

THE MANTOBA LEGISLATIVE ASSEMBLY

8:00 o'clock, Tuesday, May 14, 1968

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions

Reading and Receiving Petitions

MR. CLERK: Petition of Rose-Marie Marguerite Prefontaine, Dr. C. Burton Stewart and Vincent Fischer and others, praying that long distance tolls and charges between Headingley and Winnipeg now paid by residents of Headingley be removed.

MR. SPEAKER: Presenting Reports by Standing and Special Committees

Notices of Motion

Introduction of Bills

Orders of the Day.

MR. GILDAS MOLGAT (Leader of the Opposition)(Ste. Rose): Mr. Speaker, I'd like to address a question to the Honourable the Minister of Municipal Affairs. Has the government yet approved the request from the City of Winnipeg regarding the Urban Renewal Plan 2, which I understand was passed on City Council on the 29th of January?

HON. THELMA FORBES (Minister of Urban Development and Municipal Affairs)(Cypress): No, Mr. Speaker.

MR. MOLGAT: Mr. Speaker, a subsequent question. Can the Minister indicate when approval might be passed and why it has not yet been passed?

MRS. FORBES: Mr. Speaker, it's under consideration.

MR. MOLGAT: A subsequent question, Mr. Speaker. Is it correct that the City of Winnipeg cannot proceed any further on this matter until such time as the Minister approves of it?

MRS. FORBES: Mr. Speaker, this is a matter of a partnership between CMHC, the Province, and Winnipeg. So far as I know, CMHC has not approved this and the province has not, but it is under consideration.

MR. MOLGAT: Mr. Speaker, I don't think the Minister has answered my question, though. Does it not require provincial approval before CMHC will consider it?

MRS. FORBES: No, it's a joint system. CMHC are perfectly able to approve it, but they haven't approved it either at this particular time.

MR. SPEAKER: The proposed resolution of the Honourable Attorney-General.

HON. STERLING R. LYON Q.C. (Attorney-General)(Fort Garry): Mr. Speaker, I beg to move, seconded by the Honourable Provincial Treasurer, Resolved that after the Committee of Supply has completed its work under the present Rules and for the remainder of the Session, the House have leave to sit in the forenoon from 9:30 a. m. to 12:30 p. m. , in the afternoon from 2:30 p. m. until 5:30 p. m. , and in the evening from 8:00 p. m. , and each sitting be a separate sitting, and have leave to sit from Monday to Saturday, both days inclusive, and the Rules with respect to the 10:00 o'clock p. m. adjournment be suspended, and that the Order of Business for each day shall be the same as on Thursday.

MR. SPEAKER presented the motion.

MR. LYON: Mr. Speaker, I think a few words would be in order on the introduction of this motion. This represents, as the members of the House will appreciate, the second Epistle from the Corinthians with respect to the sitting procedures for this year, the first being self-extinguishing, presumably tomorrow, when we complete the work in the Committee of Supply. And I should say that in introducing this motion, that while it is in the traditional wording that has come before the House on, I suppose, every session, it would not be the intention of the government to adhere strictly to the full import of what the resolution provides. I should say that the following commitments I am now making on behalf of the Government with respect to the utilization of this speed-up motion, if it receives the approval of the House tonight, as I hope it shall.

First of all, we would undertake, Mr. Speaker, not to sit beyond 10:00 p. m. each evening without prior consultation with the Leaders of the recognized opposition in the House.

Secondly, Mr. Speaker, the bills would be, as always, allowed to proceed in their regular way. Adjournments would be permitted. We would hope, naturally, that it would not be necessary in the ordinary course of events for bills to be adjourned, say, beyond three adjournments, but there's no intention on the part of the government to try to steam-roller any

(MR. LYON cont'd.)... particular legislation through the House and we would like to have, along with all members of the House, every fair and reasonable opportunity to consider the bills that are brought before us that are before us now and the few remaining ones which are still to come.

Thirdly, Mr. Speaker, it would be our intention, the traditional practice of the House, when the government business, that is government legislation, Committee of Supply, Concurrence, Capital Supply and Supply bills are all finished, that we will then turn back to private members' business that remains in some endeavour to clean up the Order Paper in that regard.

Fourthly, it would be our intention to sit tomorrow evening - Wednesday evening.

Fifthly, it would be the suggestion - and I think this would meet with approval - that the House, unless of course we are within a matter of hours of prorogation on Friday - which is highly unlikely - but if we find that we have business that will take us into next week, which seems to be the probability, that the House would adjourn at 5:30 on Friday evening and would not reassemble again until 9:30 a.m. Tuesday. I believe that there is some concurrence as well that in lieu of putting in the two hours on the Friday evening, that the members would be willing to sit until 11:00 p.m. Wednesday evening and 11:00 p.m. Thursday evening in order to permit the adjournment to take place at 5:30 on Friday evening. And next week, when we reassemble at 9:30 on Tuesday morning, that we would continue with government business, and again we would try to observe as closely as possible, and always with prior consultation, the 10:00 p.m. closing rule with the expectation that there would be evenings in which we would have to go beyond that, but after consulting with my honourable friends opposite.

Now I move this traditional motion which would take effect, as I suggest, tomorrow, so that there would not be a hiatus. When we complete the work of the Committee of Supply, we should have this motion passed and ready to guide our proceedings from this point on.

I think I have touched on the basic points that might be in contention and would welcome any comments from honourable members opposite, and would commend this resolution to the House for approval in the interest of - with expedition in cleaning up the remainder of the public business and the private matters that are before us.

MR. MOLGAT: Mr. Speaker, I think that the Minister has indicated the general agreement that my group have in this regard. We have no objections at all to putting in the time on the work of the House; what we don't want to see happen is that the work of the House be rushed, and I agree that the late evening sittings are not normally a good practice for the House because it's impossible for the members to do their work properly.

Now, my main concern at this stage is the question of the bills that are still outstanding. The government members have seen these bills; they've been caucused; they know the contents of the bills. The problems on this side of the House is that we have not even seen the bills that have not obviously yet been printed. We have had no occasion to caucus them or to study the bills. I would hope that in the process that there will be given full time, even if it requires more than three adjournments, as the Minister has indicated, because some of these bills can be fairly large. We have notice already, for example, of the University of Manitoba Bill. Now this presumably will be a fairly large bill and will take some time to analyze, and when the members are sitting from 9:30 to 12:30 and again from 2:30 to 5:30 and again at night from 8:00 to 10:00 or 11:00, it doesn't leave much time in between for a study of the bill, or any contacts that need to be made with other people who may have information to give us on them. And so I would ask that the government, in this regard, be sure to give full time to the members on the opposition side, who have not had an opportunity to even know what's in these bills, to analyze them fully.

I recall last year, for example, that one of the important bills - the University Grants Commission - came in very late in the session and really, in my opinion, did not get the type of study that these bills require. I understand from the Minister that there are still some eight government bills to come, as well as three routine bills, and in these I would hope that there will be full time for the members.

Secondly, that there will be proper time as well for any people who wish to come and make representations. I think that this practice, followed in this House on virtually all bills, is an excellent one. It leads to better legislation but can only be effective, obviously, if the public is advised in sufficient time that they can appear at committee hearings.

The third factor is that of the Private Members' resolution which have always been discussed in prior cases, and I trust again will be given full time; there will be no attempt to rush

(MR. MOLGAT cont'd.) them through; if the members wish to speak on them, that they'll be given that opportunity.

