have lots of chance to talk. All right. Now let's get down to something a little closer to home. We are not the only province in the world that has a similar situation of an unused forest. There is one right next door to us, the Province of Saskatchewan, and their problems are much the same as ours, and I'm going to make a comparison of the Saskatchewan arrangement and the Manitoba arrangement. Not that I am going to try and say that the Government of Saskatchewan are more wise or more foolish than we are, because they have their own ways of trying to go about solving the same problem, but I am going to tell you what they did and then I'm going to tell you what I did, what we did on this side of the House, and see whether there is not a reasonable comparison between these two plans, because just as we have our forest north of The Pas - and it's a long

(MR. ROBLIN cont'd.) way north of The Pas - if you would see the map of the muskeg, the burned-over country that's been burned in all these years because that forest was not adequately protected, if you would see the difficulties of getting at it you would know something about the difficulties of trying to get somebody to exploit that very important timber area to us.

But let's take the comparison between Saskatchewan and Manitoba. Timber area, 18,000 miles in Saskatchewan, Manitoba 20,000 miles productive area and at the end of that time, at the end of 12 years when we know how much timber is in the area, the government can reduce the reserved area to the exact requirements of the company. So obviously we are providing the amount of timber needed to support the mill. What else could you do? What else makes sense? But no more, and we have the right to recapture if more has been allotted.

Tenure and renewal - Saskatchewan 30 years with a total term of 70; Manitoba 20 years with a total term of 60. Limitations of rights - timber rights only in Saskatchewan; Manitoba timber rights only. We've reserved on matters like townsites, highways, railways, parks, summer resorts, mining exploration development, industrial, mining, recreational and even agriculture, believe it or not, are all reserved. Only timber has been . . . away.

Stumpage. Saskatchewan until 1980, 70 cents a cord for spruce, 50 cents for jackpine, 35 cents for poplar. After 1980 and until 1987 it will be 90 cents for spruce and 80 cents for jackpine and 50 cents for poplar. Ours is 37½ cents for every kind of wood for the first 7½ years and 75 cents thereafter for the next 7½ years, and after that escalated according to a formula geared to the price of newsprint.

Protection of existing cutters. In Saskatchewan, I don't know what they are. In Manitoba, as I said, we protect them to double what they have got now.

Road construction. We've been put on the griddle because we were giving away too much in road construction. According to press reports in the 30 year initial period the provincial government in Saskatchewan is obligated to build 200 miles of multi-purpose all-weather road each decade. I find that extraordinary but that's the report. In addition, a 10-mile plant access road is to be built by the Government of Saskatchewan to the mill site. Well what are we doing? Construction of approximately 35 miles of all-weather roads and 65 miles of winter roads. In addition, on a dollar to dollar basis for bush roads up to a total of \$1 million over a 12-year period, plus a 2-mile access road to the plant site. I don't think our bill for roads is going to be as big as the bill in the Province of Saskatchewan.

Fire protection and suppression, and forest industry. Saskatchewan, the responsibility of the government; Manitoba the same thing.

Forest management and reforestation. The pulp company is required to prepare a forest management plan in Saskatchewan. The province has agreed to maintain nurseries in Saskatchewan, to provide the basic stock for reforestation at no cost to the company. In Manitoba we don't undertake to provide the nursery; the pulp company is required to prepare the forest management plan.

Financing. This is very interesting. Financing, the thing that has brought all this about, in recent times in any event. Saskatchewan has invested 1½ million in cash and guaranteed a loan - it says here \$50 million but I think the sum is something less than that that was actually borrowed - at 5.2 percent. I saw that cartoon in the Free Press tonight - did you get a good laugh at it? Santa Claus Duff putting a 3½ million dollar cheque at 6¼ percent into some unknown person's Christmas stocking. -- (Interjection) -- Well I'll talk about that in a minute. Don't worry, I haven't forgotten that. Wouldn't it at least have been more educational as far as the public are concerned if on the other hand some of the quid pro quo, not for the loan, because I'm not aware of that, but what the company is going to do in terms of development in Manitoba. -- (Interjection) -- I'm going to tell you something about that. You just wait, we'll get to that. The Government in Saskatchewan receive a 30 percent interest in the project. What are we doing in Manitoba? The Government of Manitoba promised nothing, promised nothing. The Manitoba Development Fund is available to this company as any other company in the province. There was no new or special deal made in this case. We know from the information that has been brought in here, that a loan for \$3½ million has been made so far and there may well be more money loaned, and I'm sure we'll know all about it because the Honourable Member for St. John's is keeping a watch on the mortgage office and he'll tell us when something happens, just as he could, for example, if a man borrowed money from any financial institution whatsoever and the deed was considered worth registering in the office. There is nothing new or nothing unexpected or nothing strange about that situation, and the Churchill Forest Industries has given an undertaking to offer the first 25 percent of the Churchill Forest Industries

(MR. ROBLIN cont'd.) (Manitoba) Limited stock to the Government of Manitoba and/or its agencies or the citizens in the event of the sale of such stock to the public at a later date.

Ground rent. No charge in Saskatchewan, no charge in Manitoba.

Natural gas line. The Government in Saskatchewan is constructing a natural gas line to serve the mill.

MR. PAULLEY: They own it.

MR. ROBLIN: I daresay they have to pay for it whether they own it or whether they don't. In Manitoba there's no responsibility of the kind.

Training. The Government in Saskatchewan is setting up a forest camp to train an initial complement of 175 men in the pulpwood harvesting. As far as we are concerned, the normal on-the-job-training programs available to any company are also available to this one.

Here's an interesting one - supply of timber. You can't run a pulp mill without timber and in Saskatchewan the government's not only agreed that they should have the timber rights but the government's agreed to cut the timber down for them. The Saskatchewan Forest Products, a Crown corporation, has undertaken to provide timber, delivered to the mill at \$18.50 a cord for the initial year. The government's losses, which are clearly anticipated in the arrangement they made, will be shared 50-50 with the pulp company. We haven't made any obligation or guarantee to cut down the trees and supply them to the Churchill Forest Products in Manitoba.

Now I hope, Mr. Speaker, that I have not unfairly represented the Saskatchewan arrangement. To the best of my knowledge this is a fair review of the main points of the arrangement made by the Government of Saskatchewan. And I am not critical of them. They've got some good ideas in those arrangements. I'm not the least bit critical of them. I merely say that you can very well compare - and I think not unfavourably - the arrangement we made in Manitoba under very similar circumstances to the arrangement that was made in the Province of Saskatchewan to try and do the same thing to bring their forests into production. They paid a premium, when one considers it in that light, to bring their forests into production sooner than would otherwise be the case, because why? Because it meant the utilization of a wasting asset, a natural resource that wasn't being used - it's renewable all right, but the trees grow old and die - to provide jobs and income for their people, and the Government of Saskatchewan on the whole did the right thing. They did the right thing, rather than sit around on their chairs and let that situation carry on forever. Their predecessors tried to do it and for whatever reason, in spite of the fact there were many announcements, and the Honourable Leader of the Opposition is sometimes fond of reminding certain friends of his nearby, when the NDP was in office in Saskatchewan, nothing happened. When Mr. Thatcher came in this arrangement was made.

MR. PAULLEY: He sold out.

MR. ROBLIN: I don't think he did.

MR. PAULLEY: sold out.

MR. ROBLIN: I think that he had to make the competition, the competition of Alberta, British Columbia, New Brunswick, Newfoundland, all those people on the sea and far from the market, much closer to the market in terms of transportation than we are, he met the competition, and I want to say . . . -- (Interjection) -- I wish my honourable friend would just restrain himself because it really shows that he's not able to digest these facts properly if he insists on popping off every five seconds. And I know that he's addicted to popping off, but let him do on his own time, that's all I can say.

Well, what is the conclusion that I make? Our plan was reviewed by outside consultants. We didn't think that we were so smart or so all-knowing or so well-informed in a very difficult and competitive international situation, that we could make a deal that we could be prepared to defend without taking some advice. We sent this plan to a consultant in the United States, two of them as a matter of fact, a consultant in Canada, and they told us that, to come back to my earlier phrase, that we're not selling the farm, that we're not giving the farm away, that under the circumstances this arrangement was a good one. I talked to other people in the pulp and paper industry who wouldn't come into Manitoba under any circumstances and frankly placed our problem and the proposition we were considering before them. I'm sorry that I'm not able to give their names because I don't think it would be right but I can say that we took advice from the most knowledgeable people we could find in the business. Not from the self-appointed experts that have never tried to do this thing, not from the people who are able to criticize you if you don't do it and then by George they criticize you if you do do it. You can't win on that basis

(MR. ROBLIN cont'd.) at all. Not from the standpoint of these people who have never had to do the job, but from the standpoint of people who knew something about the business, something about the business in this country and in the United States and elsewhere, and we were confirmed in our judgment that this plan of ours was one that was fair to the people of Manitoba, and that's our responsibility to be fair to the people of Manitoba, and that is what we have tried to do.

