

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Wednesday, March 18, 1970

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Notices of Motion.

INTRODUCTION OF BILLS

MR. SPEAKER: The Honourable Member for Elmwood.

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, I ask leave of the House to have this matter stand.

MR. SPEAKER: (Agreed). The Honourable Member for Logan.

MR. PETER FOX (Kildonan): Mr. Speaker, in the absence of the Member for Logan, may we have this matter stand?

MR. SPEAKER: (Agreed). The Honourable Member for Logan again.

MR. FOX: The same question, Mr. Chairman.

MR. SPEAKER: (Agreed). The Honourable Member for Virden.

MR. MORRIS MCGREGOR (Virden) introduced Bill No. 19, an Act for the Relief of Everett Williams.

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, the Canadian Pacific Railway has made application to the Canadian Transport Commission to establish an extended customers' service program on the Brandon division. I would like to direct a question to the Minister in charge of transportation. Is the government going to make representation at these hearings that are presently being planned? There's one in Plum Coulee tomorrow morning, there's one in Altona tomorrow night and one at Winkler on March 23rd. Does the government plan to make representation at these hearings in regard to this request?

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): I wonder, Mr. Speaker, if I may answer the question. If my honourable friend will recall at the last session of the Legislature a formal motion was presented dealing with the question of representation in respect of rail line abandonments and rates and the likes of that. The motion presented was amended to the effect that the department concerned would be pleased, on representation or application of the municipalities affected, to give them guidance and the expertise of the department, which incidentally is the Department of Industry respecting these applications.

INTRODUCTION OF GUESTS

MR. SPEAKER: If I may before we proceed, I'd like to direct the attention of the Honourable Members to the gallery where today we have with us 60 students of Grades 10 and 11 standing of the Neelin High School. These students are under the direction of Mrs. Florence Pettit and Messrs. Arnold and Roney. This school is located in the constituency of the Honourable Minister of Mines and Natural Resources.

We also have with us 34 students from Grade 11 standing of the Selkirk Collegiate. These students are under the direction of Mrs. Sharp. This school is located in the constituency of the Honourable Minister of Municipal Affairs and Government Services.

On behalf of all the Honourable Members of the Legislative Assembly, I welcome you all here today.

MATTERS OF URGENCY AND GRIEVANCES

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

MR. GILDAS MOLGAT (Ste. Rose): Mr. Speaker, I beg leave, seconded by the Honourable Member for La Verendrye, to move that the House do now adjourn to discuss a definite matter of urgent public importance, namely the statement made by the Premier of Manitoba in an interview outside this House that the Manitoba Government, through the Manitoba Development Fund, will invest the enormous sum of \$90 million in loans, plus a subsidy of \$15 million in interest rates in the forest complex at The Pas. And further, the statement made in this House on Tuesday, March 17, 1970, by the Premier that there was a possibility that further sums would be advanced.

MR. SPEAKER presented the motion.

HON. ED. SCHREYER (Premier)(Rossmere): Mr. Speaker, I take it that your reading of the motion proposed by the Honourable Member, I take it that your reading of the motion is not a ruling and that it is in order. I should like, Sir, the opportunity to speak to the high point of order. May I do so, Sir?

MR. SPEAKER: I believe that by reading it I've ruled it in order. Has the Honourable Member leave to proceed?

MR. MOLGAT: Mr. Speaker, I am as concerned about the development of our province as anyone else in this House, any person in Manitoba, and I think that my past actions have so indicated; and it is with a good deal of hesitation that I speak on this subject now, but I feel that the interests of the province are such that I must rise at this time in the House.

I think it came as a shock to Manitobans to see the headlines of Monday in the Winnipeg Tribune: "The Pas Forest Complex Loan to Total \$90 Million," because, Mr. Speaker, there'd never been any indication in this House, that I know of, that it would be anywhere near this amount of money. I'm not saying why or why not, but the facts are that it came as a total shock to me that we were dealing in those sort of figures. I think back, Mr. Speaker, at the time when this was introduced in this House, and the headlines then were: "A Hundred Million Shot in the Arm for the Province." No indication, Mr. Speaker, that this was going to be a self-injected shot in the arm. The expectation was that this was going to be a genuine development and that other people, in return for some major concessions I might add such as granting one-fifth of the province as a private preserve and other concessions, were going to invest in our province \$100 million. And there were lengthy debates in the House at that time, Mr. Speaker, and those of us who questioned the deal were accused of being opposed to development. Yet, Mr. Speaker, we were doing our duty. We were asking the pertinent questions but we weren't getting the pertinent answers.

At that time, Mr. Speaker, the main questions did not revolve really around whether we wanted development - obviously we wanted it - but whom were we dealing with, so that we would have some assurance that they were reliable people; and secondly, how much money were they going to put up and how much were we going to put up. And speaking in this House on the 18th of April, 1966, the then I think Minister of Mines and Natural Resources - in any case, Mr. Evans - said as follows, and I'm quoting from Hansard, Page 1955: "With regard to the Development Fund and Monoca, Monoca has their own financial resources. As far as I am aware, they have not made any arrangements with the Manitoba Development Fund, although as my honourable friends know, I do not pretend to be in day to day touch with them. I've already said that this industry would be eligible to apply and if they applied they could then satisfy the Manitoba Development Fund as to their credit worthiness and as to the viability of the proposal for which they want the money. I don't see why particularly they would want to apply to the Manitoba Development Fund because they are an investment group themselves. Nevertheless, they might want to. Some investment groups do want to have a local partner so that there will be local interest in the development that takes place. So I'm not aware of any approach or application that has been made to the Manitoba Development Fund. I have not been informed to that effect, either by Monoca or naturally by the Manitoba Development Fund."

The indication, and in fairness to the Minister he was not saying that they had not applied, but the inference there was that these people had plenty of money. They were an investment group themselves, he said, and one could assume that there was going to be, if anything, small amounts from Manitoba. They were an investment group themselves and the government knew nothing about any application to the Development Fund.

Some two years later, Mr. Speaker, the present Minister of Finance brought some information into the House one evening as I recall it, after a search of government records in the Department of the Provincial Secretary Companies Branch, that some \$3.5 million had been advanced to this company at a special low interest rate. Mr. Speaker, there was quite a debate in the House at that time about the investment of \$3.5 million by the province, and this caused quite a shock at the time that this was so, and particularly that fancy interest rates had been used, but I do not recall any statements being made as to what the investment was going to be by the province.