MR. RUSSELL PAULLEY (Leader of N.D.P.)(Radisson): Mr. Speaker, I might say that as indicated by the gentleman who has just taken his seat, there has been some consideration among the various groups in the House insofar as this resolution is concerned. There are one or two comments I would make. The first one that I would make, the Honourable the Attorney-General, in introducing the resolution, stated that the 10:00 o'clock closing would be, generally speaking, held to, except . . . with consultation with the leaders of the recognized parties in the House, and I take it - and I hope that I'm correct - that "consultation" implies general consent to go beyond or to hold to, within reason, the 10:00 o'clock limit, that it's really a little more than just consultation because of course it will be easy for the Attorney-General to say that he would consult with the Honourable the Leader of the Liberal Party, the Honourable the Leader of the New Democratic Party, and possibly the Member for Rhineland, and having consulted, decide then to go into the wee small hours of the morning, so I just raise this to my honourable friend that it's not just the question of more consultation but it's generally some agreement as to going beyond the 10:00 o'clock limit, and I'm sure that all members of the House will appreciate the fact that if we were rigid, or attempted to be rigid in a 10:00 cut-off; it would mean that possibly in the middle of discussions on a bill we would have to cease. I might say to Mr. Speaker that it had been the intention for myself, on behalf of the New Democratic group in the House, to propose an amendment to the present resolution, adhering to the 10:00 o'clock rule, but on the understanding, as I understand it, with the Honourable the Attorney-General, I do not intend to do so at this time.

Now, of course, having said this insofar as the 10:00 o'clock rule, it appears as though we may be deviating from this in accepting the proposition that we meet tomorrow evening until about 11:00 o'clock and Thursday evening until about 11:00 o'clock. Of course this is just a temporary understanding in order that members may get away at 5:30 for the long weekend - which frankly hit me by surprise when it was first suggested.

The other point that the Honourable Attorney-General mentioned, and I'd like some clarification on this point. As I understood what the Honourable Attorney-General said, he used the phraseology "hopefully to complete the private members' business and resolutions." Now, as far as I'm concerned and as far as this group is concerned, I don't think it should be a question of "hopefully" completing the resolutions that are on the Order Paper in the names of the private members; that ample opportunity should be given and will be given; that His Honour will not be called in to terminate this particular session until there has been an opportunity for the consideration of all of the private members' resolutions, of course, as well as the private members' bills. So, with this understanding and I'm sure my honourable friend the Attorney-General will indicate concurrence in my remarks or disagreement with them, as far as we're concerned - I'm acting as the spokesman, of course, in this to my group - we accept this proposition.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I would like to add a few words to what already has been said by the two previous speakers. It seems to be that consultations will be, as already has been mentioned were held with the leaders of the other groups, however, I will not be considered worthy of consultation. The Leader of the New Democratic Party went a little further and said "possibly". Just how much would that mean I'm too sure, and whether he will have any influence on the Leader of the House, I do not know in this case.

I do object to being pressured in connection with Bills, and we have the two other parties on the opposition side here who naturally first take the adjournments normally, and that I do follow, and if they already have taken the adjournments, if only three are supposed to be on the Order, well then I might be left out in the cold completely. And this is where I object to very strongly, because I feel that I would like to know what these bills contain, the legislation that is being proposed, so that I know what I'm voting on.

I wonder why we have not had Capital Supply tabled before this? Certainly this must be available to the government by now and this could have been tabled quite some time ago so that we could give more consideration to the matter of capital supply and so on. So, Mr. Speaker, regardless whether I vote against the resolution or not it probably will have no bearing, but I don't see and don't like to have matters rushed.

MR. LYON: Mr. Speaker, if no one else wishes to speak, perhaps I could close the debate by responding to some of the suggestions made by the Leader of the Opposition, Leader of

(MR. LYON cont'd.) . . . the New Democratic Party and the Honourable Member from Rhineland. All of the government bills still to come before the House, some eight in number, will be distributed before Friday. Indeed two that honourable members, I know, are very interested in, I am told will be distributed tomorrow morning, and all of them will be in here possibly with the exception of the three supply bills, I am informed by the Legislative Counsel, by his office, on Friday, thereby giving honourable members an opportunity, particularly with those that come in on Friday, to have the weekend to look at any that do arrive late and to take these with them wherever they may venture and to peruse them at their leisure.

I was not attempting to lay down any hidebound rule about pre-adjournment, but having regard to the fact that there are only eight bills to come that the bulk of the bills that we have under consideration at the present time, some that have been on our desks now for two, three weeks, we would think that with respect to those bills in particular that there should have been ample opportunity for some consideration of them, and while we are not trying to hurry things along in an unseemly manner at all, and we do want there to be proper consideration, I think all of us would want to be zealous guardians of the fact that matters are not being -- at the same time there is no malingering going on with respect to bills -- not that I suspect that there would be - wilfully.

I can say to my honourable friend the Leader of the New Democratic Party that when I referred to consultations I certainly meant to imply general but not unanimous consensus, that there should be a general consensus among us, as to sittings after 10:00 p. m., although certainly no implication that there must be unanimity, and he will appreciate all the implications of that.

The resolutions, I didn't intend to be ambiguous about the resolutions although it has been the practice in years past that when we do reach the private members' resolutions, a number of them, sometimes a number of them are at the instance of the mover withdrawn, but what I was anticipating was that those that are not withdrawn certainly would be dealt with in the customary fashion that has been the case over the years, with that dispatch and with that preciseness and incisiveness of language that allows them all to be dealt with in a very expeditious way.

I don't believe there are any other points other than my honourable friend from Rhineland I can assure him that we do appreciate his position being the sole member of his group, and that is why we have endeavoured to get the bulk of the bills, to have the bulk of the bills before honourable members for a considerable period of time so that he and all other members would have the opportunity of looking at them and making some determinations on them before they were actually moved in the House. I have had some previous conversations with him about this matter, and certainly his particular position will be kept in mind as we deal with this resolution as it is applied in the next few days.

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

MR. LYON: Mr. Speaker, could we now proceed to second readings of bills, Bill No. 90, The Education Department Act, and then Bill No. 68 on Page 2, and then on Page 3 starting at Bill 95 down to Bill 100.

MR. SPEAKER: The proposed motion of the Honourable the Minister of Education, Bill No. 90. The Honourable Member for Elmwood.

MR. RUSSELL DOERN (Elmwood): Well, Mr. Speaker, the bill just seems to, in some measure, take into account certain changes that have been made in the past year; for example, recognizing the University of Brandon and the University of Winnipeg. I wonder whether the Minister when he's closing debate could make some explanation of how this figure of \$2 million for the advance of working capital is arrived at. We did have a figure of \$1 million and this figure has now doubled since the previous time. I might point out to him that there are a number of sections in this bill which deal with amounts of capital available through what was once called the High School Examination Board, and that each time that the amounts were changed, they were all raised. There are three or four sections and he has only changed it, as far as I can tell, in one or two of them but there is also in Section 12 (8) and (9), it seems to me that perhaps those in the old Act should also be raised to \$2 million. I wonder whether it's really necessary in this new setup to have so many people involved in this new board, because it seems to me that you are getting to a figure of 25 or 30, and it strikes me as being a bit bulky.

In another part of the bill I note that there are powers being added for this group to assess the curricula, the textbooks, the reference books, and to make recommendations and so

(MR. DOERN cont'd.)... on, and in a previous part of the Act to which this addition is being made it states that the Board shall be able to engage in research and study of matters of educational policy. I wonder whether or not this means that they can use some of the monies available for that specific purpose of research; whether this is -- if research is a function of this board, whether or not in fact some of this money that is available can be used for that purpose, because it does mention in subsection (3) of the old Act that they were able to go into this. --(Interjection)-- No, it's not changed but the point is, what monies do they have that's available to them? So I would think in principle we will naturally support this Act but I think there might be some inconsistencies; as I mentioned, that the \$2 million figure I think should be explained. I think it may not be consistently followed in the changes of this Act, and I would question the large number of people involved in the board as to whether or not this isn't too large. I would also like to know, when the Minister explains whether, there's going to be any more research or whether there's going to be more funds allocated for that purpose.

MR. FROESE: Mr. Speaker, the only section or matter in the bill that I'm concerned with, is the latter one on Page 3, giving new areas or prescribing new areas of work for the committee that will be set up by the board and that is the assessing the curricula, text books and reference books. I would like to know from the Minister what has been the practice in the past. Has this board not considered any of these matters in the past? Is this a complete new part of work that this board will be performing and seeing that curricula, which is one of the major jobs, in my opinion, that it will be a lot of work and depending on the amount of work that is referred to them, naturally this is a big or large board, is it the intention that they will have committees looking after the various parts of work that is being described or referred to them, and if so, because I think there will be urgency on certain occasions to have matters looked after promptly and not take too much time, and for that reason I would just ask the Minister on this point.