Now what is the role of the MDF in this business? It's always been perfectly clear that the MDF had its terms of reference enlarged, its money supply increased for the purpose of lending money to businesses like this that we want to get into the Province of Manitoba. It's always been clear that if they did so, in this case as in the past, registered documents would be available for public inspection. That's the same if you borrow money from the Manitoba Development Fund or the Royal Bank of Canada or a mortgage company or from somebody wealthy like -- there's nobody in that category in here I guess, but somebody that has money to lend. And they want the documents registered; that's public information. We know that, and we needn't act as if some great shocking revelation has occurred when these facts are produced because it's obviously in the Public domain. The Act, however, prohibits us from disclosing details. It prohibits us. We passed it. My honourable friend who shakes his head voted for it. Yes he did, and he said it was all right. -- (Interjection) -- It certainly does prohibit it. It certainly does prohibit it. We have taken legal advice on those points and our advisors make it perfectly clear that it's prohibited. So my honourable friend can say what he likes about it but that's the information upon which we have to work.

Now let's look at this question of confidentiality. COMEF looked into it. They weren't exactly composed of members of the government, they were composed of people. Intelligent, practicing businessmen, people in the labour field, university people, practical men of affairs looked at this confidentiality portion of the MDF and this is what they said talking about the MDF. "The agency is organized on a business basis and designed to operate on a political basis." I interject here there are some that would like it conducted on a political basis but I don't really recommend that. "Since it commenced operations, the Fund, in addition to filling a vital need for Manitoba industry, has operated at a profit." That's not us; this is COMEF saying this. "It has approved loans in excess of \$10 million and it is estimated total investments connected with these loans reach approximately double the figure. An important service of the Fund is the provision of technical advice to borrowers. Technical and management assistance is made available without cost to the borrowers, including advice on engineering, processing, machinery, etc. In line with common business practices throughout the financial community," - and get this, "in line with common business practices throughout the financial community the Fund maintains in confidence the financial relationships with its clients. This protection afforded to loan applicants and borrowers makes it possible for the Fund to obtain information on plans, costs, markets and other matters which businessmen could not make available for public examination without prejudice to their competitive position. Protection of information of this kind is essential to ensure the efficient working of both private and government institutions and must be maintained. It lies at the very heart of the client-lending agency relationship and is essential to the successful operation of the Development Fund."

Now that's what the COMEF people had to say about this very important matter, and I think that there's a great deal of common sense in what they said. But, Mr. Speaker, before we introduced the new legislation in 1966, we were concerned about confidentiality because a number of people had spoken to us about it, so we didn't just go through the same old merry-go-round and take it on its merit. We sent the executive officers, the executive committee of the Development Fund across the country to see what other jurisdictions were doing. And Morris Neaman and Don Crofton and Al McPherson and Rex Grose went to Ontario, Nova Scotia and New Brunswick and Quebec, and they inquired in Saskatchewan and Alberta, and they knew of the relationship in the Industrial Development Bank. And none of these institutions, not identical with ours but similar in all important respects, none of these institutions, our keen competition - and don't forget that point, our keen competition - required the disclosure of the client-lending agency relationship, not one of them, and none of them recommended it to us and neither did we recommend it to the House when we brought in a new drafted bill. Oh, there'd been some trouble about it. In the Province of Saskatchewan, when the New Democratic Party was in office they wouldn't have disclosure in their Development Fund. Oh no. No disclosures, none at all. They stood firm. They said, "How on earth can we operate in competition with the rest of the world if we have to do this. But the Leader of the Opposition in

(MR. ROBLIN cont'd.) Saskatchewan, the present Premier Mr. Thatcher, took the same view as the Leader of our Opposition here. He said, "This is wrong. We ought to have disclosure." He spoke very strongly on that point, but then he got elected. Something happened. He got into office, and we haven't heard a word about disclosures since. Now I don't know what his views are; he never told me; but he's been in office there 2½ years and they still have no disclosure in the Province of Saskatchewan.

So I say to you that we're on pretty sound ground when we say that we should have no disclosure in the Province of Manitoba. If we want to reorganize the concept of this province, if we want to make it into something else let's consider. Let's consider. If the House really thinks that this thing is wrong, that there's room for unsavoury deals, that there's something corrupt about the way this is going on, we've got to change it. Let's change it. I don't believe that. With all my heart I don't believe it and I don't think people on the other side believe it either. We're not going to have a Development Fund that operates as ours does if we're going to insist on disclosure.

Now let me go on with the job that I have to do here and deal with the question of the rate of interest, because some real concern has been expressed, feigned or real I'm not sure, but anyway expressed, about the fact that there are differential rates of interest charged under the Manitoba Development Fund and that's held up as something a little bit reprehensible, not too sure that that's a good thing. Well, I don't understand people, because if anyone cares to look at the Development Fund Act, Section 8, subsection (4), it states there in three different occasions "the Board may by by-law fix or vary the rates of interest payable on loan made by the Fund." Not the "rate" of interest but the "rates" of interest with all that that means. My honourable friend from St. John's will pick it up quick enough. The Fund may vary the rates of interest payable on loans made by the Fund, and in Sections A, B and C of subsection (4) of Section 8, it's emphasized, this question of differential rates, that the same rate will not necessarily be charged to people who are borrowing money from this Fund. Not only is that the case, not only was it in that statute but in previous debates, referring to the report of the Manitoba Development Fund which itself implied that rates are differential because they talk about "average" rates. The Honourable Member for Gladstone got up and said, "I suppose this means that they don't charge the same rates, that they're differential rates," and the Minister replied, "That's the truth." That's the fact. There's nothing new about this, produced from a hat in the last few days as if it was a scandal that's occurred, when it was provided for in the very statute itself and publicly discussed in this Legislature of ours.

MR. DESJARDINS: about 10, 11, 12 and 14 percent . . . Page 1442.

MR. ROBLIN: I don't care about what rates the Minister was talking about. The point that is being discussed here is whether there are variations in the rate, and that's very clearly discussed, very clearly set out and there's to be no doubt about it at all.

Now, I want to read to you on this question of rates of interest, a statement with respect to the present situation because it has been implied in the press, or perhaps the press has implied it in reporting members, I wouldn't like to say they've made any such charge, but the implication has been left that in this 6½ percent, for example, that this is a subsidized rate, that it is something less than the cost of money to the Manitoba Development Fund, or in any case, that it contravenes the law with respect to this matter. Well that's the impression that was left with me, so I undertook -- at least well I don't know whether I said it but my honourable friend from St. John's asked me a question which led me to say that I'd look into it so I presume he

MR. SAUL CHERNIACK, Q.C. (St. John's): You said it

MR. ROBLIN: Yes, well if I said one percent more or used any percentage at that time I have to be corrected by the statute, because the statute lays down the amount of money. -- (Interjection) -- Very good. The statute lays that down and there's no mistake about that and it's clear, so I said to the auditors, I said to the chairman of the Fund, I'd like a statement from your auditors on this point; I'd be glad to read it. This is addressed to me dated the 15th of December from McDonald, Currie and Company: "Dear Mr. Roblin: Re: Manitoba Development Fund. In accordance with the request of the Chairman and General Manager of the Manitoba Development Fund, we wish to confirm as auditors of the Fund the following: 1. That the rate of interest charged by the Manitoba Development Fund to the borrowers in the fiscal year ended March 31, 1966 and until April 27, 1966 has been in accordance with the requirements of Section 5, 6 and 15 (5a) of the business Development Fund Act, 1958. 2. That the rate of interest charged by the Manitoba Development Fund to borrowers all and sundry since April

(MR. ROBLIN cont'd.) 27, 1966 to November 27, 1966 has been in accordance with the requirements of Section 8, subsection 5 of The Manitoba Development Fund Act 1966." -- (Interjection) -- Well, I'm checking up. If you want to retract the motion it's happy with me.

3. That the Manitoba Development Fund levies a service charge against borrowers to cover costs of investigation and administration in accordance with regulation 7 of The Manitoba Development Fund Act 1958 and regulation 11 of The Manitoba Development Fund Act of 1966.

4. That our examination of the records disclose that all loans made or approved from April 1, '65 to November 27, '66 were authorized by a duly constituted meeting of the Board of Directors of the Manitoba Development Fund. We would be pleased to supply any further information or explanation which you may require. Yours very truly, McDonald, Currie and Company."

So if anyone is concerned that public money is being supplied at below cost to this firm or to any other with which the Manitoba Development Fund is concerned, I hope that that assurance would set those fears at rest because this is the statement provided by the accountants who are in charge.