More recently, the 21st of February 1969, just a little over a year ago, a news release from the Manitoba Government: "New \$10 million plant to locate at The Pas seen as another big step in Forest Industry Complex." And statements of additions there, Mr. Speaker, which

(MR. MOLGAT cont'd) . . . . . again we welcomed, but no indication whatever of any involvement by the Manitoba Government or the Development Fund. It's fine to say, Mr. Speaker, that that's the rule of the Fund, but the facts are there were no intimations at any time that Manitoba is involved.

Then in the fall of '69 rumours started to appear that some \$40 million were going to be invested in this, but there was no confirmation of this, no indication as to what the source of this money was or anything of the sort, and as I recall it, Mr. Speaker, at no time any official statement by anyone. In fact this matter came up in the House at the last session and I will refer to this a little later.

And so, Mr. Speaker, when on Monday of this week the Premier announces that we're up to \$90 million into this project as a province, plus some \$15 million possibly subsidy on interest rates, then . . .

MR. SCHREYER: Would the honourable member permit a correction?

MR. MOLGAT: Certainly.

MR. SCHREYER: The first figure I'm not challenging, in fact I put it forward. The second figure as to what the cost of interest rate subsidization would be in effect was a figure that was put forward by the correspondent, and I suggested that it was at best a very broad approximation.

MR. MOLGAT: Well, I have no means of knowing, Mr. Speaker, whether it is correct or not. Maybe the Premier can give us what the figure should be if it is not \$15 million. But in any case we know it's 90 million by the Premier's specific statement and there is some other subsidy of some millions presumably. Mr. Speaker, this means almost - well, something in excess of \$400 for every family in this province. That's the investment that every family in Manitoba has put into this project.

Mr. Speaker, what do we know about this project? Now, concerns about this matter, Mr. Speaker, have been expressed from the very beginning, from the very outset; and the concerns I repeat were around whom are we dealing with? Are they people in whom we can have confidence, are they people in whom we can depend they will carry through with their agreement, and what is the amount of money invested by Manitoba? All the way through this has not been available. It was discussed in this House on numerous occasions, numerous occasions by members who are presently members of the government bench and by my own colleagues. There's been lengthy discussions in the newspapers here in both the Free Press and the Tribune. The Financial Post, who has no particular direct interest in Manitoba, on several occasions expressed concern about this and went to the trouble of going to the head offices of these companies to find out what was what, and a story on a Mr. Sindona from Sicily and some very disturbing stories for Manitobans. Ministers of the government at that time indicated there was nothing to fear. Headlines in 1967: "Spivak Backs Project." Further headlines, this one specifically relating to one individual: "'Sindona-The Pas Link, Good News,' says Spivak." So, Mr. Speaker, all the way through -- I'm delighted that he should come in; I was not aware he was not in his seat. I was referring to some statements made by the honourable gentleman when he was Minister of Industry and Commerce relative to The Pas arrangement, and specifically saying that the arrangement with Mr. Sindona, if there was such, was good news.

MR. SIDNEY SPIVAK, Q. C. (River Heights): Mr. Speaker, on a point of privilege, I was not present when the statements were first made, but I just wonder when in making his remarks whether the honourable member really is quoting me or quoting words that I actually said or giving an interpretation of what I said. I would prefer that he quote what I said. -- (Interjection) -- Yes, I would prefer that you would quote the press statement.

MR. MOLGAT: Well, does the gentleman want me to read the whole of the statement?

A MEMBER: Go ahead.

MR. MOLGAT: I certainly have no objections; it's rather lengthy, but if he is so enamoured with his words, Mr. Speaker, that he would like to have them repeated, the headline is: "'Sindona -The Pas Link, Good News,' says Spivak," and this is from the Tribune, Saturday, 2nd September 1967, and it was prompted apparently by an article in the September 2nd issue of the Financial Post, which is this other one that I was referring to and which referred to the possibilities of some links with a Mr. Sindona. Now the specific quotations of the honourable member, if I will limit myself to those as I see them here, and they are as follows: "'Manitobans can be assured that these firms have been strongly endorsed by governmental banking and credit organizations both in North America and Europe,' Mr. Spivak said.

(MR. MOLGAT cont'd) . . . . . 'These companies have been living up to their obligations with respect to the northern development and we have every reason to expect that they will continue to do so. '

MR. SPIVAK: I fail to see - and this is a question of point of privilege - that that remarks that the honourable member suggested were my remarks were properly quoted in this Legislature. It may very well be that he read from the headline of a newspaper, and I am not responsible for the headline, but as a matter of fair play and as a matter of privilege, I would suggest to the honourable member, in referring to the remarks that I have supposedly made, at least quote what I've said and draw a conclusion from that which is vastly different than the conclusion that's drawn from that headline.

MR. MOLGAT: September 2, 1967. Mr. Speaker, I will read the portion of the story and my honourable friend can deny it then if he wishes. It's by Frances Russell, Tribune Legislature reporter, and the story reads as follows: "Industry and Commerce Minister Sidney Spivak denies the Manitoba Government ever had any dealings with Sicilian financier Michele Sindona about the \$100 million forest industry at The Pas. 'But it's good news if he is involved,' he said Friday. He has also stated that he has no personal knowledge that Mr. Sindona is connected with any of the companies undertaking the development. 'His name does not appear in any lists of the company principals,' the Minister said. In an interview Friday, Mr. Spivak repeated former government assurances that the companies involved were first thoroughly checked out with international banking and credit agencies to ascertain their reliability and financial competence to bring the development to a successful conclusion." Then follows the specific quote which I have stated. If that is not what the Minister said, then he is free to deny it -- or the former Minister.

Mr. Speaker, very recently members received a copy of another publication, a joint production of The Manitoban, that's the University of Manitoba Student's Union paper, and another newspaper, The Omphalos, and this is entitled "Special Community Issue". The headline in fact covering the whole front page, is "From Zurich to The Pas, the 100 Million Dollar Rape of Manitoba." Mr. Speaker, there are some very disturbing statements made in this newspaper. I don't know if they are correct or not correct, but I do know that they raise many questions once again, and in some cases raise some new questions. But the basis of this newspaper is "40.7 million of public funds are tied up in the hundred million dollar Pulp and Paper Complex at The Pas" - \$40.7 million at that time, Mr. Speaker, according to the newspaper. The Premier now tells us that we are more than double that, at 90 plus. And so if it was a very risky proposition at 40.7, how does it sound at 90 plus? Mr. Speaker, the newspaper carried on with a number of questions, the questions unanswered about CFI, and there's a long list of them; 12 to be exact.