MR. SPEAKER: Are you ready for the question?

HON. GEORGE JOHNSON (Minister of Education)(Gimli): Mr. Chairman, I'd like to just answer the questions on principle of second reading here. First of all, the question was asked yesterday: why does the Minister appoint the secretary to the Advisory Board? Formerly, up until now the Director of Curricula has by statute been a member of the board and secretary, and the Advisory Board, realizing the weight of responsibilities now carried by the director in his activities, recommended to me that I appoint a secretary to the board other than the Director of Curricula, and we have done this on a temporary basis for the past year. The lay members of the board especially want someone who is not as tied up as the director, who is available to them to go and research out material, or you know -- informational material -- and make it available to them, and in view of the fact that we can utilize possibly a member of our staff to do this work, it is recommended that the Minister appoint same to the Board.

With respect to the Textbook Bureau, I am not sure what is meant by some of the questions. I can just point out that under the existing statute the Textbook Bureau can borrow up to \$1 million for working capital, and as the volume of business of the Bureau expands it's become necessary to have more working capital in order to meet its bills without borrowing on the outside. Our estimates have never included grants for the Textbook Bureau. It operates on a self-financing basis, but does need the authority for temporary borrowing of working capital from provincial sources.

Just to place the members' minds at ease, I might point out that with respect to textbooks the Department informed me that about 25 percent of our textbooks we have been able to purchase on a bulk basis in the neighborhood of \$1.00; 36 percent fall in the \$1.00 to \$2.00 range; 17 percent of textbooks in the \$2.00 to \$3.00 range; over \$5.00 there's only about 6.4 percent of our books. So one can see the tremendous volume of textbooks involved and that the prices are kept very low by this sort of non-profit organization in the way it operates. It's quite an efficient operation. And this is merely requesting an increase in that working capital, as I say, so they don't have to borrow.

With respect to the last question about the size of the Board, I think members can see, first of all, the first part placing representatives of each university on the Advisory Board. Some say it is getting too big. I think its size is because of the necessity of having these different disciplines on the Board and a proper and a fair number of lay folk, lay people, and the Board, in the minutes of their meeting in the past year on two occasions have brought to my attention and have requested the kind of amendment that's here. They feel it's their duty to

(MR. JOHNSON cont'd.)... consider policy with regard to new courses and approving board objectives for course revision, and they just don't feel -- they are being most honest with us; we didn't have to bring in this, but they felt that they would like to see the Act changed so mandatorily each member of the Board doesn't have to try and pursue, read a textbook if he'd rather -- some of them are interested in certain texts. If there are any questions and they are referred back to the Advisory Board, they can look at them on request and be guided by whoever they want to call in or any information they may wish the secretary to get for them to make a judgment. Often I refer matters to them of this kind. But to mandatorily have to sit as lay members and make an assessment of a text in a special field, many of them feel it shouldn't be a mandatory requirement and they have requested this in the minutes of their bill.

I hope these answer the questions. I am not sure what the Member for Elmwood was asking about with respect to research and I can deal with that tomorrow in my estimates, but there is nothing in here in connection with the principle of this bill. I may have missed his question but I'll be happy to hear about it in Law Amendments.

MR. DOERN: Mr. Speaker, perhaps I could just repeat the question for the Minister. In subsection (3) of the Act it says as follows: "That the board shall consider such other matters as may be referred to it by the Minister and may also engage in research and study of matters of educational policy." That's the section I'm referring to. I'm saying that that is in the Act as it is, not in these proposed changes, and that's the section I was referring to.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. MOLGAT: Is there a reason why the Textbook Bureau must operate with a separate fund and why it should not be handled directly through the Department of Education in the same way as many other branches of the department?

MR. JOHNSON: I'm not a financier but my understanding has always been that that's an open ledger account, do you call it, in the Textbook Bureau, where they just need the right to have working capital, so they don't have to borrow on the outside. They may have an order come in at any particular time, they don't have enough cash on hand, and they want to have enough working capital to pay for the books on delivery. Now the money for the payment of these books is in our estimates.

MR. MOLGAT: It is in the estimates.

MR. JOHNSON: It is in the estimates. It's in the General Grants, and yes, I can get the breakdown of that later if you wish. I have in our General Grants, in educational grants, the monies are provided there, and as I understand it the Textbook Bureau purchases the books, sends them out; we reimburse the Textbook Bureau through the Grants department for any books purchased. And they want this working capital which apparently they have had traditionally. I remember we increased this from \$750,000 to a million dollars about three years ago and they have found in the past year they might get a large order all at once and they don't have enough working capital on hand. I can get a further explanation of that. I can have the chap there at Law Amendments; I think it would be a good idea.

MR. MOLGAT: Mr. Speaker, I want to thank the Minister. What I was particularly concerned about is that this ... reflected in fact in the regular estimates and is not a separate fund, not reportable directly to estimates.

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

MR. SPEAKER: Bill No. 68. The Honourable the Provincial Secretary.

HON. STEWART E. McLEAN Q.C. (Provincial Secretary)(Dauphin) presented Bill No. 68, an Act to amend - The Companies Act, for second reading.

MR. SPEAKER presented the motion.

MR. McLEAN: Mr. Speaker, there are two general matters in this Bill. First are amendments which are complementary to the provisions of The Securities Act which was before the members a short time ago. These are required in order to make the provisions of The Companies Act operative in relation to the principles of The Securities Act, and so in this regard this Bill implements similar provisions regarding insider trading, proxy solicitation, and more complete financial disclosure as those found in the new Securities Act passed earlier - and is complementary legislation, as I have already indicated. It makes the same rules govern all public companies incorporated in Manitoba; that is, the same rules as are set out in The Securities Act.

The amendments proposed in this regard bring the Manitoba Companies Act in line with other provinces, particularly Ontario, and in our opinion will directly benefit shareholders by

(MR. McLEAN cont'd.) . . . supplying them with additional information upon which to assess the company's performance. I should point out that the provisions that we have here have been examined by a committee of the Bar Association, as was the case with the Securities Act, and we will be glad to have at the Committee some folks who will be able to give any detailed technical explanation of the provisions. They are not, however, having accepted the principle of The Securities Act, I'm certain that the members will not find any difficulty with these amendments to The Companies Act.

The other major matter dealt with by this Bill, Mr. Speaker, has to do with the amount the proportion of money; that may be taken in by a trust company under what are commonly known as guaranteed trust certificates. At the present time, the provision in The Companies Act limits the amount that may be taken in under this basis to 12 1/2 times the unimpaired, paid-up capital and reserve of the company concerned, and it has been suggested to us - and we have this legislation here for this purpose - to allow that proportion to be increased from 12 1/2 times to 15 times under certain conditions, the conditions being that this may be done with the approval -- that is to say, the increase, the 12 1/2; we're making no change with respect to the legislation - it applies to the 12 1/2 times. But if it were the desire of the company concerned to increase it to 15 times, they could do so with the approval by an Order of the Minister, that is to say the Provincial Secretary, if recommended by the Superintendent of Insurance. And here, the Superintendent of Insurance we're speaking of is quite clearly set out in the legislation as being the federal Superintendent of Insurance who has the care and supervision of the deposit corporation which was the matter of some discussions a year ago.

I can inform the members that this will bring our legislation - that is, the 15 times - into conformity with the federal legislation and with the provinces of Ontario, Quebec and Alberta. Saskatchewan at the present time maintains the 12 1/2 times limit that we have in our own Act and they have not, as far as I am aware, made any change in it. It has been represented to us that this will be of assistance in the raising of capital for projects of one sort and another, and we believe that the limitations and the conditions surrounding the rights to increase it to 15 times are quite satisfactory from the standpoint of the protection of the investors, and particularly since the Superintendent of Insurance is the one who is, as I have said, concerned in the matter of deposit insurance, and he maintains for that purpose a continuous audit and supervision of the accounts of the companies who are taking in deposits from the investing public; and Mr. Speaker, I recommend this Bill to the members.