Now I thought it might be useful, I thought it might be useful if I were to read to you another statement in which the manager of the Fund sets out the principles on which they operate, because there seemed to be a great deal of distrust -- that's the only conclusions one can draw -- that the government is fiddling with it or that there's something going on with the Fund, that it really isn't quite right or something is being done that shouldn't be done. And I profoundly believe that to be wrong and I would be most unhappy if that idea got currency among the general public as it's certainly going to do as a result of the discussions that were raised. It's going to damage the effectiveness of the Fund without any doubt.

Anyway for what it's worth, I want to give you this statement from the Fund with respect to the way they operate: "Dear Mr. Premier:" (this is dated the 14th) "After reading recent reports regarding the Manitoba Development Fund it would appear desirable to clarify what are our established methods of operation.

"In the first place the Manitoba Development Fund is an incorporated agency of the Provincial Government and its administration is under an independent Board of Directors of whom only one member is or indeed can be in the public service. The record of the Fund speaks for itself. Its success has resulted from sound business decisions by capable and experienced businessmen."

That's a good point. It isn't me that's making these decisions although I have to stand up ultimately and answer for them. And it isn't Mr. Grose making them on his own hook either. It's being made by capable and experienced businessmen operating under the terms of reference which provides freedom for decision, based on their best business judgment. They haven't lost any money yet so their judgment isn't too bad. And they haven't given away anything yet so their judgment isn't too bad.

"At the present time in addition to the undersigned, the directors of the board are Mr. Morris Neaman, Mr. Donald L. Crofton, Mr. John MacAulay, Mr. George Hill, Mr. John Baldner and Mr. Allan McPherson." (not exactly the Three Stooges!, but men of independent judgment.) "These businessmen of the highest integrity are experienced in the business conditions of the province and each has been successful in his own right in the realm of finance, industry, trade or other business organizations. Procedures followed by the Fund necessarily vary considerably from case to case. Whenever possible, the fund prefers to have informal exploratory discussions with prospective borrowers before a formal loan request is made. This aids the Fund to determine whether the project to be financed is of a type that it can consider and also makes it possible to indicate to the prospective borrower what kind of information the Fund requires.

"Applicants are required to answer a questionnaire. Once the loan application is made, investigations are undertaken by the Fund's staff or by independent consultants for specific assignments. Provision is made whereby the Fund may seek and obtain the advice and assistance of the Department of Industry and Commerce." (That answers your question)

"This refers to obtaining specific technical information in respect of individual projects such as engineering information, site location, freight rates, quantity and quality and source of available raw material, markets for certain products and similar information to enable the Board of Directors of the Fund to assess the entire project with the fullest possible information." There is no question of disclosure of Fund information. They are receiving, not giving.

"The Fund considers loan applications only for ventures that are in the opinion of its Board, economically sound or can be developed into viable enterprises with financial assistance

(MR. ROBLIN cont'd.) and/or participation by the Fund and where borrowers can meet the following requirements, among others: Evidence that they have the management available to operate the business successfully in the province; a marketing program to ensure that the output of the proposed product can be profitably disposed of in Canada or in foreign markets; -- this is important -- sufficient capital to invest in the project which combined with the Manitoba Development Fund fund, would ensure that the project can operate on a sound financial basis; and (4) adequate security to ensure the repayment of any loan made. The Board of Directors are responsible for the policy decisions and the authorization of loans. Every application is considered by the loan committee and referred to the full Board for final approval and authorization. "

Then they have other paragraphs here and as this letter can certainly be tabled I'm not going to take up the attention of the House by reading them all, because some don't bear on the particular point that we are discussing here.

"Legislation establishing the Fund prohibits the transaction of any business with an enterprise in which one of the directors is a partner or shareholder. The Fund places particular stress upon the assurance of adequate management for the project. It attempts to ensure that projects to which it is loaning money are soundly conceived and well managed and have a reasonable prospect of being profitable. "

"Interest rates: Interest rates on loans are established by the Board of Directors" (not the Manitoba Government, to be sure, but the Board of Directors) " and vary depending upon the risk involved, the security offered, employment creating potential, the management capability and in certain cases represent the maximum concession supported by solid business consideration to induce the establishment in Manitoba of the needed industry. "

Of course they do, because that's one of the main tools that they've got. "The rate of interest charged in all instances is in excess of that required by statute. " -- excess of that required by statute. And you know what that is because you voted for it.

"The Fund insists upon equity investment from the borrower. This amount varies depending upon the project and the technical experience and management ability of the borrower.

"The Fund also requires the expenditure of the borrower's equity prior to the Fund's money being used, which is then only disbursed on the production of invoices or vouchers covering the items for which the loan was approved. " It's rather important to know how these people operate. I'm afraid a lot of this may be going right over my honourable friend's head from the glassy-eyed stare he's giving me.

"In addition to the equity outlined above, the fund insists upon additional security, generally by way of real property or chattel mortgages. Additional security frequently requested takes the form of personal guarantees. " -- someone asked about that the other day -- "On moral obligations, life insurance, assignment of contract, fire insurance and share hypothecation.

"In addition the fund controls executive salaries, further capital investment and retains the right at any time to replace management if the affairs of the company are not being carried out to the satisfaction of the Fund. " I call that pretty adequate protection.

"Profitability" - Now I know that's a bad word in some quarters, but I'm not afraid of it. "Profitability is a highly important factor since the Board will provide assistance only for those projects which are in their opinion indicated to be economically feasible. Despite financial projections and economic studies the feasibility of a project may in some cases be a matter of sound judgment and in this area the experience and ability of the Board is highly important. It is in this sector that the question of sound or unsound judgment becomes important. Management is frequently more subjective than the preceding factors. Proven business experience is the best indication but latent ability as evidenced by written or verbal presentation is also considered by the Board.

"Audited financial statements are provided to the Fund as a condition of any loan made. These are provided on a monthly, quarterly or yearly basis, depending on the size of the loan, the type of business and the risk involved. The officers of the Fund personally visit the premises of each borrower periodically and formally submit a report on their findings to the general manager. If considered desirable more frequent visits and reports are made, delinquent accounts are immediately notified and given a specified time to bring their payments up to date. If this does not result in positive action, the matter is turned over to the Fund lawyers for attention. In special cases where special circumstances have developed, that is crop failure, new tariff rulings, etcetra, the principles are asked to meet with the Fund to work out some

(MR. ROBLIN cont'd.) plan of bringing the account up to date. Interest is charged on all overdue accounts."

"Administration of loans is carried out by the staff of the Fund and this covers disbursement and servicing, a continuing scrutiny of the construction and later the operation of the project and a continuing review of the economic and financial condition of the borrower, and these continue until the loan has been fully repaid. The Fund dispenses funds only on expenditures for specific goods and services." Is that clear? "Disbursements are only made on receipt of satisfactory documentation. Evidence required is based on normal banking procedure. In other words, the Fund not only controls the rate at which the funds are withdrawn but also scrutinize the execution and operation of the project being financed. The Fund follows the process of construction of any project by requiring records to be kept and regular reports to be submitted on the progress of the entire project. Reports from borrowers are supplemented by periodic visits to the project by the staff. All security documents are prepared and registered by an independent firm of solicitors and their legal validity is subject at all times to their approval. It is not the policy of The Manitoba Development Fund to divulge financial information regarding borrowers' operation. It follows certain basic principle traditional to the financial and business community. The banking and financial institutions in Canada and Manitoba have been developed on the basis of strictly confidential relationship between the bank, financial agency concerned and the borrower. The Fund operates as a member of the financial community and maintains the traditional confidential treatment of business affairs. Businessmen may inquire, negotiate and make loans of the Fund with the assurance that their dealings will not be disclosed. The foregoing methods of operation have been subject to eight years of testing and actual practice and the successful record of the Fund would appear to endorse their validity." I think that's a fair statement of the situation and the facts that we have now.

MR. MOLGAT: Mr. Speaker, I wonder if I could ask the Speaker to table the two letters from which he has been reading.

MR. ROBLIN: I would be glad to do so, Mr. Speaker. They'll be on the table of the House.

MR. MOLGAT: Thank you.

MR. ROBLIN: Now, if at this stage we're asked to violate all the undertakings given by the Manitoba Development Fund, if we're asked to change the statute, which we all voted for, with the confidentiality clause in it, and not proposed to be knocked out by anybody less than 12 months ago, what's it do to the good faith of this House and the government in the absence of any indication that any wrongdoing or matter of concern has taken place of the sort that I've been alluding to. If we try to force the Manitoba Development Fund to lay bare its transactions, we violate the pledges given to induce business to deal with that Fund in that the relations with the Fund would be kept as private as with any other lending institution. This was the principle enunciated when the Act was passed less than a year ago, with the full knowledge and consent of the House. We have a moral responsibility in the first instance I submit and acknowledge freely, not to the Manitoba Development Fund and not to any businessman; our moral obligation is to the people of Manitoba. That's the first consideration, and whatever our policy, our decisions must be, it must be in relation to that moral obligation to the people of the province.