Mr. Speaker, this continues to raise more and more concern in the minds of Manitobans as to what sort of a deal have we got here; what are we into? Are we properly protected? Mr. Speaker, the Premier himself -- (Interjection) -- I am quoting from the Manitoban and the Omphalos. Mr. Speaker, I'll be more than pleased to table the newspaper because I think it ought to be considered and some of the questions asked therein ought to be answered.

Mr. Speaker, the Premier himself, admittedly before he was in the Speaker's Chair, and this is quoting from the The Pas Herald, June 4, 1969, when he was referring to Churchill Forest Industries. Mr. Schreyer said that Churchill Forest Industries would go down as the "blackest moment in Manitoba's economic history". Mr. Speaker, last summer, 1st of August, we received from the government another news release. By this time the government had changed hands. The headline of this one was: "New Paper Mill for The Pas Forest Complex; Schreyer Announces Changes in Agreement with Churchill." And then there are three pages indicating the course of some meetings and some changes that were brought about by the Premier's meeting.

Shortly after that, Mr. Speaker, we entered Session of this House, and I presented at that time an Address for Papers and an Order for Return based on the long-standing discussion that had gone on in Manitoba on this subject and based on the information that had come out by the Premier that a new agreement had been negotiated. And so on the 2nd of September, Mr. Speaker, I moved in this House an Address for Papers asking for copies of all correspondence between the government and any Crown agencies and any of the subsidiary and allied companies involved in The Pas Complex, and at the government's request I added some words in there relative to this specific agreement so that there would be no undue delay in getting material. Secondly, I asked for a copy of the original agreement between the government,

(MR. MOLGAT cont'd) . . . . . any Crown agency or corporation and Churchill Forest Products and any of their subsidiaries. The government indicated previously privately to me that that had been tabled, and I searched through the Deputy Clerk for a copy of this but was unable to find any indication in the Orders of the Day or Votes and Proceedings of the tabling of such, and I am -- (Interjection) -- Well, I stated that at the time. Thirdly, I asked for a copy of any new agreement or amendments to the agreement referred to above which had been made since the signing of the original document.

Then on the 5th of September, Mr. Speaker, I asked for an Order of Return of the House, asking: (1) The total amount of equity capital in Churchill Forest Industries as of July 15, 1968, with a breakdown as to the amount held by the company or companies involved, the names of all such companies and the amount of the Manitoba Development Fund involved; (2) The same information as of July 15, 1969; (3) The same information as of August 15, 1969. Mr. Speaker, that Address and that Order for Return were adopted and accepted unanimously by this House. They still have not been tabled and many months have elapsed since then.

Mr. Speaker, I believe that in the interest of Manitoba this information must be tabled. In fact more than that, Mr. Speaker, I think that the government - and I recognize the problem in which they find themselves - but I think in fairness to the people of Manitoba that this matter must be completely opened up. I am not going to suggest what methods should be used, whether there should be a legislative enquiry, whether it should be a judicial enquiry or what the subject should be. But, Mr. Speaker, the way this stands now is a cloud over the development itself, a cloud over our whole manner of dealing in the development of our province. I think it can have some very adverse effects in the future between dealings by government and industry and I don't think it can be allowed to continue.

Mr. Speaker, this is why I appealed to the First Minister last summer or last fall when I spoke on this, Mr. Speaker, and indicated that we must be prudent and protect the public interest. I am all in favour of protecting the public interest, Mr. Speaker, but we must be prudent in this area not to protect the administration, not to protect some agreement which may not be in the interest of the people of Manitoba but to protect the people, and Mr. Speaker, I think that the people of Manitoba are highly concerned of where this matter stands now. I am told, and I think that this is correct, that there are liens presently against these companies, filed against these companies in the Neepawa Land Titles Office. I understand that some of the people who are dealing with them are highly concerned as to their methods of dealing and whether or not they are going to get their money, and quite obviously they wouldn't be filing mechanics liens if they thought they would get their money.

The whole subject, Mr. Speaker, is just not satisfactory, and I bring the matter up, Mr. Speaker, on this occasion, my first opportunity to do so since the Premier's statement, to ask for a complete review of the whole matter and opening up of this whole thing. I am not a socialist, Mr. Speaker, far from it, but, Mr. Speaker, if we're going to end up by putting the bulk of the money in this proposition then I wonder why we couldn't own the proposition. And I repeat, Mr. Speaker, I am not a socialist. I want and believe that the best way for development is still for the people individually to do things, but this sort of a deal, Mr. Speaker, is not, in my opinion, proper private enterprise. This is not the way proper private enterprise should proceed, in my view, and I ask the government in the interest of Manitoba to bring this thing out in the open. Mr. Speaker, Mr. Premier said that this could be the blackest day in the economic history of Manitoba. Mr. Speaker, unless the matter is opened up, I suspect the public of Manitoba will be convinced that it was.

MR. SPEAKER: Are you ready for the question? The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I assumed of course that some honourable gentlemen opposite would have wanted to rise in his place and speak in defence of the agreement that was signed some two or three years ago while they were the government, but apparently they are not particularly anxious nor interested in defending an action that they took when they were the government. The irony of the situation is Mr. Speaker, that the new administration of the province has to honour pretty onerous contractual obligations to lend money to a number of companies that are building this Forest Complex at The Pas.

MR. PAULLEY: As we had to honour the International Nickel agreement by the Liberal administration.

MR. SCHREYER: Yes. There are of course, Mr. Speaker, many things that have been said about the The Pas Forest Complex development that in my opinion are wild exaggerations.

(MR. SCHREYER cont'd) . . . . . I'm not even sure that it is correct to quote me as saying that that particular transaction was, when it was signed, the blackest day in the economic history of the province. I think that may be an exaggeration; I don't know, only time will tell. But one thing that I do wish to make very clear is that it is my considered opinion that the deal is a very bad one. In fact I see very little benefit in it to Manitoba, to the economy of Manitoba, and most sad of all, unless things start to improve, even with respect to the local residents living in that part of the province. One hopes of course that in the course of operation that this Forest Complex will offer employment opportunities to local residents, many of which have had really little or no opportunity for gainful employment up to this point in time.

I was rather interested to hear the Honourable Member for Ste. Rose say that while he is not a socialist, nevertheless, the kind of private enterprise that's involved here is so far departing from the conventional pattern that the development should be brought under public ownership. By his definition that doesn't make him a socialist, but by definition of many others it would. However, perhaps that's a digression.