MR. SPEAKER: The Honourable Member for Selkirk.

MR. T. P. HILLHOUSE Q.C. (Selkirk): Thank you. I understand that, as the Minister has just said, that most of the amendments here to The Companies Act are to bring it in line with our new Securities Act and I have discussed these amendments with certain individuals who belong to your Law Reform Committee and they recommend them to this House to be enacted. But as to the other, the increase in the amount of trust securities that can be issued, raising it up to 15 percent - on the assurance that this will come under the jurisdiction of the Superintendent of Insurance, Ottawa, as to deposits, I see nothing wrong in granting that increase.

MR. SPEAKER: The Honourable Member for St. John's.

MR. SAUL M. CHERNIACK Q.C. (St. John's.): Mr. Speaker, the provisions dealing with private companies and the dealing of securities are essential and we have commented on them in debate on the question of The Securities Act, and certainly to the extent that they tighten up the requirements of public companies in offering their securities they are important, and I have not really studied too carefully the structure of them. I'm relying on the committee which has done so much work on it, as I think I should. I must express some nervousness about the second portion which takes up a very small section of this Bill but which does give the right to certain companies to borrow more than 12 1/2 times, indeed to borrow 15 times the capital, which means of course that instead of finding another 20 percent investment capital to be able to borrow additional moneys, or equity capital, they are permitted to just go out and borrow that much more, and the reason I'm nervous is that we're into a spiralling interest cycle now and nobody knows just where we're going.

Today, notice has gone out - I know from the Royal Bank; I don't know what other banks - of another increase in base interest rates, and as I recall it, the Bank of Canada is now charging 7 1/2 percent interest so that we're getting into a pretty high rate, and in order to stay in business apparently the trust companies, the loan companies that are going out for to borrow

(MR. CHERNLACK cont'd.)... money are necessarily borrowing at 7 1/2 conservatively, eight, eight and a half, and I think they're going higher and higher and they're committing themselves for terms of up to five years for repayment of that high interest rate. Now, if for some reason - and this may be beyond my knowledge just how it happens in financial circles - if for some reason interest rates drop, as I hope they will do, then some of these companies may find themselves in the situation where they are compelled by their contract to pay these high rates which are currently being paid on investments in these companies, and required to derive their revenue for that payment out of lower interest rate mortgages, let us say, or loans that they're making, and it's conceivable that if interest rates drop back to six, six and a half percent, that they'll be in a bind.

Now I may be wrong in this concept but I express a nervousness about it, and I find here that the Superintendent of Insurance may recommend that this additional power be granted. I note that the Minister is limited in giving his approval to only those companies which have the recommendation by the Superintendent, but we don't know the rules by which the Superintendent of Insurance is going to decide whether or not to give his approval. Now my experience with the Superintendent of Insurance in Ottawa is limited, but to the extent that I have had dealings or know of dealings with the Superintendent in Ottawa I find that this office is a very tough office, very particular in its requirements, and I express general confidence in that department. Nevertheless, it seems to me that we're starting to create a situation where certain companies will get approval - which means preferential treatment - and others won't, and we don't know on what basis this will be done. It speaks of actual paid-up and unimpaired capital stock and reserves, so that "and the reserve" would mean accumulated surpluses, I assume, that are set aside to guarantee payment of loans, and it seems to me that the reason offered is just not enough. I'm not aware from what the Honourable Minister said that there is a need or a pressure on the government to extend this 12 1/2 times to 15 times. I don't know if the need is so great or if it's just a question of uniformity, and we've often said in this House that uniformity for uniformity's sake is not good enough. I'm just afraid of the people that are looking for higher returns on their money - and I'm now talking about the unsophisticated person who has a small bundle of cash in the bank maybe, or in some other form, who - I don't want to use any shock words, but who is enticed into lending his money to a company in accordance with advertisements that appear in the newspapers saying, "Lend your money at eight percent, eight and a half percent to us," and it would appear as if it were a safe bet. Well, it's not necessarily a safe bet because we know of companies that have gone broke and have left their depositors high and dry. So I've expressed concern enough to indicate to the Honourable Minister that I hope that when this Bill is in Committee that we will have a fuller explanation as to firstly the need, over and above the ideal of uniformity; secondly, the manner in which the Superintendent makes the decision and how he discriminates as between two companies, both of whom are asking for the same privilege. I wouldn't think of standing in the way of the Bill going ahead. The major part of it dealing with the securities of course is important, and this too may be - may be all right, but I have expressed my doubts.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, it always amazes me when I read this type of legislation as we have in the Bill before us on the amounts of money that a company can borrow when they are restricting the credit unions to a total of one-quarter of their assets, and one-half if they get the consent of the Annual Meeting. They can borrow one-half at the time as the amount of their share capital and reserves. And here we find we're allowing these people not only 12 1/2 times the amount that they have in shares and reserves or capital, but now we're raising it to 15 times. Does that mean that we have so much more trust in these loan companies than we do have in the credit unions and credit union movement? This is something that always amazes me, when we are so set on restricting the operations of these other organizations and giving such large leeway to these type of companies. And Mr. Chairman, I rather go along with what the Honourable Member for St. John's said, that I think these companies are getting into trouble because of the legislation, the federal legislation passed last year removing the ceiling on interest rates on loans by the banks, and they are now offering high interest rates to money that is being deposited with them, and organizations such as credit unions and these loan companies are now losing their depositors and this puts them into a bind. They no longer have the resources to borrow any more, and at the same time they require more money and I think this is why we see legislation of this type coming forward, that we authorize them to give them more power to borrow more money, and I'm not so sure

(MR. FROESE cont'd.)... whether this is a healthy sign at all. I feel it's the reverse and I think we should have second thoughts about approving legislation of this type. Certainly when this goes to Committee I would like to hear from the people who are anxious to get this legislation passed, whether this is not the case and what the issues are behind it.

As was pointed out, this is subject to the Superintendent of Insurance at Ottawa, and they are quite strict in their inspections, as far as I know, that it will not go beyond what is authorized by law, but nevertheless when we authorize larger borrowings, this in my opinion points up that there is trouble somewhere and I am not so sure whether this should be passed. I will not object to having this going to Committee but certainly I reserve the right to vote against the Bill when it comes up for third reading.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. MOLGAT: Mr. Speaker, I'm prepared to support the Bill going to second reading. I'd like to make another plea to the Minister, however, on this and similar types of Bills, about having uniformity with the neighbouring provinces. It seems to me that if we could get to the point — he mentioned in his comments that this was pretty well tailored on the Ontario Act, if I recall correctly what he said — if we could get almost uniform legislation in these matters for, particularly the Province of Ontario, Manitoba, Saskatchewan and Alberta, it seems to me that we would simplify the operations of many of the corporations and cut out needless expense in many cases. Why is it necessary to have a different corporation law in the Province of Saskatchewan, for example, than it is in the Province of Manitoba?

Now, I know that it takes some time to get these things settled and to get agreement between the individuals in each province who are directly responsible in the departments. But I think what the Minister of Education said this afternoon insofar as uniformity of curriculum applies here exactly, that it's really up to the Minister to take hold of this and the Minister in each province to get together. If we could get uniform security legislation, uniform companies legislation in these provinces where there is the greatest uniformity of business procedures at the moment, and the greatest amount of inter-provincial business, because, by and large, the corporations that operate across the country have usually the head offices in some eastern city and then branch offices in the west. Similarly, those that are strictly western operations, by and large, in the past have had a head office here in Winnipeg, or, now Calgary or Edmonton, but they operate across the west as well. And if we could get uniformity I think we would simplify the whole of the procedures, we'd been able to really cut down the costs for many of these corporations, we'd put them in a position where they can compete more satisfactorily and be doing a better job for all concerned.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. NELSON SHOEMAKER (Gladstone): Mr. Speaker, I would like to ask just one or two simple questions. I understand that most of the trust companies that are operating in the Province of Manitoba today offer two types of investments at least to the public. One they call a guaranteed trust certificate and the other a — I think — a note, 1, 2, or 3 or 4 year note.