I do not think that anything so far that has been done that we are aware of by the Fund or the government or anybody else violates that moral obligation to deal fairly under the circumstances with the public responsibilities and public assets. I don't believe in it, and I therefore think that it is wrong for us to violate our word to those with whom we have been doing business. The point that has to be remembered in all these discussions, and in all these problems, Mr. Speaker, is the main purpose that we have in mind. What's the basic issue, what's it all about, what are we trying to do, why on earth should the government get itself into this kind of a position if there wasn't a good reason? Don't you suppose, Mr. Speaker, that when we put our names on the dotted line for that agreement with respect to Churchill Forest Products that we weren't aware that these kind of charges might be made? We hoped they wouldn't be because we thought the evidence was clear, and the deal fair; but we realized we were taking that risk. When we proposed the Industrial Development Fund and sought the authority to borrow \$50 million and proposed the policy of industrial breakthrough to meet the goal set by COMEF, we knew it wouldn't be risk free, it would be open to criticism; but I hope that we will only be expected to deal with just criticism and we'll only be expected to deal with matters where we have been thought to have failed in our responsibility to the public. I don't think we have, but the basic

(MR. ROBLIN cont'd.) reason why we took these risks, or any risk, is because we wanted to boost the provincial economy in this province of ours. The opposition asked us to; they demanded we do it; they begged that we should do it. They said get on with the industrial development and when we came in with these tools and with these measures for doing so we thought that we were fulfilling that requirement. Now that we have done it, the shoe is on the other foot. And the criticism now is that you've done it wrong. That it wasn't the right way to do it. That there's some mistake in what you've done. I pointed out to this House and surely I don't have to labour it, that if we thought that we could reasonably get another ten cents on stumpage, don't you suppose we'd have gone for it. But what concern is it of ours to get the lowest stumpage that the man on the other side of the table wants. Aren't we bargaining for the best arrangement we can make, when we're talking about -- what's this? -- (Interjection) -- subsidy; it's all part of the arrangement and it doesn't amount to a row of Don't you suppose that when it came to the discussion of how much road we would build we tried to build as little as possible. Don't you suppose when the question of fire fighting came up or any other matter concerned that we tried to settle for as little as possible just like the fellow on the other side wanted to settle for as much as possible. And what was the guiding factor, what was the overruling fact that made it necessary to settle for the terms that were settled on?

MR. PAULLEY: They were a better bargainer.

MR. ROBLIN: No.

MR. PAULLEY: Yes.

MR. ROBLIN: Competition.

MR. PAULLEY: Ah Poppycock.

MR. ROBLIN: Competition, the fact that we had to meet the competition of other places, Mr. Speaker, for forty long years this forest was empty, no pulp and paper mill up there; it'll remain that way for the next forty unless you get out and do something about it. We went out and hustled and we made the best deal that competition would allow us to make and we only signed on the dotted line even when that had been done because we were satisfied that on the whole this meant money, and progress and development, for the Province of Manitoba. And let me tell you something of the progress, and I hope that - if my dear friend Kuch whom I like very much, he occasionally is kind enough to send me one of his originals particularly when I'm front and centre and probably not in a very complimentary position. I enjoy them, put them up on the wall, they're fun. I hope that he'll draw another cartoon for me and perhaps show that for this Churchill Forest Products deal that it isn't all a give away, that we're getting something back in return.

. continued on next page

(MR. ROBLIN cont'd)

We're getting in operating revenue - and I want the members to consider this - in the operating revenue over the 20 year term of the first part of the agreement, we anticipate that the revenues we get will exceed the new operating expenditures to which we are put and provide more money than is required to pay the capital expenditures directly attributable to the product, to the project. In other words, on the most limited possible basis of a profit and loss statement to the Treasury Department of the Province of Manitoba, we are going to take in more money, we believe, on the figures and estimates that we've made in the 20 years of this arrangement, that we are going to have to pay out in operating costs, and not only that sufficient in addition to pay the capital costs directly incurred in connection with this project that we wouldn't otherwise be spending. That's the first consideration we had to make; no subsidy in the development fund, we know that. Now is there a subsidy concealed internally in the government finance? We say no, we don't believe it; we say that we think the revenues will exceed the expenditures. But you know that's only the little bit, that's the ninth of the iceberg that's above the surface; what's this going to do for the community, because if that's all there is in it a break even let's say on the worst possible terms, a break even for the provincial treasury, why bother, and indeed why bother. And we wouldn't; but what does it mean for the community? Well it's going to - by 1971 it will provide employment for 1,000 people, and multiply that by the number of families that these people support, consider a new payroll of about \$4 million; consider a capital investment of \$35 million by 1971 and perhaps more later on, and you get some idea of what this means to our economic community. Consider the increased revenue - and we haven't taken this into account so far - but consider the increased revenue in taxes to the government for the people that are going to have jobs. The tobacco tax, the liquor tax, the gasoline tax --(Interjection)-- we certainly are. These bills have to go help pay for that service --(Interjection)--they won't be on welfare, where a lot of them are right now. We'd much sooner service them as people with jobs than people on welfare; that's what we're going to have.

The level of retail sales in The Pas, what's that going to be when this is fully going? -- three or four times its present level. Isn't that a factor? - retail sales three or four times the present level in that Town of The Pas. Traffic in the Hudson Bay Railway will increase, we expect to reach a total of \$5 million a year when this thing is going -- new wealth created by the exploitation of that forest; new employment - and this isn't the people working in the plant or in the mill, that's the thousands I've been talking about - but the new employment directly created by the project in addition to that, we figure is well over a thousand new jobs. If you take the Canadian National Railway table on what one productive job means in terms of service industries and the like, you'll get the kind of figures that I'm talking about here. Several thousand new jobs.

Mr. Speaker, that's worth taking a few chances for, if you ask me, even if you have to be dragged through a rather unsavoury wringer to do it; that's worth taking a chance or two; and we're prepared to take it.

Power sales will be about \$2 million annually. To say nothing of what we hope this will mean for Indian and Metis people in the area and we're gearing up to make those people fit to take the jobs that will be available. Yes, there's a few economic advantages to Manitoba.

I only wish, as I say, that I might be lucky enough to see a cartoon on Monday night - of course there's nothing like dreaming is there - on Monday night which would show some of the advantages that are coming to the Province of Manitoba because of this deal as a whole. That's why we went into it because there were real advantages in economic development.

MR. CHERNIACK:

MR. ROBLIN: Well, I sincerely hope that the money, the \$3 1/2 is the money of the people of Manitoba. Of course it is, of course it is. And I go further than that because I follow my honourable friends reasoning. I expect the people to whom that money has been lent to make a profit. If they don't make a profit none of us are going to be any better off. They've got to make a profit and we are using the public funds - and make no mistake about this we are using the credit and borrowing power that we as a province have to make this kind of industry possible. Now surely if you don't see that you don't see anything. That's the purpose of the exercise, there was a reason for which we started. We are using the public credit for the public good to provide jobs and to provide these opportunities, and we won't back away from that for one second because it's the truth --(Interjection)-- it's the basis of a policy; and everybody here knows it's the base of our policy because we've said it so many times.

MR. PAULLEY: In the meantime our people pay another one percentage point more in interest rate.

MR. ROBLIN: In the meanwhile our people are going to have jobs worth \$4 million up in The Pas; in the meanwhile 2,000 of them are going to have money to pay that interest rate with, with the salaries they earn in this industry. My honourable friend going around with that kind of attitude will soon fall himself into the hole that he himself has created --(Interjection)-- He can pull in the top afterwards, but I don't want any part of a province like that. I want something upward and onward going, and I say that if we can with prudence use the public funds to do it, the public credit, that's what we're doing; make no mistake that's what we're doing. I said I would say something about Simplot. I'm trying to save some time for the Honourable Member for Rhineland who was kind enough to let us

MR. PAULLEY: Oh yeah

MR. ROBLIN: He was kind enough . . . I kind of feel he's entitled to a few minutes. --(Interjection)-- Well if my honourable friend will pay attention to what I'm reading I might be inclined to take up this offer, but he should really listen to what we're saying tonight because --(Interjection)-- I'm not so sure that I haven't said anything. If we wish to pursue these matters on the basis of what seems to be the temporary and local political advantage, well go ahead. I can't do anything about that. But I think it's the part of statesmanship and the part of prudence to try and look at these things from a balanced point of view, not what is good for the government but what is good for the people of the province. We are trying to create industry and create work and create jobs and we are using the public credit to do it. Now we'll never back away from that, that's a fact, that's the cardinal principle of our policy, that's implicit in the development fund, in the \$50,000. They voted for it, they know that's our policy and they approved of it, so don't reproach me with that because it won't wash. It just won't wash at all. I'll stand in any platform in this province and defend that policy and if honourable gentlemen opposite were in office in the NDP we would be pikers when it comes to using the government funds for this kind of thing, because they'd be in it up to their heads. And yet when we do it - if we do it it becomes a betrayal. I don't know what interest rate they'd charge, I don't know whether they'd regulate the interest rate for the mortgage . . . on his small home; he knows how impossible that is for a provincial government to do. I don't know whether he's say no I won't touch this because I can't charge any different rate from what somebody else is paying.