The honourable member makes reference to the fact that he filed an Order for Return back in September asking for the tabling of certain information. Some of that information we would like to give; some of it we are not in a position to give yet; and some of it it would be impossible for us to supply because of commitments previously given as to privacy, confidentiality and the like. That doesn't mean that we agree with these undertakings to guard the privacy of operations of some of these firms, how much they have lent and what terms, etc. We don't say that this is right. I may well be wrong and may well be proven wrong, but it seems to me that a succeeding government must honour the contractual obligations made by a previous government, otherwise you stand in danger of the orderly continuity of civil government breaking down. We shall do our best to renegotiate certain of the more objectionable features of the agreement, and we have attempted to do so in the course of the past several months since coming to office. We have been, for all this time, checking very closely to see specifically what the exact precise nature of the commitment and undertaking to confidentiality and privacy really was.

In the meantime, we shall make public such information as would not violate any of these commitments. There was nothing in any of the agreements to prevent the government from indicating what the total amount of loan would be in aggregate form to all of the companies and that's why this information was made public. And I believe we can give the weighted average interest rate, but insofar as making public the exact amount of the loan to each of the individual four companies, the exact terms of the loan, the interest rate in each individual loan, this I am advised we cannot do without violating the previous commitments given and obligations undertaken in a contractual way. For the future, in all future transactions of this kind, first of all I would hope that they would be more prudently entered into, but in addition to that it is our intent to provide for more adequate public disclosure of transactions of the public lending agency, the amount of money it lends, at what interest rates and the like.

The honourable member alleges that he was not able to determine whether the master agreement was ever tabled in this House. My colleague advises me that it was. The amending agreement, if and when it is ratified, will be also tabled. In the meantime, it has taken longer than anticipated to ratify because there are quite a number of outstanding thorny points at issue which must be resolved before there will be ratification of any amending agreement. Really I think that it is not for me to defend that particular agreement or series of four agreements, but I do want to say this, that while the agreement in my judgment was a bad one with very little benefit if any to the public of this province, nevertheless in the actual, in the actual work, in the construction phase of this complex, all of the advice and information that have been given me would indicate that the firms involved are acting in an ethical and responsible way. They got themselves a good deal; they're not to be blamed for that. The four companies that are involved here are not to be held responsible or to be blamed for the fact they got a good deal. They drove the best bargain they could get and they got an excellent one, Mr. Speaker. The extent to which the natural resources of Northern Manitoba are tied up far into the future, the geographic extent to which they have virtually complete control of our land and resources almost boggles the imagination, but there it is, it's in the agreement, and one can only hope that over the course of time that we will be able to work in a harmonious way with these companies. We have to hope, too, that they will employ local labour to the maximum extent. And let me say publicly, Mr. Speaker, that the companies there need the cooperation of the government and if they in any way attempt to circumvent their obligation, contractual and

(MR. SCHREYER cont'd) . . . . . moral, to hire local labour, they will find very little cooperation forthcoming from this government and I would suspect from any responsible government of this province.

In the meantime, I think the honourable member will have to be satisfied with the information as to what the total loan commitment is. I can advise him that we are approximately at the half-way point in the advancing of the money and that there remains approximately another \$45 million yet to be advanced. I am not in a position -- I'm prevented from disclosing what the present equity input is of each of the individual firms, but in their aggregate at this point in time it is something like 15 percent and that, according to my recollection and advice, by the time the complex goes operational they have undertaken in writing now to supply one-third of the capital requirements from sources other than from the Fund -- (Interjection) -- Oh yes, which third by the way from non-Manitoba Development Fund sources would include some amount that would be forthcoming from the old ADA program, or the Federal Department of Regional Economic Expansion and Industrial Incentives Branch. -- (Interjection) -- Yes, this would be grant capital.

MR. PAULLEY: From the Liberal Government at Ottawa.

MR. SCHREYER: Really, Mr. Speaker, I do believe this is a very important and serious matter. We are trying to make the best of what is a bad deal. The companies, however, are performing responsibly according to every piece of information that I've been given and we have taken special pains to check that funds being advanced by the public lending agency are being used for their true purpose, and so we have arranged for some additional financial auditing and inspection work to be done and we have also arranged for a second check on the adequacy of the engineering design of the plant. Having done that, what more can be done? And I repeat that at this point in time there is no reason to believe that there is any irresponsible or illegal action being perpetrated by the companies; I have no complaint to make in that respect. It all comes back to a matter of judgment as to whether the deal was in the public interest or not, and I most sincerely believe that it was not, but that is something for which the companies are not to be faulted nor is the Fund to be faulted particularly, but rather was a decision made by the previous administration. Whether all ministers agreed to it, I'm unable to say. We can speculate that some ministers were more happy than others or some ministers of the previous administration were less happy than others, but that would be engaging in speculation and rumourmongery which I will desist from.

In fact what is unfortunate, you know what is really unfortunate, Mr. Speaker, is that in the course of recent months, in fact for the past three years there has been an excessive amount of rumourmongering and spreading of allegations. But who is to blame? The MLA who rises in his place in the Chamber and asks questions? He's certainly not to blame because that's his responsibility and duty. If any blame is to be given anyone it is to those who signed an agreement that provided for excessive secrecy and privacy and for those companies who refused to disclose what their financial relationships are.

But this government is not going to, is not going to make public information having to do with the internal financial affairs of a borrowing company. That much we are sure about. We are under no obligation to do so and if we tried to it would impinge on the effective operations of the Development Fund; it would impinge on the effectiveness of any public lending agency. I trust that the Honourable Member for Ste. Rose is not suggesting that we reveal or disclose the internal financial affairs of borrowing companies who . . . . But I have said, and some of my colleagues have suggested to the companies involved in The Pas forest complex that it would be in their own interest to provide more information and disclosure on their operations, on their financial relationships, who their principals are, their ultimate principles and the like. We've asked them to put Canadians on the board of directors; we've even suggested to them that they would be well advised to hire a good P. R. firm simply because they have been to some extent a victim of excessive speculation and continuing rumouring as to what they're up to. And I've heard many stories, some of which have had the effect of keeping me awake nights, stories to the effect that monies were not being used for their intended purposes but being diverted to private, secret Swiss bank accounts and the like. Nothing in the checking that we have done would indicate that this is the case; nothing at all. So, Mr. Speaker, I would suggest that while the matter is very important, and welcome further debate and discussion of it, I really must wonder out loud whether there is any urgency in terms of the time factor in debating it further at this time.