I understand as well that the trust certificates are protected by the deposit insurance and the notes are not; and I understand as well that they are offering a slightly higher rate of interest on the notes than they do on the trust certificates. I was wondering whether or not, Mr. Speaker, that this bill made it mandatory for all of the trust companies to make application for deposit insurance to the maximum amount that is required. I think presently every depositor is protected to the extent of \$20,000 on trust certificates but not on notes; but I'm not certain of this. I wonder if the Minister would clarify these two points?

MR. SPEAKER: Are you ready for the question?

MR. McLEAN: Mr. Speaker, if there are no other comments, I would be glad to make a few comments and to close the debate of this stage.

Dealing first and in reverse order with the questions asked by the Honourable Member for Gladstone-Neepawa, it is my understanding, and certainly we shall inform ourselves before we get to committee that monies deposited with trust companies are covered by the deposit insurance provisions, that is to say, that the guaranteed trust certificates are, and also that the notes within the limitations, that is, the \$20,000 for each investor, and for the term of five years; but we shall inform ourselves. I had the general impression — like my colleague the Honourable Minister of Education, I'm not a financier and I get a little mixed up sometimes on these rather esoteric financial arrangements. But we'll check that. I was under

(MR. McLEAN cont'd.) . . . the impression that they were covered by the deposit insurance arrangements. We'll be glad to check.

The Honourable Leader of the Opposition is on target when he speaks about uniformity and I hope that he will think that we are on target. As members will recall I pointed out in relation to the Securities Act, that that was an Act which was almost identical to the Securities Act adopted in Ontario, which in turn had been adopted in Saskatchewan and Alberta and now, of course, in Manitoba and I think that gets us a very substantial measure of uniformity.

The amendment to our Companies Act here are of course of the same nature and bring us equally into uniformity with the others. I'm not saying that we're absolutely uniform on every item but there's a very substantial area of uniformity and this advances that uniformity.

In the matter of the limit of money that can be borrowed, we are uniform with the other provinces, as I indicated, with the exception of Saskatchewan. We are in uniform with Ontario including the method of approving it, except -- that is to say, including the fact that any amount over the twelve and a half times must be approved although their method of approval is slightly different from that which is proposed in this bill. We believe that this measure, this proposal is slightly easier but general speaking in principle I believe it to be uniform.

I'm not able to make a useful comparison for the Honourable Member for Rhineland with credit unions. I really believe that the general underlying principles are different in the case of credit unions, although I'm well aware that credit unions have advanced far beyond what I suppose was originally the intention and the basis on which they were originally formed. I can not offer any useful observation on that.

Dealing with the nervousness expressed by the Honourable Member for St. John's, I think that's a fair position to take and I would think that it would be proper that we would have those who can give the better explanation than I can, with regard to the protection that there is or can be in relation to this and also the need for it.

I omitted to say when speaking of the limits that are allowed trust companies under other jurisdictions, federal and other provincial, that under federal legislation banks may borrow or take in up to 20 times -- just as a matter of comparison, I don't offer that as anything very significant; it's just interesting that that is the case. And I would, of course, remind the honourable members that the deposit insurance is a protection for the investor in the circumstances cited by the Honourable Member for St. John's, when he points out that the money might be taken in at a rate of interest which would be unrealistic if there was a drop in general interest rates and the question would be, whether the receiving trust company would be able to meet its obligation to the investor. Well within the limits of the protection afforded by the deposit insurance, it is possible to say that the investor would be protected. I have been just given a note since this discussion started pointing out that the Superintendent of Insurance keeps a close eye on the liquidity ratio of the trust companies investments so that they are unlikely to get caught in the squeeze which is mentioned by the Honourable Member for St. John's. Now that is something that one has to take on a certain amount of faith, in the operations of the Superintendent of Insurance and in the operations now of deposit insurance. But here again this is a matter which perhaps we could get some light on when this bill is before the committee. I take no objection to the view that this is a matter which ought to be very carefully examined in the light of the proper protection there ought to be for the investing public.

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

MR. LYON presented Bill No. 95, an Act to amend The Trustee Act, for second reading.

MR. SPEAKER presented the motion.

MR. LYON: Mr. Speaker, I think a brief explanation would be in order. This bill contains a number of amendments to The Trustee Act which has been reviewed by a sub-committee of the Law Reform Committee and are recommended to the House. There are other matters in the Act as well that are brought to the House for approval.

There is no one principle, of course, covering this bill. I can say though in very generalized terms that there are some new definitions being placed in the bill which are used in new sections of the Act. There is an attempt to clarify language on some previous sections that were in the bill to make it clear that, for instance, that trust instruments may vary the provisions of the Trustee Act. There are a number of sections going into considerably more detail as to what the powers are of a trustee who has the power of selling land, the trustee would have the power to sell the land in total or in part or give easements or licenses in respect of it. It also makes it clear that the trustee may sell on credit and take back a mortgage or agreement

(MR. LYON cont'd) for sale.

Another group of sections provides new provisions respecting the powers of a trustee who has the power of sale. First, it gives him the power to lease the land, including the power to grant mining leases. It also gives him the right to grant options and some restrictions on that right. It also provides certain powers to pay money out for infant beneficiaries during their infancy. Where the payment is from income the Trustee may do it without a court application; if the payment is to be from capital, he may do it with the approval of the court. There is also a direction as to how certain debts of an estate are to be charged as against income or capital, with power in the court to vary the rule. The trustee is also given power to postpone any sale or conversion of property.

The bill also makes provision for the international bank for reconstruction and development, that is, the World Bank, the securities of that bank and approved mutual fund securities to be approved investments within the meaning of the Trustee Act and there is another provision of the bill which is an attempt to clarify the right of a trustee to invest in certain mortgages.

Mr. Speaker, I'm the first to admit that that is a very generalized review because there is no one principle involved. There is much more detailed information with respect to each section which can be made available to honourable members at the committee stage. I recommend the bill to the House.

MR. SPEAKER: Are you ready for the question? Those in favour please say aye. The Honourable Member for Rhineland.

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

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

MR. JOHNSON presented Bill No. 99, an Act to amend The Teachers' Pensions Act, for second reading.

MR. SPEAKER presented the motion.

MR. JOHNSON: Well, Mr. Speaker, I'll have to give a brief explanation of this bill. It is presented to accomplish three basic purposes.

First, it is proposed that Superintendents and their Assistants be specifically designated as persons to whom the Act applies. As members of the House are probably aware, the creation of unitary divisions has resulted in a number of positions for superintendents and in order to continue with the teachers' pension plan at present these people must be engaged under regular teacher contract. And as a basis of employment for a Superintendent differs from that of a regular teacher, this amendment is proposed in order to remove the requirement. A complimentary bill will be coming in under, I believe, the Public Schools Act which will place these superintendents in the same category as, say the Deputy Minister or some of those who have come into the department of education, working in the civil service but retaining their teacher pension rights. I think it's only right because many of these people before they can become school superintendents have to serve many years as teachers and by placing them in this category they are able to be full-time members of the board, they're not members of the teachers society, they're outside the collective agreement of teachers, but they continue teacher pension rights - carry on their pension fund with the TRAF fund.

Secondly, it's proposed that the investment authority under the Act be expanded to include conventional mortgages and securities issued by the International Bank for reconstruction - sometimes referred to as a World Bank. This is to maintain the investment authority under this Act in concert with that of the Civil Service Superannuation Act and the reasons put forward for inclusion of this provision in the Act are equally valid here.

And thirdly, in line with proposed changes again in the Civil Service Fund, it is proposed that a teacher who retires on account of total disability be permitted to apply for an actuarially reduced pension that provides for a continuing benefit in the event of death, to his dependents. As a disabled teacher could not be required to select his form of guaranteed pension a year or more before retirement, as is presently required under the Act, it is also proposed that this requirement be removed. These are really the principles involved in the basic amendments to the Pension Act.

MR. SPEAKER: The Honourable Member for Emerson.