A stultifying policy of that kind would soon wind up in his own back yard. I say no let's take the criticism, let's take the chance, but let's get on with doing the job. Let's get on with the Simplot plant.

Now one of the big tasks set for us by COMEF was not only in the forest industry but in the chemical industry. And you have seen in the paper information that the Simplot Plant has borrowed an enormous sum of money from the Manitoba Development Fund to build that plant. That's a fact. I'm not ashamed of it; it's the purpose of our policy. If you want to see the results, go to Brandon; want to see what the people think about it, ask the people of Brandon. I think they'll tell you that it's all right. They'll say that there's been an injectment of \$95,000 a week in construction payrolls in that community since it started. We talk about low wages; we talk about low wages. How do you get wages up? Well the government doesn't give orders around here although according to the Leader of the Opposition they ought to, you can draw the logical conclusion from what he says. We're not exactly saying to the trade unions you're not doing a good job, why don't you get out and raise wages yourself, that's what you're in business for. We don't tell management what to do about wages; but we have some effect on it and the Simplot Plant is one. The introduction of the Simplot industry into Brandon has had a revolutionary effect on wage rates in that community and it's been for the good; it's up. If that's good, it's up. If being up is good it's being done. The member for Brandon here could tell you about that because he knows it's a fact. When the plant's in full operation it will provide an annual payroll

MR. PAULLEY: He doesn't want to hear about Simplot, he walked out.

MR. ROBLIN: The annual payroll in Brandon, a million and a quarter, 200 people working there. The spending of that annual payroll will be a major and a steady stimulus to business firms in Brandon supplying the consumer needs and these expenditures radiate throughout the . . . part of the province.

I want to tell you something, Mr. Speaker, there is no reason there's no reason on God's green earth why the Simplot Plant should be in Brandon, rather than in North Dakota. No reason on God's green earth, if you let natural forces take their course. There's no tariff on

(MR. ROBLIN cont'd). . . . these chemicals, these fertilizers, they could make that stuff in Fargo, North Dakota, if they want to. There's no reason on God's green earth why the Simplot Plant shouldn't be in Saskatchewan. In fact there are many economic reasons why it might be a good place there because they're closer to one of their major commodities, natural gas. There's no good reason why the City of Brandon should have that plant - except the government went out and got it, and the Development Fund lent public money to make it possible. That's the reason and if members in this House want to criticize that action, they're welcome to it. If they want to say that we shouldn't have lent them \$20 million, or whatever it is, you know more about it than I do, let them. If they want to say that we've given something away, they won't be telling the truth; but if they want to say that we used what brains we've got, and what initiative and what means and tools we had at our disposal to make sure that that plant was in Brandon and not in Fargo or not in Saskatchewan, then I think they'll be close to the mark. That's an object lesson that illustrates the whole performance. There's no God given reason why industries have to come here. Our natural resources are unlimited; our marketing attractions have their drawbacks - in some instances we're a devil of a long way from the people we want to sell the product to, or we're a long way from the natural resources that go into the manufacture of the product concerned. We are in an intensely competitive situation and our industrial development plans have to take that into effect, and if we want to try and build up this province, to try and keep it up with others that have greater natural resources, we're going to have to work as hard and as smart as we know how and we're going to have to use all the resources that are available at our disposal. It isn't going to happen unless we do that. My fear is, and I said this on more occasions than one. I said it here, I said it in Ottawa. My fear is that with everything that we Manitobans can do, we can't do the full job because we cannot make the most of our possibilities unless we have national policies to promote the development of our region.

I've got a whole speech here. I made it up before this particular issue arose, in which I dealt with the question of priorities, education and regional development and the need for national policy. Honourable gentlemen opposite know as well as I the drawbacks we suffer from national policies that work against our region; the tariff is one of them, and you can mention so many more. We're not going to really be able to keep up and do as we want to do by ourselves, I'm afraid; but if we don't do all that we can ourselves, how can we ask anyone else to help us? We can't. We've got to do our best. Now it won't be perfect and we'll probably make some bloopers, but it won't be for lack of trying and it won't be for lack of a sincere effort, and it won't be a lack of reasonable business judgment, and it won't be for lack of honesty. Now those are the things that I think the House have to take some consideration of.

I've dealt now with most of the things that I had on my mind to say except the matter that had to do with the national priorities. We cannot do all the things we want to do at once. We must establish priorities. That's the whole burden and meaning of our joint dominion-provincial tax studies these last few years. Priorities in my view - the first one is education, the second one is regional development - we won't do those things unless we get our priorities successfully tackled. We're going to have to relate priorities to the tax burden we place on our people. Nothing constructive is being done about that these days, anywhere . . . --(Interjection)-- We have to do our best that we can. My friend is going to have all the sales tax talk he can stomach one of these days; along with all the income tax talk he can stomach; along with all the capital gains tax and all the other forms of taxation that he's interested in; and if he wishes to allow his natural intelligence to have free range, unimpeded by preconceived ideas or doctrinal objectives I think that we'll be able to show him that the method of taxation we propose is not unreasonable under all the circumstances.

But coming back to the verge of my thought here . . . --(Interjection)-- Yes, and I'll get even better marks before I get through with this whole business, because we're going to tell the people, we're just going to tell the people what we have to do. --(Interjection)-- We certainly are. My honourable friend is in the happy position, and sometimes I rather envy him, of being the second party in opposition and all he has to do is carp and criticize and leave us to carry the heat and burden of the day. Well, that's what we're here for, so we really can't complain about that even though we might be a little envious that he can be such a free . . . We have to remember that what we say we have to do. We're different from what he has to

MR. PAULLEY: Just for a little while Duff, just for a little while.

MR. ROBLIN: I want to sum up what I have to say by expressing the opinion that the policy that we have been following in respect to natural resource development, with respect to the chemical industry, with respect to The Manitoba Development Fund, are really reasonable, sensible, businesslike and broadly advantageous to the people of Manitoba. They're profitable for business, I hope. They must be. If it isn't profitable to business, they're not going to come here; or if they come they fail and we'd all be the losers. That goes for whether it's done by the government or whether it's done by private enterprise. Business has to be a successful operation. If you want to deal with competition in this world, if you want to deal with the competition in United States on duty free products or with the other provinces of Canada in natural resources in other fields, you've got to get into the business, you've got to get into the business of development. You've got to get into things like The Manitoba Development Fund. You've got to make tools such as the public credit available for these things. If you don't want these things to be done, well you don't have to do them, but you have to take the consequences of not getting the progress you're after. We are creating by means of these policies thousands of new jobs, millions of dollars of new payroll, much new wealth for the people, at no element of subsidy or cost to the public purse but simply by a sensible organization and use of the resources and tools that are available to us. That's what it is and that's what we're trying to do. And if we want to keep playing games with the thing, as I perhaps from my point of view are inclined to think some people are doing, if we want to put an end to this way of doing business, well we're going to have to put an end to the opportunities and an end to the achievements that have been received under these arrangements. We have to give up the idea of the jobs, the employment and income that comes from this and we have to recognize that this is the situation.

Now, Mr. Speaker, I want to say this. I do not wish it to be understood from what I have said that I think, or that anybody over here thinks, that all the arrangements, plans, policies we have are beyond criticism or that they're perfect or that they can't be legitimate arrangements for improvement. I sincerely hope they can be improved. I don't know anything that people do that really can't be improved; and if members opposite will give us their cooperation in suggesting reasonable ways in which improvement can be brought about, we are not going to be unresponsive to ideas that we get or suggestions that come forward, but please for goodness sake get off this kick of trying to start some rumor - maybe not intentionally - I mustn't impute that to any honourable member - but the fact is that when they get up and produce these little surprises as they do from time to time, as if it were something exceptionally extraordinary, the public prick up their ears and they say, "Ha ha, something going on there that's pretty fishy. Well, I don't - well, I'm afraid that's what the public think because -- that's the consequences of what my honourable friend says. --(Interjection)-- Well, I sometimes do get the wrong answers. I do my best to give the right answers. I say that if we have arrangements, if we have ideas as to how we can better order the affairs of our province, we're here to take counsel about it and we're here to get ideas if we can; but I am prepared to defend the main points at issue in this particular discussion tonight.