**MR. SPEAKER:** The Honourable Member for River Heights.

**MR. SPIVAK:** Well, Mr. Speaker, I waited to hear the First Minister's remarks before I spoke. I may say that there is a thought going through my head at the time of what games we politicians play. You know a few weeks ago on another occasion, but not in the House, I had the opportunity of expressing a few remarks about our Premier. At the time there was some criticism: first, because as it happened he was attending the Dominion-Provincial Conference on Inflation in Ottawa, although I did travel with him on the same plane for another meeting in Ottawa but did return for my speaking engagement; and second, the fact that I tagged the word "cry baby" on him. Some felt that that was a rather unfair comment.

**MR. SCHREYER:** Some are cry babies.

**MR. SPIVAK:** That's right. Some are cry babies and some people are not prepared to shoulder their responsibilities manfully and get on with the job. -- (Interjection) -- that's right. We now have a very strange situation. We have a First Minister saying to the Legislature: oh please, this is something we inherited; we really didn't want it but by God we're going to take all the benefit we can from it. Now, Mr. Speaker, the members on the opposite side may not want to allow me to speak but I think I have the right. I allowed the First Minister to speak and I allowed I think quite a bit of latitude as we did on this side in connection with the innuendo that came forth, and I think there's no politician here who is going to suggest that that didn't take place nor is there anyone in the press gallery that's going to suggest that it didn't take place, so at least give me the -- (Interjection) -- Well if you don't understand it then somebody better explain that to you -- (Interjection) -- That's right. But I must tell you that I want the opportunity to make a point here and state a position.

In some ways the statement that the Premier conveniently issued on the day of the Leader of the Opposition's presentation to the House I thought would have put to rest many of the ill-founded rumours and misconceptions regarding the project and the principles that are involved. I believe that the statement itself would have satisfied that the people, that the companies should at least have been cleared and that the principals would be welcome to continue the good work that they're doing in Manitoba. Now of course the newspaper headlines give a wrong impression because we're not talking, when we talk in terms of Churchill Forest, of just one company, we're talking of four companies. We're talking of fully integrated operations with loans being granted to four companies who are in fact now employing many people under construction and who in turn will be employing many many people - and we're going to talk about that in a few moments - during their operation.

Now the irresponsibility of the Manitoban and Omphalos is really to a certain extent matched by the irresponsibility I think of some members who continually want to bring the company into the arena of this Legislature in which they have no ability to respond, and then want to, by some way, tag others with some responsibility. When the Premier himself can admit that he suggested to them that they get a P.R. firm - well maybe that's correct; when he can tell them that they should put other Canadians on the board of directors, because as I must point out there are Canadians on the board of directors of Churchill Forest so far as I know, and unless there's been some correction the legal office are involved and are still involved and are still Canadian representatives on the firm.

Now what I can't understand in this is how the Premier can stand up and make the statement that he did today and how they would reconcile with the statements that he, the Minister of Finance and other members of the government have made in other parts of Canada and the United States when they've talked about Manitoba and when they've talked about development here, when they've talked about what's happening here and have tried to put the best foot forward of Manitoba. No one at that time suggested to any investor, whether he be buying bonds of hydro or whether he be buying or trying to get attractive investment for Manitoba, no one on that side would suggest to him, you know we haven't got a very good deal, we don't want to talk about it. By God no. What you do stand up and say is that we have this, we're using our resources and in turn . . .

**MR. SCHREYER:** I never mentioned . . .

**MR. SPIVAK:** Well, you talked about the forest and development, you talked about the utilization of the resources, you talked about the hydro development, you talked about many others, and I would wonder whether you're prepared to lay on the table of the House all your speeches in the last period of time so that we -- (Interjection) -- I know you don't believe in secrecy but let's lay them on the table and let's analyze them; let's analyze the statements that



(MR. SPIVAK cont'd) . . . . . the Premier made in New York; let's analyze them with the statements that are being made here.

MR. SCHREYER: If there's nothing to hide, why try to hide it?

MR. SPIVAK: I'm not strange.

MR. CHERNIACK: You appear to be strange.

MR. SPIVAK: You know the companies are performing responsibly; the Premier has admitted this. They're living up to their contractual responsibility.

MR. SCHREYER: I never said otherwise.

MR. SPIVAK: No, I know you never said otherwise. You never said very much. But they are performing their responsibilities. You know, it's frankly a damn shame that the members on the government side and some others are still prepared, and have no sense of responsibility to themselves, not to allow the companies to get on with the job in peace. Now you may want to discredit the former government and you may very well, as I believe you do - and I think there's some evidence to point this out - you may very well be prepared to discredit the government or the previous administration on the Churchill Forest deal, but the innocent people who are being affected are the people who are legitimately trying to carry on business -- (Interjection) -- And just let me finish if you don't mind. Just hear me out and if I'm wrong, and if you're not prepared to do this, then I'd like you to publicly say this in the House. But I believe, and I think I am correct, that there is a deliberate attempt on the part of the government to try and discredit the previous administration through a form of witch hunt with respect to Churchill Forest, and the people who are going to suffer by this are not the previous administration but Churchill Forest and others who are going to want to do business in Manitoba. Now maybe the Premier and the others do not see it in the same light as I do, that's fine, but I make that statement right now.

Now let's go back to what the previous government did. They looked at Manitoba and they said we have certain resources and we've got to use those resources for our people. They looked at the . . .

MR. SCHREYER: On a point of privilege, Mr. Speaker. I would like you, Sir, to advise whether it is not a point of privilege when the Honourable Member for River Heights says that this government is engaging in a form of witch hunt - I emphasize the term "witch hunt" - when in fact all we're doing is saying that there should be public discussion of the disposition of public funds. I would like him to withdraw the use of the word "witch hunt" in that context.

MR. SPIVAK: Mr. Speaker, I have no intention of withdrawing the word "witch hunt".

MR. SCHREYER: . . . point of privilege you'll certainly withdraw it I can tell you. I'd like Mr. Speaker to indicate if it is in his judgment a point of privilege or not.

MR. SPEAKER: In my opinion the expression "witch hunt" is unparliamentary.

MR. SPIVAK: Well, Mr. Speaker, in view of your ruling I'll withdraw it. The previous administration had the basic problem of meeting the needs of economic development in the province. They analyzed their resources and they determined to do the best they could with them and therefore we developed the hydro resource and the Nelson River project to be able to provide reasonably priced power for Manitoba and to provide job opportunities and because we recognized that hydro power was going to be the catalyst for economic development. We looked at our mineral resources and we determined that we would do everything we could to encourage the exploitation and the processing of those resources to be able to create job opportunities in this province, and we looked at the forest and the timber that was up there and we looked at the spindles that were up there and we said we are going to try and use them for the people of Manitoba. So what the previous administration did was a very simple one. They didn't give it away, they went ahead and they brought consultants in and they in turn went through a series of studies and came up with a proposition which they offered to others in Canada and the United States and the world, and they were very fortunate to be able to find a company that was prepared to invest and to come in.