MR. JOHN P. TANCHAK (Emerson): Mr. Speaker, I don't rise to oppose this Bill. In fact I think it's absolutely necessary to have this change made in order that the Superintendents-

(MR. TANCHAK cont'd.)... their assistants would qualify. Sometimes I may disagree with the Minister when he says that some of these superintendents have put many years of teaching behind them. In many instances it depends on whom they know. But not now, I'm happy to say. But I know a few who are pretty young, and this is no objection to it all. It's absolutely necessary and I understand that under the Public Schools Act, which is coming soon, there will be a change again in this. They will be coming under The Civil Service Act. But there is one thing I would like to mention and it's actually an injustice to a few of the older teachers. This has been brought in once or twice on previous occasions — and I am referring to those few teachers who years ago, before the last war yet, taught school without regular contracts and then when the war was declared they enlisted. After they came back, they went back to teaching. Now when they apply for their pension, or intend to apply for their pension, the injustice is that they are being told that those few years that they put — six years or so before the war, and they didn't have a regular contract — some of them were permit teachers — they have lost their seniority there; they have lost those years. They had to start all over, and the pension dates back to the time when they started after the war and thereby that reduces their pension. I don't think it is fair to those teachers. There are very, very few. I myself am only aware of about three of these teachers; there may be more, I'm not aware of it. But I think that it is time we looked after this because it is truly an injustice to these teachers. I know that the Teachers Society would like to help them but our Act does not permit that. I wonder if that Minister could do something, either make an amendment or something to help these people, because after all they did a service; they served Manitoba by being teachers and after that they served Canada by going to war; they came back and then again served the people of Manitoba, so I think they should be considered. I wonder if the Minister would answer this.

MR. SPEAKER: The Honourable Member for Seven Oaks.

MR. SAUL MILLER (Seven Oaks): Thank you, Mr. Speaker. This Bill introduces some very important legislation and some long-needed ones. I'm thinking particularly of the deletion of the "one year" which was the requirement before under The Pension Act, where teachers had to elect within a year of their pension, and by deleting it I think it's an improvement and something that I think generally should be looked at in all pensions where the government is involved. But I'm wondering why the need to separate, in this case, the superintendents and the assistant superintendents, and the deputy or deputy assistant superintendents from the rest of his colleagues — of his former colleagues in this case. Am I right in assuming that what is happening here is that henceforth these people will be classed as management and therefore not part of the teaching staff at all? Although they are dealing with teaching staff at all times and have to work with teaching staff, both teachers and principals, they will be classed as management and therefore will not be members of the Manitoba Teachers Society and not subject of course, to the Society? And is this really an attempt to separate these people, these top echelon people, from the organization to which all teachers and all principals normally belong?

Now, I can see the idea behind it. I don't know whether the teachers are aware of this and how they might feel about it, and I'm wondering whether the Manitoba Teachers Society is aware of this particular section and whether they approve.

There's one aspect of the teachers' pensions which I would like to talk on tonight; it's not in his Bill and that's why I'm going to talk on it, and it's the question of portability. It's something that we in Manitoba, I think, are way behind in. Other provinces, I think it's about six years ago, the provinces of B. C., of Saskatchewan, of Alberta and Ontario all entered into an agreement whereby teachers in any one of these four provinces could move into any other province and carry their pension rights with them and their entitlements with them, and the arrangement seems to have worked out quite satisfactorily because there have been no complaints; no one has drawn out of this plan; no one has changed their approach to it; but Manitoba refused to enter into the agreement. Now perhaps five years ago Manitoba was afraid that it would lose teachers if it did that. Perhaps the government was concerned that our salaries couldn't stack up to others and so this was a way of keeping people here. Once you had been here five or six years you couldn't afford to leave because you were going to lose a certain amount of your pension rights.

Well, Mr. Speaker, the Manitoba teachers are like anyone else. They want portability the same as other teachers and the same as employees in other industries and in businesses generally, and it's recognized today that portability in pensions is not a privilege any more, it's a right; because we're a very mobile society and the fear that the government has that

(MR. MILLER cont'd.) they're going to lose teachers, I think is somewhat unfounded. I can see a situation where a young teacher may leave Manitoba, decide to go to B. C. or Ontario; on the other hand, after five years, or four years finding that the grass perhaps is not quite as green as they thought, might want to come back to Winnipeg, but because Manitoba is not part of this portability agreement I think we are inhibiting the movement of teachers into the province, and if the idea behind this plan of the Manitoba Government is to prevent teachers from leaving or to inhibit their leaving, it also inhibits their coming into the province, because I don't see why any teacher would want to come into the province knowing full well that should they decide to move on, three, four, five years from now, they cannot take their pension rights or entitlements with them.

So I think Manitoba has certainly as much to gain as it has to lose and I think it's short-sighted to prevent the teachers from having a right which, as I say, is now shared by people in business, by people in industry and by other members of the profession in four out of the five provinces that I know of. For all I know some of the Atlantic provinces might be in on this too. So it's really hard to argue the validity of this in some lines of employment and not in others, and I'm wondering why the government is still holding back on this and why the government doesn't go into the plan together with the other provinces and permit the teachers to have a portability pension scheme so that they are, as I say, free to come and go, and I don't think Manitoba will lose. If anything, we may gain. I wonder if the Minister would perhaps explain the position of the government on this particular aspect of it.

As for the other items on the Bill, there's some items that perhaps may be discussed in Law Amendments but at this point that's all I have to say on it.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I do not object to the first part of the Bill, the various sections in it, but I'm wondering why we're limiting the investments such as are mentioned here in mortgages, to 15 percent in total. Do we consider these securities in that regard that we do not appreciate them or that they are inferior in any way, because it seems to me that this is a rather low figure of 15 percent in total. I know from the Act which this Act will be amending, that investments can be made in different securities. They mention here government and municipal securities, hospital districts, corporate bonds, guaranteed investment certificates, preferred shares and investment funds and so on, and it seems to me that home mortgages and so on are a first class security, and I do not see the reason for limiting this to 15 percent. I would like to hear from the Minister why we put this restriction on it.

Secondly, I would like to know why we are bringing in the International Bank for Reconstruction and Development into this Bill as was also mentioned, the previous one. Certainly there must be a reason for bringing forward these amendments and I, for one, am interested to hear why this is being done. Is there some pressure being put on by certain institutions to bring this about, or what is the reason for this? Because there must be a reason for it.

MR. SPEAKER: Are you ready for the question?

MR. JOHNSON: Mr. Speaker, to close the debate on second reading, I would simply say to some of the questions that were asked: The Collective Agreement Board has agreed that the superintendents and assistant superintendents should not be part of the collective bargaining process, and this recognition is required for pension purposes and another amendment will have to place them in the category of those who can receive TRAF benefits without being members of the teaching force.

With respect to portability, this is a matter of continuing study by the Provincial Treasury and in that area where general portability provisions are continuing to engage their attention.

With respect to the war clause, we looked at this very carefully in recent months and it's something I'd like to look at again more closely in the coming year and so advise the teachers who questioned me on it. This doesn't involve very many people - I think maybe three or four at the most, if that. It's just a question of defining what was a teaching career prior to the war. I think if a person was then in a teaching institution and joined up, or was in a learning process, I think we could consider them and these are about all you could consider, because the others, as I see it, were touch and go; not necessarily in a teaching contract at the time. But it becomes a complicated matter. However, we're prepared to look at it in the coming year.

With respect to the Member from Rhineland, we have a Teachers' Retirement Allowances

(MR. JOHNSON cont'd.) Fund Board of advisors on the investment of these funds, and these amendments are in concert with those amendments that will be brought in, I believe, or have been brought in with respect to The Civil Service Superannuation Fund. We go by the best financial advice available as to the kinds of securities and investments that will bring the greatest return to these funds, and I can only say that these people, the investors have advised us and our Treasury people have recommended it, as have the boards of, I believe, the Civil Service Fund and the Teachers' Retirement Allowances Fund.

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

MR. SPEAKER: Bill No. 91. The Honourable the Minister of Education.

MR. JOHNSON presented Bill No. 91, an Act to Amend The Trade Schools Regulation Act, for second reading.