I am prepared to defend that it is a good thing to have The Manitoba Development Fund, that they operate along sound and reasonable principles. I am prepared to say that it is a good thing that the public credit should be used for the creation of jobs and employment opportunities. My goodness, doesn't every province in the nation and every country in the world try to do this? I am prepared to maintain that the specific arrangements made with the Churchill Forest Products under the circumstances of the competition and of the other factors in the arrangement are reasonable and equitable to the Province of Manitoba and to its people. I am prepared to maintain that there is no public subsidy in that arrangement, that we will over the long run period of this agreement get our costs out of it as far as the government is concerned, and then some; but basically that the people of Manitoba will by long odds be so much farther ahead in the economic development of this province. And I say that these are the matters that are before us, they are matters which the government's record of policy and performances have been challenged. I think we can stand up to criticism. I only wish it to be fair and valid, and if it is, I'm content to let the people of this province decide whether they think we're doing the right thing in these important public affairs. But we as long as we sit here on this side we're going to continue with our efforts to secure the development as fast as we can of the resources of this province. We're going to recognize the competition we meet and we're going to use all legitimate means open to us to achieve the ends of our policy, the development of the economy of Manitoba.

MR. SPEAKER: The Honourable Member for Wellington.

MR. PHILIP PETURSSON (Wellington): Mr. Speaker, I doubt whether there is even . . .

MR. CAMPBELL: I have a motion to place before the House. I move that the Honourable Member for Rhineland be now heard.

MR. PETURSSON: I doubt, Mr. Speaker, whether there is much time as I would have wished.

MR. ROBLIN: May I rise to the point of order. Perhaps I might have the liberty of explaining it to those who may not know. If there is two members rise at the same time, and there's a dispute as to who is to be heard, it is open that someone should move that a certain person be heard and the name of the Honourable Member for Rhineland has been mentioned. The motion is not debatable and we have to take a vote on it.

MR. PAULLEY: There's only one vote to the motion, Mr. Speaker. There has been no seconder named for it.

MR. MOLGAT: I'll be pleased to second the motion, Mr. Speaker.

MR. CAMPBELL: Mr. Speaker, it's a fact that there is no debate in the ordinary sense but it is a motion and I make it. My honourable friend the Leader of the New Democratic Party wouldn't need to worry about the --(Interjection)--but there was an agreement made by the House this afternoon that the Honourable Member for Rhineland should be heard.

MR. SPEAKER: I'd like to make my position perfectly clear that when I called for the Honourable Member for Wellington, he stood alone; but however, there is a motion before the House by the Honourable Member for Lakeside. --(Interjection)-- Question?

MR. SPEAKER put the question and after a voice vote called on the Honourable Member for Rhineland.

MR. FROESE: Thank you, Mr. Speaker. I only have a few minutes left. However, I would like to be brief at the same time. I have two matters that I wish to bring to the House before we close off all debate under the Throne Speech motion.

My first matter that I thought I wanted to bring forward has to do with the Water Supply Board. I think most members are aware that the rates charged to the various locals that receive service from the Water Supply Board vary to a great degree and to a large extent and as most members have heard I asked for financial statements from these various locals, whether they were available, perhaps I should have framed my question differently and just made a straightforward request that I get them, because if they're not available I think they should be made available to members of this House in order to assess the situation that is presently the case in Manitoba and that we as members are able to make suggestions, because I feel that a number of the locals, a number of the areas that are presently being served are not getting a proper chance.

In my own particular riding we have the village of Gretna, and the Town of Altona which were I think the first to be served under the Water Supply Board, and this particular town is in difficulty at the present time. We have a development association in that particular area comprising of a number of towns and municipalities and they are there to try and get industry going in that particular area. However, the water rates are such that they're unable to do so and I would briefly like to quote some figures.

The local Water Supply station at Altona was set up in 1960 and has been in operation now for six years, and certain quotas were set, minimums that they would have to use before a lower rate would be in effect. For 1960-62 the minimum quota was 13.88 million gallons. This is what they would have to consume before they would get a lower rate, and the rate that they presently pay to the Water Supply Board is \$1.98. Naturally they charge much more to their customers in order to pay for the cost of operating and putting their distribution system into being. Then for the year 1963 we have a quota of 16.16 million gallon minimum. For the year 1964, 19.5. This is progressively going upward. This formula was set up at that time by some consultative firm as far as I know. In 1964 the Altona town used 23,159,000 gallons of water. This exceeded the quota that particular year. In 1965 the minimum was 23.22 million. Here they were just below. They used 23 million and 80 thousand gallons. In 1966 the quota is set for 26.5 million and so far till November 30th, they've used up 22 million, 792 thousand. From there on the minimum quota is going up very rapidly. For 1967 they are supposed to consume 28 million before the lower rate applies; '68, 31 million and in '69, 34 million and '71, 40.5 million.

These minimums are really unrealistic in the present light and present day uses. For some reason or other the development of that area did not come about that these people figured

(MR. FROESE cont'd)....at this time, and as a result the consumption was not met.

MR. SPEAKER: Order please.

MR. PAULLEY: Mr. Speaker....on a privilege I believe it would be, make a motion seconded by the Honourable Member for St. John's that the rules of the House be suspended and that the debate be continued for one more hour.

MR. ROBLIN: Mr. Speaker, I don't know what right the member has to move the motion at this particular time. I think he has none whatsoever. I do not think that it is proper to do so. But I would like to offer an alternative suggestion. We on this side would be quite happy to hear the rest of the address of the Honourable Member for Rhineland because I don't think that he has much more to say, he seems to be coming to the conclusion of his speech, and if he were not going to speak too much longer, I think we'd be glad to give a unanimous consent on this side to hear him finish his speech.

MR. PAULLEY: Mr. Speaker, I would like to suggest if the rules are going to be not adhered to that my motion be considered; and I would suggest respectfully to you, Mr. Speaker, that you were chosen by this House to say what the rules of this House are and not the Honourable the First Minister.

MR. SPEAKER: I feel that we have certain circumstances that have arisen tonight and I wonder if the Honourable Member for Rhineland has leave. Do you have a motion?

MR. PAULLEY: a substantive motion to you, Mr. Chairman, that the rules of the House be suspended and that the debate on the Speech from the Throne continue for one hour.

MR. ROBLIN: Mr. Speaker, on a point of order, I think the motion is out of order because for example, no notice has been given. When we wish to alter the rules on this side as we do at the end of the Session, we always have to give notice. Without notice it's not in the rules.

MR. PAULLEY: It would be by leave, Mr. Speaker, and I'm asking that leave be given.

MR. JOHNSTON: Mr. Speaker, on a point of order. On Wednesday of this week when the Honourable Minister of Labour had the floor and the Attorney-General got up to call 10 o'clock, Your Honour asked for a motion of adjournment. I moved a motion of adjournment with a seconder and there was some discussion that the Minister of Labour should be allowed to continue his speech at another time. Now my point is this Your Honour, in the Orders of the Day that came out today, instead of as is mentioned on Page 188 in Hansard, and I will quote, "Mr. Lyon: I wonder if this might be a convenient time to interrupt the Honourable Minister in mid-oratory and move by the Honourable, or seconded by the Honourable the Provincial Treasurer that the House do now adjourn." Mr. Speaker said, "Order please, I'm informed that before we move to the adjournment, that someone should adjourn the debate." Mr. Speaker, further down, I made the motion that the debate be adjourned with a seconder. Then after some discussion it was agreed by consent that the Honourable Minister of Labour should retain the adjournment. And that is on Page 188 of Hansard. On the Order Paper today it came out that the adjourned debate is open. Your Honour, I would like to support the motion of the Leader of the NDP because of the fact that what had been said on Wednesday has not been adhered to, and in all fairness the debate should be allowed to continue for another hour.

MR. SPEAKER: Member for Portage la Prairie it is the interest of the Chair to be fair at all times and the particular occasion that he outlined that evening was somewhat difficult to distinguish from this position. There was discussion going on all sides of the House at that particular time and I hope he would agree with me that I endeavoured to do what I could under the circumstances to meet the rules of the House and that was 10 o'clock.

MR. JOHNSTON: Mr. Speaker, on the same point of order, may I point out that during the debate that evening, I believe, two Minister of the Crown spoke in a row; two members of the New Democratic Party spoke and one from our side was not allowed to take part in the debate.

MR. SPEAKER: I think we should bring this matter to a head. It has been moved by the Honourable Leader of the New Democratic Party that by leave the rules be suspended and that the Throne Speech be extended to one hour. That is until 10:30. Are you ready for the question?

MR. ROBLIN: We do not grant leave on this side, Mr. Speaker.