Now, the Premier has already admitted on one occasion that the company who were coming in do have some expertise in technology, and he admitted that at his first press conference after the meeting with the principals involved and where I think he probably was given some additional information that he did not have before. And I suggest to you that it's technology combined with an entrepreneurship that is going to make that development a reality. So those were our objectives. Was our objective to take the forest resource and give it away? No. Our objective was to do one basic thing in terms of our economic development, to provide jobs for

(MR. SPIVAK cont'd) . . . northern Manitobans and jobs for our people. --(Interjection) -- At what price? We wanted to provide jobs. And I want to say this to the Honourable Member from Elmwood, it's time that the government stopped worrying and stopped using innuendo and stopped trying this constant battle and get on with the job and try and create more jobs for Manitobans, because if you spend all your time, most of your time on that rather than all your time worrying about the disclosure of the Manitoba Fund, or Churchill Forest, it would be much better. My God, you have a right to change it if you want to. You're the government; do it! But what we have is this constant bickering, this constant reference, outside the House and now inside the House, and all you're doing at that point is you're not discrediting the previous administration, what you're doing is placing a company, who really should not in fact be placed in the position that they have been placed as a result of what I would consider irresponsibility on the part of the government.

Now Mr. Minister of Industry and Commerce is sitting there. I wonder if he's ever been up at Churchill Forest. I wonder if he's seen the plant yet. I think that probably the answer is no. -- (Interjection) -- But I'm sure the Minister of Industry and Commerce hasn't and I'm sure that you haven't seen it recently. But I assure you one other thing, I assure you one other thing, that insofar as you're concerned you are basing your judgment to a large extent on most of what you're doing now - not on a swindle sheet - but you're basing most of your judgment on the straight political pragmatic situation that you found yourself in. And I say that, you know, there must be somewhere up above some of the people who were responsible for the founding of the CCF movement who would look on your course of action as Premier, and on those who sit in this front bench, and would shudder to the extent that as politicians you would have in fact been prepared to allow your principles to have gone to the position you have, to become the pragmatic politicians that you are, to exploit this position instead of getting on with the job that you're supposedly committed to.

Now I say this to you, there are going to be 950 jobs created in Churchill Forest Industries within the plant complex; there are going to be 350 jobs created in the Woodlands operation; there are going to be at least another 200 jobs created with the hauling contractors; there's going to be at least another 1,500 to 2,500 jobs for those who are going to service this project; and the overall net effect of this is that there are going to be 3,000 to 4,000 jobs created in Northern Manitoba. And I want to tell you that insofar as I'm concerned as a former Minister of Industry and Commerce and insofar as this side is concerned, we have great satisfaction in knowing that through our efforts we have created and have helped in the development of 4,000 jobs to keep our people here in Manitoba. And I want to tell you that in seven months of your administration - eight months of your administration you're not in a position to do this, and in terms of the effort you're putting forth now, I'm not so sure that it will come about because I don't see any sign of this.

Now, the most wonderful McCarthyite trick that has been pulled here -- (Interjection) -- yes, McCarthyite trick that has been pulled off, is that we are going to ensure that the company lives up to its obligations in terms of the employment of the people of the north. Sure you have a right to; there's a contractual obligation in this. And there's no one suggesting -- the company's already committed themselves to it, and I think that - you know - you should. I don't know whether it's necessary because it's already suggested they're not.

But I want to say to the Minister of Labour, I wonder how much investigation you've done of those who are union who are now operating in the north to make sure that native people are in fact employed. Now the Honourable Member from The Pas stands up and talks about native people being employed, but the truth of the matter is that some of them can't get employed, and I wonder whether the Honourable Minister of Labour is going to be prepared to stand up and tell us exactly what he is doing to try to encourage this and why we have to face this situation -- (Interjection) -- All right. And if he is, if he is, then I must say to you, if he is . . .

MR. PAULLEY: But you haven't said that.

MR. SPIVAK: I'm not worried. As a matter of fact . . .

MR. PAULLEY: Well, if I were in your shoes . . .

MR. SPIVAK: No, I'm not worried.

MR. PAULLEY: Oh, brother.

MR. SPIVAK: I'm not worrying one bit. What I am concerned is that the efforts and the energy of the government be directed in the right channels. Now I say this to the First Minister, we can continue on with this kind of dialogue and we can continue to play this game

(MR. SPIVAK cont'd) . . . . and you continue to maybe make some political marks and you may have the satisfaction that you are all brave little boys there who are being able to manipulate the mood of the public and be able to discredit the previous administration, but I say this to you, you are all of you being completely irresponsible not only to those who are in turn doing business to Manitoba but you are being completely irresponsible in terms of the long run to the economic development of this province. The whole object of the economic development is to create jobs in Manitoba and that's what you'd better start getting yourself committed to as well.

Now I want you to know I'm not quarreling with your right as a government to do whatever you want to do. If you want to have the disclosure of Manitoba Development Fund then stand up and have disclosure. If you feel that there's some way in which you are obligated because of some contractual obligations, get out of those contractual obligations. You've got enough political leverage to do quite a bit, but don't continually stand up time and time again and try and cry like a baby that we ourselves are responsible for this great predicament . . .

HON. SAUL CHERNIACK, Q. C. (Minister of Finance)(St. John's): Would you permit a question?

MR. SPIVAK: No, I will not, Mr. Speaker. To cry like a baby because you're caught in this ridiculous situation which we can't change but we're going to take the benefit from in the years to come. I say it's not worthy, it's not worthy of the First Minister and it's not worthy of many of you who have stood far more deeply in terms of your principles on the way in which you would operate if you ever in fact did take over a government. Now I'm not making this plea because I don't have to make this plea as a plea to you. I am simply saying to you that I think the conduct is unworthy. I would have thought that the First Minister having made the statement outside the House, which found its way in the Tribune on Monday, that in fact the companies would have been entitled to have been able to carry on their business in peace, but if this is going to continue you are going to put a cloud over them and you're going to put a cloud over the economic development in this province, because in spite of what you may not want to realize is that those who are going to deal with the present government in the months to come are going to have to question whether they're going to be put in the same position as the company is, whereby their dealings are going to be subject to political criticism, are going to be subject to a political hassle and a political reality which will in fact discourage them from coming in here. Why would they want to come in here? It doesn't happen in other provinces. It hasn't happened with the IDB but it does happen in Manitoba, and I want to suggest to the Honourable First Minister to stop crying about what has happened and get on with the job.