MR. SPEAKER presented the motion.

MR. JOHNSON: After all these years, the Member for St. John's is ready and eager and waiting.

In preparing the proposed amendment to the Trade Schools Regulation Act and to its regulations, the Special Programs section of the Department of Education consulted with the owners and operators of private trade schools, representatives of labour and industry, the Attorney-General's Department and other people within our department, and an honest attempt has been made to propose amendments which would up-date the Act and regulations, and offer the greatest protection and service to the public.

While most of what was desired by way of change could be accomplished by amending the regulations, there are three amendments proposed to the Act itself. I thought we should change the name to The Private Trade School Act, and then the regulations under it, it's now known as The Trade School Regulation Act. Secondly, provide for the registration of salesmen and the bonding of salesmen. It was thought desirable that salesmen should be registered, bonded and pay a registration fee because the department could then make sure salesmen understand the provincial regulations during the process of registration, and I believe they are more likely in that instance to show good faith towards the public and towards the school, and they'll be required to pay a fee. We've reviewed all the Acts and regulations in the other provinces and find these to be pretty well in concert, both in the amendments we're bringing into the Act plus the regulations, with other provinces.

Now I would really point out, as I say, that the amendments to the regulations are about to be promulgated. I can advise the members of the Committee that until these regulations are passed by Order-in-Council I have not seen fit to authorize any new registrations of renewals or new trade schools because I'm going to have before my colleagues at the present time amendments to the regulations to increase the amount of the bond to be posted by trade schools to \$5,000, and also possibly require for a period of one to three years a further \$5,000 security bond at the discretion of the Minister. This Act leaves the onus, as I see it, largely on the shoulders of the department and the Minister. I have investigated what other provinces are doing; some have anywhere from one to five thousand dollars here. The other thing I've checked out with The Public Utilities Board and the Provincial Secretary's office and sought legal advice which shows that the Consumer Protection Act or the Securities Act don't protect us under this Act, so that the discretion does lie largely with the Minister and the department. So we feel that this increase will -- we feel that the bonding companies will investigate the financial resources of new schools more thoroughly before bonding them for five and up to \$10,000.00.

Other suggested amendments to the regulations for the information of the Committee, which are not part of the Act but I think are the meat of what has been concerning members, are to provide for registration fees of private schools in accordance with the increased costs of administration which we are now asked to provide through our Special Programs Division, and these increased fees will be in concert with what is charged in other provinces. These regulations have not been amended for some years.

To provide for making improvements or necessary changes to the course of study during the year with the Minister's approval. If there's any change in the programming, this has to be approved or the licence can be withdrawn.

To provide for greater assurance that students will be reimbursed for the correct portion of their course if they quit before completing it, we are going to bring in an amendment which will make it necessary for the school to pay back to the student who does not

(MR. JOHNSON cont'd.) complete say a quarter of his course, or a third of his course, the school would be required to pay the balance back minus up to 15 percent of the fee that he has paid for handling and for the inconvenience he might have caused the school.

To provide that any child of school age may take a course in a private school with his parents' consent. At the present time it's been necessary for the Minister to give approval to an individual child to take a course in a private trade school. Some of them may want to go to a private trade school as a matter of choice to take a typing course in the summer months and this requires the Minister's approval. The amendment would provide that any child may take a course as long as his parents consent to it.

To provide that all advertising material be approved by the Minister, is reinforcement really in that regulation.

To provide that the length of courses for barbering and hairdressing schools be increased. Now this has been worked out in great detail. Most of the bulk of the regulations is hairdressing and barbering - about half the bulk of the heavy regulations - and they are in concert with the changes agreed to by the Department of Labour, the barbering and hairdressing industry and all concerned.

To provide that students in barbering and hairdressing have medical examinations; to provide for an increase in the qualification of instructors; to provide for a change in the method of charging for students' services - in the barbering industry this is - a percentage of the approved rates rather than an amount set in the regulations. It will be 40 percent of the approved rate, I believe, that has been agreed to.

Now the regulations are mainly, as I say, the meat of this, but I can indicate to the House that we now have a full time man regulating the private trade schools in the province with a tightening up of the regulations and interpretation of them leaving no doubt in the operators' minds as to what is intended; the approval of all courses, the approval of all advertising, the inspection of the schools, and necessary bonding provisions.

MR. SPEAKER: The Honourable Member for Emerson.

MR. TANCHAK: I would like to compliment the Minister on this Bill. Unless I misinterpret it, I think it's a good Bill and I think it's really high time we had some changes in here. I understand that we have the approval or consent of the different trades and so on; I am happy about that.

In past instances there were many students and parents who were taken advantage of by some of the schools, and I notice this applies also to the course of study by correspondence, besides that, Some of these institutions advertise for students even from outside of Manitoba, and in one case in particular which I can bring here, a student enrolled; he was asked to pay \$250 in an Art School. He did pay the \$250; he passed his examinations; but there was a rider in that that the school will assure him of a position after. When he applied to the school the management asked him for another \$100 to find him a position, so he sent them another \$100. After about a month's time, he enquired and they told him that he hadn't sufficient qualifications to qualify for jobs available, and said if you give us another \$200 we will teach you a little more and after that you will be able to qualify. Well he did send them another \$200 because he believed them and he never got a position from them afterwards. They quit him, whether the school closed or something, but he never benefitted through them at all. I think this is a good safeguard; this Bill will safeguard the people of Manitoba and I'm happy that it is being introduced.

Of course the matter of regulations, we'll have to see what it is. We can study them later.

MR. HILLHOUSE: Mr. Chairman, I too think it's a good Bill but there's one or two matters that I would like to call to the attention of the Minister and they chiefly deal with these correspondence courses.

I have found in my practice that these high pressure salesmen will go out to the country and they will sell some child a correspondence course in a subject which is completely beyond his educational qualifications to even start in on, and they usually take a fairly substantial deposit from that individual's parents. Now the trouble lies in the fact that if he wants to cancel that contract he has a right to do so, and there's a provision in the contract for the rebate, but with these correspondence courses, my understanding is that instead of referring to a quarter of the course, if there is 24 lessons in the course what they will do is they will send out maybe four or six lessons the minute the boy is enrolled in that particular course.

(MR. HILLHOUSE cont'd.) He finds after he gets the lessons that they are beyond his educational competence to understand and he immediately applies for a rebate or cancellation of the contract and reimbursement of his money. Now if there are only 24 lessons in that course and they have sent out six in the first mail, he's charged with having taken a quarter of that course and he is also charged with either 15 percent or 20 percent, which means that there is very little coming back to him.

Now I did take this matter up with your predecessor the Honourable Provincial Secretary when he was Minister of Education, and at that time I suggested to him that there should be some onus upon a salesman before selling one of these correspondence courses to a child to first of all ascertain what the educational qualifications of that child are, because they are selling courses in the country now that are completely beyond the understanding of the purchasers. I think too that there should be some way of working some onus upon the salesman in your contract or in your regulations where he has to make enquiries as to what the educational qualifications are of that person, and that that person, a person with these average qualifications would be able to understand and take that course.

I think too that there should be some restriction placed on the number of lessons that they send out with the first mail, because they try to send out as many lessons as they possibly can so that when a contract is cancelled, and most of them are cancelled, there is very little money coming back to the purchaser.

MR. DOERN: Mr. Speaker, I think this Act is a definite step in the right direction but I regret very much that it is a little action coming after a great deal has occurred. The Trade Schools Regulation Act apparently hasn't had any major revision since 1940, and although they did appoint a full time department head to administrate in 1965, they certainly have made a few obvious and well-known errors of omission. For example, apparently before any training centre can offer service within the province, they are supposed to be registered and meet the requirements of the Act, but the requirement of the Act up until the present has been rather inadequate indeed.

I wish that the Minister had spelled out more of these regulations that he is going to promulgate and put them right into the Act so we could see exactly what they are. I think the most famous, or infamous case that has slipped by the Department's attention was one that occurred in March of this year, the Business Machines Training Institute in Winnipeg which had several hundred students and suddenly declared bankruptcy. The company operated in Winnipeg since 1962. They were offering courses to the public for at least the past six or seven years, courses that ran in the neighborhood of some \$220 for eight weeks.