MR. RODNEY S. CLEMENT (Birtle-Russell): In fairness to the Honourable Member from Rhineland who consented this afternoon almost with a promise from the opposition that he be given this opportunity and at 25 minutes after the First Minister sits down and surely we

(MR. CLEMENT cont'd).....can have a little bit of fairness in this house and a little bit of leave from the government that this request be granted.

MR. ROBLIN: We're not objecting to that, Mr. Speaker.

MR. PAULLEY: If leave won't be granted for the continuation of the Session for an hour, I'm not prepared to give leave for any further debate on the Throne Speech.

MR. SPEAKER: Are you ready for the question? The question is that an Humble Address be presented to His Honour the Lieutenant-Governor as follows: We Her Majesty's dutiful and loyal subjects the Legislative Assembly of Manitoba in Session assembled humbly thank Your Honour for the gracious speech which Your Honour has been pleased to address us at the opening of the present Session. Those in favour say aye. Those opposed say nay.

MR. ROBLIN: Ayes and Nays, Mr. Speaker.

MR. MOLGAT: Without any doubt, Mr. Speaker.

MR. SPEAKER: Call in the Members.

A standing vote was taken with the following results:

YEAS: Messrs. Baizley, Beard, Bjornson, Carroll, Cowan, Craik, Einarson, Enns, Evans, Hamilton, Jeannotte, Johnson, Klym, Lissaman, Lyon, McGregor, McKellar, McKenzie, McLean, Masniuk, Roblin, Spivak, Stanes, Steen, Watt, Weir, Witney and Mesdames Forbes and Morrison.

NAYS: Messrs. Barkman, Campbell, Cherniack, Clement, Dawson, Desjardins, Dow, Doern, Fox, Froese, Green, Guttormson, Hanuschak, Harris, Hillhouse, Johnston, Kawchuk, Miller, Molgat, Patrick, Paulley, Petursson, Shoemaker, Tanchak, Uskiw, Vielfaure.

YEAS: 29; NAYS: 26.

MR. SPEAKER: I declare the motion carried.

MR. ROBLIN: Mr. Speaker, I beg to move, seconded by the Honourable Provincial Treasurer that the Address to His Honour the Lieutenant-Governor be engrossed and presented by such members of the House as are of the Executive Council and the mover and the seconder of the address.

MR. SPEAKER presented the motion.

MR. CAMPBELL: Mr. Speaker, on a matter of interest, is it actually done in these times?

MR. ROBLIN: I suppose I'm closing debate by answering yes.

MR. CAMPBELL: That wasn't a debate, it was a question.

MR. FROESE: Mr. Speaker, if I may now, I'd like to continue my debate. Mr. Speaker, I was discussing the

MR. ROBLIN: Mr. Speaker, I just want to remind, the gentleman asked whether he could continue the debate. The debate is that the Address be presented to his Honour so I presume he has to confine himself to that subject.

MR. MOLGAT: Mr. Speaker, I think that this is an open debate because it is very questionable whether an Address should be presented to His Honour in view of the behaviour of this government and I think my honourable friend can speak as long as he wants on the behaviour of the government.

MR. SPEAKER: Well I'm prepared to receive a little direction from the floor in this connection. It seems as though the issue from time to time must continually be confused. I am doing my level best to keep the House moving along. The Honourable Member for Rhineland.

MR. FROESE: Thank you Mr. Speaker. Naturally we're dealing with the same Throne Speech that we were dealing with before and which I think dealt with water supply, if I'm correct. I remember that it mentioned the 25 towns of this province that were being served and some 12 new ones that were on the order list, that wanted services provided.

MR. SPEAKER: A moment ago there was considerable insistence on the honourable gentleman taking the floor. I wonder if the same interest could be directed to him while he speaks.

MR. FROESE: Mr. Speaker, I was discussing the matter of the Water Supply Board and the rates that are being charged and the minimums that were required to be used by the Town of Altona, and that they were experiencing increasing difficulties in meeting the minimum requirements of consumption, which necessitates them to pay the full price of \$1.98 per thousand. Now, when it comes to the users of the town, be it businesses, they have to pay a much higher charge. Their charge is \$2.75 per thousand for the first 18,000 gallons used in a quarter. The next 132,000 gallons per quarter cost them \$2.55, and anything and everything over that \$2.20. Well these rates are far too high when you consider that these

(MR. FROESE cont'd). . . . centres want to attract industries, and as the First Minister just spoke, this is one of our prime concerns, to attract industries to Manitoba. In rural Manitoba it's mostly these industries that require water that we can attract. We are interested in attracting such industries as canning and agricultural products, processing plants which naturally require washing, packaging and so on, and this definitely requires water so that these towns and these centres in Manitoba are at a great disadvantage when you consider another town such as Morden having an industrial use of 16 cents compared to this one at \$2.75. So they don't stand a chance and the Morden rate was set through an agreement that was passed in this House by this Legislature and has the force of law, so I think it should be a concern of the members of this House and especially this government that something be done. From what I understand, the Town Council of Altona has asked the Water Supply Board for a review of the rates and a letter was sent into them, and so far as I know they have received no acknowledgment of this. This was November 29th.

I would request that some kind of averaging of rates be made over this province. This is not the first time I'm bringing this matter forward, I've done so on three or four different occasions in different years, and certainly when this government subscribes to the principle and the fiscal arrangements with Ottawa that we want as much as the top two provinces in this country, the average of the top two provinces, certainly I think we should be able to apply that measure in connection with this Water Supply Board and that these towns be given the lowest rates of the lowest two centres in this province as to their rates. And if that is too low, let's at least average it and subsidize the water rates in this province to those towns who are above the average. I think this would be a boost and something that we need. Certainly the Department of Industry and Commerce should also look into this and bring recommendations of this type forward because they're very interested in seeing rural development and I don't think that they should just be dealing with abstract matters but rather with such tangible matters as this matter of water rates.

How can our rural towns and communities expand or flourish if we do not come to their assistance? This is a must in my opinion and this is one thing we cannot pass up. We must do something about this. Certainly, a review should be made of, perhaps starting with the Altona one because that's the one that has been in operation the longest and these people tell me that when the agreement was entered into that they were more or less promised that a review would be made within five years after operations commenced. So that this is overdue now and that such a review should be made and that these towns and these water supply area stations that some kind of equalization is being made and if necessary to subsidize.

Another matter that I thought I would like to touch on has to do with the Department of Agriculture. I listened with great interest the other day to hear the Minister speak and he spoke very proudly and in my opinion boastfully about what his department was achieving, what they had done for the past number of years in developing such -- rapeseed, Titanca variety, and I think he mentioned a few other things. Now I can certainly inform him that there too is a lot to be done and that certainly the agricultural department of this province is not, and the industry as such, is not receiving the attention that it should. Certainly when we look at the estimates of the present year that we're in, which amount to some \$21,353,000 that when you deduct the capital amount that is being spent today which are contained in the estimates and which now are being transferred to the Department of Highways that you will have very little left. I think it's only in the neighbourhood of \$7 million. I'm just wondering when he comes up with his next years estimate that they'll look pretty thin; it will certainly be a deflated picture and it'll really not amount to very much. I think this is long overdue too because for too long we've had such items as the floodway in as a part of the agricultural estimates, and this has nothing to do with agriculture at all. So that from now on no doubt we will have a truer picture of what is actually spent for agriculture in the department and what the estimates will show up.

So here again I feel we have a lot to do. There is a resolution on the Order Paper dealing with the price increase of wheat, oats and barley and that the interim payments be made higher. I think the Honourable Member for Birtle-Russell who introduced the resolution, made a good job in doing that the other day. But in my opinion, he is not hitting at the source, because all he wants is higher initial payments. I think what we need is higher payments in total; that we should be asking not for a 25¢ initial higher price but that we should be asking for \$1.00 more for our wheat and that we at the same time also have higher initial prices; because as he already pointed out and which he substantiated, that the cost of machinery has gone up 200 and 300% since 1945 and yet we are receiving the same prices that we received in those years. So how

(MR. FROESE cont'd). . . . is a farmer going to meet his obligation; how is he supposed to stay in business when everything goes up, when the prices of all the commodities that he has to buy go up and yet when the items that he has to sell remain at the same low price. Certainly I would feel that this government is obligated to make representations to the Federal Government to have these increases take effect, because otherwise the farming industry will just go down further and further; and prices is the only answer to this whole matter.

Now it's getting close to 10 o'clock and I certainly do not want to prolong the debate more than I have to. Earlier this afternoon I felt that I was doing the government a service by acquiescing and giving them a chance to proceed with their program. Then later on when they referred to that I might be the Gregoire of Manitoba, I certainly didn't like that too much because it is only very seldom that I have the opportunity of - I shouldn't use the word dictating - but at least have some say in what the procedure is going to be. Ninety-nine percent of the time it is the other parties and the government that have the say and when an occasion like this arises like it did today to have these references made I certainly don't appreciate them and I don't think they should be made.