MR. SPEAKER: The Honourable Member from Rhineland.

MR. JACOB M. FROESE (Rhineland): Thank you, Mr. Speaker. Originally I hadn't intended to participate in this debate, but I feel after hearing views from the different sides that I cannot but do so. I recall when this agreement was consummated and when it came before the House for approval, and I also know the large concessions that were made to Churchill Forest Industries at the time. Those of you that were members at that time will recall that there were large concessions made to this particular firm. One, first of all they received I think something like 40,000 square miles of forest from which to draw their raw material. This government was going to provide fire-fighting; they were going to do the re-seeding of the forest that was taken off; assist in building roads; the stumpage that this firm would be required to pay was half price of what other woodcutters were paying, 37 1/2 cents. Now we find that there's further subsidization in interest rates and not in any small way, and at the same time very little investment as far as these people are concerned in this whole deal.

Now this matter is being discussed in the House and we, especially myself and other members who are not knowledgeable in this, we're supposed to be arbitrators or arbiters and referees in this case. I find that I'm not knowledgeable as other members are, and we have people on both sides of the House who are knowledgeable in this matter now. I feel that we should have a meeting of the Committee of the Whole in camera where we could discuss this whole matter so that all members will be knowledgeable of this situation, because to me I'm also uncertain as to the area of discretion that should exist as far as secrecy is concerned with the Development Fund. I'm not sure whether proper discretion is being made and certainly I would like to decide that point on my own. This matter has been discussed to some

(MR. FROESE cont'd) . . . . . extent in the Committee on Economic Development. The committee's report hasn't been tabled, but the committee decided to investigate certain matters and one of these I think involved this particular firm. So as shareholders representing the shareholders, which are the people in this case, I feel that all of us have an interest in this matter and have something at stake and that we should be informed. I feel that we should have full disclosure in this matter so that not only a few members will be knowledgeable but that we all have a knowledge of what has gone on.

MR. SPEAKER: The Honourable Minister of Mines and Natural Resources.

HON. SIDNEY GREEN, Q. C. (Minister of Mines and Natural Resources)(Inkster): Mr. Speaker, I rise on debate primarily because the former Minister of Industry and Commerce again has participated and referred mainly to our position as being a political one, and it seems that this is the impassable gulf between members on this side and at least the Member for River Heights as to what the meaning of political is.

Every time I hear the Member for River Heights talk about politics he talks about it as if it's some sort of dirty game in which bad people are involved and which is not to be engaged in, and he has referred to all of the things that we have done as being political. Well, Mr. Speaker, frankly, politics is responsibility to the public, and if that's being political, that's what this Party is being. And that, Mr. Speaker, is in essence the difference between what the former Minister is now saying and what the First Minister of this province said, because if this transaction which the former Minister says created 950 jobs, Mr. Speaker, for \$90 million, Mr. Speaker, that comes out to \$100,000 a job - \$100,000 a job for 950 people. This is what he says, and that's if they didn't do anything. Manitoba money is being given to 950 people at \$100,000 a job. Now, Mr. Speaker, . . .

MR. SPIVAK: On a point of privilege, I did not make those remarks. The Honourable Minister of Mines and Natural Resources went to school, he can use whatever arithmetic he wants and he's entitled to make any conclusion he wants, but I didn't say that.

MR. GREEN: Well, Mr. Speaker, he said 950 jobs.

MR. SPIVAK: Mr. Speaker, I said as a matter of fact that Churchill Forest -- well, if the Honourable Minister of Mines and Natural Resources wants me to repeat what I said, fine. If he's going to -- (Interjection) -- I'm not crying, you're the ones; I'm not crying at all. -- (Interjection) -- No, no, no, I'm not crying. Mr. Speaker, on a point of privilege, I did not make the statement the Honourable Minister of Mines and Natural Resources suggested; I did not. I made reference to the fact that Churchill Forest will be employing 950 in the plant and 350 in the Woodlands operation and 200 that are going to be in turn hauling for them, and I said there will probably be another 1,500 to 2,500 employed servicing that. Now that's a total of 3,000 to 4,000. Now you can work out whatever arithmetic you want.

MR. GREEN: If it's 4,000 people then it's \$25,000 a job.

MR. SPEAKER: Order please. I'm wondering if henceforth we could not adhere a bit more closely to the interpretation of the rules governing the matter of questions of privilege. I have the impression that on many an occasion, in fact in most instances it was not a question of privilege that has been raised in the House but it may have been an attempt to correct a misinterpretation of fact, and Beauschesne is quite clear on this matter, that the difference of interpretation of fact between two members is not a question of privilege. Now if any such correction ought to be made - I well appreciate that this has to be made from time to time - but I'm sure that all members would agree that it would be best if it were not raised as a matter of privilege which does not exist nor that it be raised as a question of privilege which in most cases it is not.

MR. WALTER WEIR (Leader of the Opposition)(Minnedosa): Mr. Speaker, if I may just enter into the discussion of the rule that we're having at the moment, I would suggest on the basis of the precedent that was established yesterday, Sir, at which I asked you for an official ruling on a very similar circumstance, that on the basis of the precedent established yesterday we do in fact have the matter of privilege in the point that is being taken up at the moment. Now if there was to be a change in that ruling and if you were to come in with a clarification of the matter of privilege, which I would appreciate very much, then I would be satisfied, but I must insist that what is a matter of privilege for the government is a matter of privilege for the members of the opposition, and on the same basis I would like to see it corrected, but if we're going to abide by yesterday's rule then I insist that we have the same rights.

MR. GREEN: Mr. Speaker, I would concede on the basis of the fact that my honourable

(MR. GREEN cont'd) . . . . friend says I misquoted him that there was a question of privilege involved and that he was right to raise it. I thought that he said 950 jobs. He indicated that it was upwards of 4,000 jobs and the calculation would be slightly different, it would be \$25,000 a job.

Now, Mr. Speaker, the fact is that if what my honourable friend said, and everything he says implies that he is suggesting that this was an excellent transaction for the Province of Manitoba, then our position was in 1966, remained through the years in opposition and is now, why couldn't you have come and told the Legislature that you were going to advance \$92 million to a firm that was going to do business in Manitoba whereby the whole capital that would be advanced would be slightly over \$100 million, or \$120 million if it's going to be that amount, because the member well knows that if that kind of information was released to this House then you would have the Honourable Member from Ste. Rose - and I'm glad that he got up because he says: "God," he says, "I'm not a socialist, but if this is free enterprise I'm not a free enterpriser." So he wouldn't support that kind of proposition.