What was the department doing at this time when these courses were being offered? I am talking about the quality of the courses, the kind of record that was held by this company that operated it. They attempted to indicate to the public that they were really a sort of an offshoot of IBM, and I think the IBM people were a bit disturbed about the manner in which they operated. Their equipment, I'm told by students who attended, was highly inadequate. It consisted of some eight electric typewriters, a half dozen key-punch machines, a verifier, a sorter, an interpreter and so on. All this was of course passed as a highly sophisticated modern computer-type operation, which I don't think it was.

When they talked about retraining at this institute, apparently it meant nothing more than re-testing. You were promised a retraining program. If you yourself failed to meet their rigid demands when you did fail, they simply gave you the same test three or four more times until you had the answers memorized and you got through.

The Better Business Bureau notified the Department of Education about some of their findings with this firm. I think the same firm had connections in Ontario and went bankrupt there, and I think that was information that was available. As I say, the Better Business Bureau was concerned about this operation and had complaints. They notified the Department that students had difficulty in getting refunds over the years, and then of course we found that all they needed to set up in terms of financial requirements - all these past 28 years I suppose and at least I guess the past 10 years the present administration has been in office - was a \$1,000 bond.

When the school closed, it turned out there were no assets and that hundreds of students were left out in the cold. Students that took this course, which should have been under the scrutiny of the department and its inspectors, paid a high price for it. One student told me he paid \$350 for his course which went over nine months. He was told all sorts of things by

(MR. DOERN cont'd.) the salesman, told it was difficult to obtain this course elsewhere, and that this was a better course than the computer science course at the University of Manitoba, more complete and so on. Well, a lot of people have dashed hopes now and it's all too late now, because \$1,000 on a defaulted bond doesn't go very far. No sooner had this firm closed than there is an ad appearing

MR. SPEAKER: Order please. I wonder if the private conversations must continue in view of the fact that the gentleman already has the floor.

MR. DOERN: Thank you, Mr. Speaker. Only about a week after this particular firm went bankrupt there was an advertisement immediately put into the newspapers by a similar organization saying that they'll set you up in a computer programming, key-punch training centre in the Winnipeg area. All you need is \$50,000 capital. You put in \$15,000 of your cash for equipment and keep the other 35 -- well no, you give them \$15,000 and the other \$35,000 you use for back-up. Well, this sounds to me like a fast buck operation, and I'm glad that the Minister has said that he's not going to approve any of these organizations or outfits until they have made these changes.

I wonder if the Minister can explain why there are so many private schools in Manitoba, why there are so many, in particular commercial and secretarial schools, and students taking courses. Is it because we are not offering the right kind of training in our high schools or in our post-secondary training? Why are hundreds of girls always going down town taking typing and shorthand. Can't they get it in their own high schools?

I'd like to know just how close the financial and academic scrutiny has been in the past and how much tighter this is going to be in the future. The inspectors were apparently watching and examining the books and the training material and the selling methods, presumably, of all these institutes. Well, they let one pretty big one get by.

So I'm happy that we are now going to take some action and tighten up the bonding requirements. A \$1,000 bond was quite inadequate. If it goes up to \$5,000 with perhaps an additional five, this at least might deter some people who are interested in taking advantage of a situation. We will look forward to seeing what kind of regulations are offered, and I'm happy that there's action now but I regret that the action has come so late.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I would like to speak a few words at this time. I would like, first of all, to compliment the Minister on bringing in this Bill. I know that it takes some years for a situation to develop, and a situation has developed in Manitoba where certain trade schools are taking advantage of the trust of the public and are using advertising methods and high-pressure salesman methods to induce people, mainly parents, to sign for a long-term course, and when I say long term, I'm talking about one or two years.

I'm sure the Minister knows about the case of which I speak. I had contact with his department and was told that unfortunately there was nothing that could be done. And I have no hesitation in naming the firm; it was the American Art School of New York who employ a salesman in Winnipeg. They sell a course, then they induce the parents or the person who is taking the course to give a number of post-dated cheques. They then discount the cheques to a bank and they have their money, and as the Minister has stated, after two or three months or more the child, or whoever is being sponsored through this course, decides that it is not for them, so in the case that I'm talking about there were \$400 involved with post-dated cheques. The firm in New York had their money through an arrangement with the bank, and now these people are committed to pay off the balance of the course.

However, when they first signed up for the course they were told by the salesman that at any time they could get their money back on a pro-rated basis. Well, this did not turn out. First of all, they were told, after many phone calls and letters to the company, the American Art School Company, they were told that they would have to pay for all materials and all books, regardless of whether they were used or not at that stage in the course. They were further told that, regardless of whether they cancelled out or not, they would have to pay for 50 percent of the total cost.

So I would hope that when this Bill is law - and I certainly do not like or appreciate retroactive provisions - I would hope that the Department of Education would remember these firms who have been so difficult to deal with when they come to grant them a licence. They would have a documented set of complaints, and unless they were rectified, these firms of which I speak would not be granted a licence to operate in Manitoba, whether they live or

(MR. JOHNSTON cont'd.) whether they do business here or whether they have a school here.

Now the Member for Elmwood has stated that he does not know why boys and girls go uptown in great numbers to take advantage of some of the private trade schools who offer courses. I would suggest to him that the reason these trade schools - and many of them are quite honourable and offer good courses - I would suggest that the reason they do so well is because they fill in the gap in our educational system -- in our educational system. I can recall not only within my own family but within others, the families of others, who have found out within three days of the university opening that their son or their daughter has failed a subject. So I feel that the legitimate trade schools are filling a real need in this province and they should be encouraged to carry out this need, but at the same time the fly-by-nighters and the ones who are only looking for the dollar should be very closely checked and policed.

MR. SPEAKER: The Honourable Member from Rhineland.

MR. FROESE: Mr. Speaker, I too wish to comment briefly on the Bill before us. The last speaker mentioned that some of the companies are misusing their privileges that they may have, and I know for a fact too that the Business Machines Training Institute that was mentioned by the Honourable Member for Elmwood was one of them, because I have had people contact me in this particular case here, people who had four or five hundred dollars paid in and had just taken a small part of their course, and here they had lost all their money.

This doesn't mean that I would not like to see schools of this type in operation; to the contrary, I think they are performing a very valued service, especially for people that get a job and then find they need additional qualifications, and quite often that particular business will pay for that person to take a course and further himself and get better qualified and he comes back later and is a much greater asset to that company. This is happening all the while, and I feel that these institutions or these schools have a value and have a place in our province, but I feel that we should take greater precautions in making sure that they will carry on a worthy operation.

I think even the bonding increase that is being proposed is too small. I feel the \$5,000 is still inadequate and should be raised probably five times that amount, so that in case things go wrong that they will be compensated and there is some way of getting compensation for those that lose out. These bonds are not so costly, and sure enough they can provide for this type of expense and I think that would be of great value.

I certainly have no objection to the Bill going on to committee and probably we will get some further information at that point.

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

MR. LYON: Mr. Speaker, before moving adjournment, I should advise the House of the intended order of business for tomorrow. Tomorrow morning the Provincial Treasurer will be bringing in the message from His Honour with respect to Capital Supply and then we will be going to second readings of bills for the balance of the morning. The afternoon session will be involved with the Committee of Supply, during which time we should reach the 80-hour limitation, and then the evening will follow upon naturally the proceedings that take place after Supply has concluded; namely, the concurrence motion.

I am also informed today, apropos of nothing, that this is the 9th anniversary of the election to the Legislative Assembly of eight members of this Chamber, May the 14th, 1959. -- (Interjection) -- The Minister of Labour, the Member from Dufferin, the Member from St. Boniface.

MR. SPEAKER: I congratulate the gentlemen and invite them to my party next year.

MR. LYON: Mr. Speaker, on that happy birthday note I'm pleased to move, seconded by the Honourable the Minister of Welfare, that the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 9:30 Wednesday morning.