MR. JOHNSTON: Mr. Speaker, may I be recognized? --(Interjection)-- No, if you wish to call it 10 o'clock, I would like to adjourn the debate but if not I would like to take part in the debate. Should I make the motion Your Honour?

MR. SPEAKER: I'm giving it a little thought.

MR. JOHNSTON: I beg to move, seconded by the Honourable Member for Emerson, the debate be adjourned.

MR. SPEAKER: What debate?

MR. JOHNSTON: Mr. Speaker, the debate on the motion to present an engrossed address to His Honour.

MR. SPEAKER: As I understand it, we extended the time on the Throne Speech in order that the Member for Rhineland

MR. JOHNSTON: Mr. Speaker, are we not addressing ourself to a motion to present an engrossed document to His Honour the Lieutenant-Governor?

MR. SPEAKER: You have a motion adjourning the debate on the motion moved by the Honourable First Minister, seconded by the Honourable the Provincial Treasurer. Is that right? Do I understand you right? You wish to adjourn the debate.

MR. JOHNSTON: Yes, Your Honour.

MR. SPEAKER: Proceed.

MR. JOHNSTON: I beg to move, seconded by the Honourable Member for Emerson, that the debate be adjourned.

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

MR. MOLGAT: The Yeas and Nays, Mr. Speaker, in that case.

MR. SPEAKER: Call in the members.

MR. DESJARDINS: Mr. Speaker, it's 10 o'clock. Isn't it time that we adjourn?

MR. SPEAKER: I'm beginning to wonder what time it is.

MR. DESJARDINS: Aren't we supposed to quite at 10 o'clock? It's after 10 o'clock now.

MR. SPEAKER: We must have a ruling on this motion, which was right on the nose of 10, it could be either way.

MR. PAULLEY: a former Speaker, Bachynski, did on a number of occasions say he can't see the clock.

MR. SPEAKER: That day will come I can assure you. Those in favour of the motion please rise. Order, order please. I beg your pardon. Please be seated. We are voting on the adjournment of the motion by the Honourable Member for Portage la Prairie. --(Interjection) They didn't; they weren't counted. Those in favour of the motion of the Honourable Member for Portage la Prairie please rise.

YEAS: Messrs. Baizley, Barkman, Beard, Bjornson, Campbell, Carroll, Cherniack, Clement, Cowan, Craik, Dawson, Desjardins, Dow, Doern, Einarson, Enns, Evans, Fox, Froese, Green, Guttormson, Hamilton, Hanuschak, Harris, Hillhouse, Jeannotte, Johnson, Johnston, Kawchuk, Klym, Lissaman, Lyon, McGregor, McKenzie, McLean, Masniuk, Miller, Molgat, Patrick, Paulley, Petursson, Roblin, Shoemaker, Spivak, Stanes, Steen, Tanchak, Uskiw, Vielfaure, Watt, Weir, Witney, and Mesdames Forbes and Morrison.

A MEMBER: The nays, the nays.

MR. SPEAKER: Oh! I'm just as intrigued as you are. Those against the motion please rise.

(MR. SPEAKER cont'd).....

NAYS: Mr. McKellar.

Yeas, 54; Nays, 1.

MR. SPEAKER: I declare the motion carried.

MR. ROBLIN: Mr. Speaker, I should put the adjournment now and I'll be willing to do so. The only consideration I have is the routine motions about Supply and Ways and Means should be moved now, if we're to bring down the estimates on the day we return, which I would like to do in view of the school vote. Would anyone object if I proceeded to move the motions on Supply?

MR. MOLGAT: I would be agreeable to moving them, Mr. Speaker.

MR. PAULLEY: By leave of course.

MR. ROBLIN: Thank you. I appreciate the cooperation of members. Yes, yes, and I thank them all. Moved by myself, seconded by the Honourable Provincial Secretary that this House will at its next sitting resolve itself into committee to consider of the supply to be granted to Her Majesty.

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

MR. ROBLIN: Mr. Speaker, I beg to move, seconded by the Honourable the Attorney-General, that this House will at its next sitting resolve itself into committee to consider of Ways and Means for raising of the supply to be granted to Her Majesty.

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

MR. ROBLIN: Mr. Speaker, there is another procedural resolution on the Order Paper in the name of the Attorney-General dealing with the presentation of reports and the rules respecting Private Bills which it would be advisable if we are agreed, and I think it's a matter for no debate at all to extend the time limit on those. I trust so, and if we have leave we would like to move that one to. (Okay)

MR. LYON: Mr. Speaker, I move, by leave, seconded by the Honourable Provincial Treasurer, that during the present Session of this Legislature the tabling of reports or periodical statements which it is the duty of any officers or departments of the government, or any corporate body to make to the House as ordered by any rules, orders and forms of proceedings of the House or by the journals or statutes of the Province of Manitoba be extended to the 15th day of February 1967; and notwithstanding rule of the House No. 107 that the time limits respecting Private Bills under rule of the House No. 100 for receiving petitions for Private Bills be extended to the 15th day of February 1967; and that the time for presenting Private Bills to the House be extended to the 22nd day of February 1967, and that the time for receiving reports of committee on Private Bills be extended to the 13th day of March 1967.

MR. SPEAKER: I didn't get your seconder, Mr.

MR. LYON: The Provincial Treasurer.

MR. SPEAKER presented the motion.

MR. MOLGAT: Mr. Speaker, there are some of the reports that are due when the House opens which I think are of extreme importance to the members which I hope the government will not delay because this means that they can now go to the 15th of February. In particular I would refer to the report of The Manitoba Development Fund. We were treated tonight to a lengthy reading of last year's report by the First Minister and it certainly was an interesting exercise, used up a fair amount of the time of the House, but most interesting no doubt, and I am sure that all the members of the House would want to have the latest report of the Development Fund so that they can read it back to my honourable friends when the House next opens.

There are some other reports as well that I think are of importance to the House, so I would be prepared to support this resolution on the understanding that the government will not delay the production of any of the reports that wherever possible the reports will be submitted to the members of the House between now and the next time we sit. There's always a problem when the reports are given to us once the House meets, that is the question of time taken to read these. Enough comes in in the way of bills and the other things that the members have to do. I think it's essential that they be given to us in advance. This year the House has had some two weeks of debate prior to Christmas. If the members could now be given all of the reports that are due between now and the opening of the House, whenever we are to meet next, I think it would help very much the business of the House and give the members a better opportunity to do their work.

MR. LYON: Mr. Speaker, not to prolong the debate, I can assure my Honourable friend the Leader of the Opposition that the main purpose for this motion was to permit those reports

(MR. LYON cont'd).... that are made on a calendar year basis rather than on a fiscal year basis to be completed to the end of December 31st, 1966, then they could be presented to the House. I can assure him as well that his remarks concerning no delay in the presentation of the reports will be followed. In fact, many of the reports, the fiscal year reports have already been tabled or mailed already to members and we'll continue to follow this practice. And secondly, of course, we want to facilitate the Private Bills in the second paragraph of the resolution.

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

MR. ROBLIN: Mr. Speaker, I would like to move the adjournment of the House. Perhaps I'd be allowed to say that I propose to move the adjournment until the 19th day of January, which is a Thursday, and to say that on that day we hope to present the Estimates to the House and that the first two departments to be considered will be Education in order to provide for a full discussion of the new plans, to be followed by Health and we will advise with respect to other departments later on. I thought members would like to have the notice now that Education followed by Health will be the first two items; the estimates will be introduced on the day we come back, the 19th, and we hope that discussion may commence as soon as may be after that introduction. So I wouldquestion?

MR. MOLGAT: I thank the First Minister for giving us this advance information. It will be helpful to the members. Could he also indicate to us at this time when he expects the Budget to be presented?

MR. ROBLIN: Shortly after the introduction of the Estimates. Mr. Speaker, combining my motion with Seasons Greetings to all and sundry, I hope it's not out of way for me to offer good wishes to all over the holiday period and I'm sure that all members join me in that way. I move, seconded by the Honourable Provincial Treasurer, this House do now adjourn and stand adjourned until 2:30 in the afternoon of January 19th.

MR. SPEAKER: Before I put the question, there is one little item I would like to announce. I understand that the Chamber is to be used by the Tuxis Boy's Parliament during the recess and I would ask honourable members to kindly lock their desks and thus securing their private papers. Are you ready for the question? All in favour say aye.....those opposed say naye.....My opinion the ayes have it. The motion is accordingly carried.

MR. SPEAKER put the question and after a voice vote declared the motion carried and the House adjourned till 2:30 P.M. Thursday, January 19, 1967.