Then you get the Member for Rhineland and nobody would accuse the Member from Rhineland of being a Socialist, but if that free enterprise government got up and told him that they were going to advance \$92 million dollars on a transaction in the north which would involve a total capitalization of something over a hundred million, and that of that \$120 million there would be certain gifts of further public monies coming from the Federal Government, then he wouldn't support it. And what's more, Mr. Speaker, members of their own caucus would not support that kind of proposition. If that's what he means by politics, that they can only advance this type of transaction, that they can only convince their own free enterpriser supporters to go along with a government that would do this if they didn't know what was happening, Mr. Speaker, then he doesn't know what politics is and we want no part of it. Because that is his view of politics, and then he uses the excuse, Mr. Chairman - and this is ludicrous - he uses the excuse that you are going to damage firms if you reveal the details of this kind of proposition and that the First Minister when he went to New York, he never told people about this being a bad deal because if he did it would be damaging, Mr. Speaker, it would be damaging to economic development.

Mr. Speaker, if the First Minister and the Minister of Finance had this kind of deal to offer the people in New York and wanted to offer this kind of deal, they would come here with their hands open, because they have been in my office, Mr. Speaker; the same private free enterprisers have come and dealt with the devil himself, you'll say; they've come in, Mr. Speaker, they've had the nerve - when I was in housing, where the federal government advances roughly in some cases 90 percent of the cost of proceeding with a housing transaction, the capital cost, they've come in and said that they would be happy to do business in Manitoba if we would give them the other 10 percent. Not one penny of private money involved. And if that's the kind of free enterprise that you people have been peddling, then no wonder the public decided to go for another form of government, the kind of government which I -- and I said it facetiously, but the Member for Ste. Rose and the Member for Rhineland would support this kind of government, that says we will not give social allowances to private business who will then call themselves rugged individualists, entrepreneurs, and as the Member for St. James likes to say, "the kind of people who built this country." With whose money? With whose money?

HON. AL MACKLING, Q. C. (Attorney-General)(St. James): Not me.

MR. GREEN: No, of course -- Assiniboia -- No, no. Mr. Johnston.

MR. WATT: Will the honourable member permit one question?

MR. GREEN: Yes, sure.

MR. J. DOUGLAS WATT (Arthur): Could the honourable member tell me that it's true that the First Minister didn't receive offers of 5 percent from free enterprise to this government?

MR. GREEN: Mr. Speaker, I am telling you that I myself and other ministers of this government have had all kinds of wonderful rugged individualists coming into our office desiring to do business with the government of Manitoba if we will give them the money to do it with. All kinds of them. And we could have made announcements every day since we've been in office as to the kind of industrial development that the Member for River Heights was able to get for the Province of Manitoba. Every day. We never cease to get proposals of this kind. But we are not going to, as the Member for Ste. Rose says. We are not going to. We

(MR. GREEN cont'd) . . . . . are not going . . . -- (Interjection) -- we'll create jobs. This government will create jobs but we won't, Mr. Speaker -- the job situation is interesting. The Member for River Heights says they will create jobs. Well let me tell you what the Churchill Forest Industries agreement says, and the Minister of Education will correct me if I'm wrong as to the exact wording.

It says that it takes six months to train a logger. CFI says that it takes six months to train a logger -- seven months to train a logger. That our manpower training course therefore doesn't train them. That if we don't provide them with trained loggers, which doesn't mean people in northern constituencies, and there are 25,000 such people who need jobs and who want jobs, that we have to pay half the cost of bringing these people in from anywhere in the world that they want to get them. That's the creation of jobs in northern Manitoba that is provided for in this contract. And they are holding us to it. They say that the people we are giving them in northern Manitoba, the people who have lived there all their lives, are not sufficiently trained; that it takes seven months to train them, and that if we don't provide them with trained people they can go all the way to India or Pakistan or wherever else they want to go, and we have to pay half the cost of bringing those people to Manitoba to take those jobs.

Mr. Speaker, we have set up a Moose Lake logging operation to provide for jobs in northern Manitoba so that at least we would know that some of these jobs were held by people who live in northern Manitoba. Mr. Speaker . . .

MR. HARRY ENNS (Lakeside) . . . Mr. Speaker, the Minister wouldn't mind a correction and agree to the fact that the Moose Lake training program was in fact set up by the previous administration.

MR. GREEN: Mr. Speaker, I don't want to spend a great deal of time haggling about it. If they were involved in starting it, all I know is that our department had to set up the operation, and the former Minister will be very unhappy to know that despite the amount of investment we put in, despite the number of people who are working there, the terms of the present agreement would apparently, at least in their view, the view of the people who are running the company -- and I say not a bad word against them -- they have the right to say, "Tomorrow you stop cutting," that "you start again when we tell you to start, and it might be a year from now or it might be six months from now," that "we will pay the price that we say we want to pay, that we will throw out the wood that we say that we don't want," and would the Minister sign that kind of agreement? And if he wouldn't, what would he do? Because he has no choice. Nobody else has any cutting rights. Nobody has the right to say what they will sell the logs for. Nobody has the right to cut logs that they don't sell to CFI. Now that's the creation of jobs that was indulged in by the previous administration.

So Mr. Speaker, when the Member for River Heights, who likes to make speeches but doesn't like to listen to what is said in reply, when he says we have a right to change, is he really being serious? Does he not know -- and indeed he does know -- that we are contractually responsible to provide \$90 million dollars on the basis of certain proceedings taking place at that complex, and that if we stopped that we could be sued for that money and not have a complex at all? Or would he prefer, as the Member for Ste. Rose says, that the government start operating this complex now? Maybe that's exactly what he'd like. Because then, if the proposition was not successful -- and we don't know whether it will or will not be -- then what would they say? They would say the reason it was not successful was because the government took it over; that's the reason it wasn't successful. And Mr. Speaker, have we any choice but to become as I have become -- and I want to make it quite frank to the members of my back bench and to the public and to the people on that side of the House -- I've become the biggest booster for CFI. They've got to succeed. If they don't succeed, \$90 million dollars of money of the people of Manitoba are invested in a scheme which I said at the time, and the Member for Ste. Rose is right, I said that if it's a good deal, and I repeat, we are putting up the money, we should make the profits; if it's a bad deal, then it's even more dangerous because we'll put up the money and not only we won't get the profits but we'll lose the money that we've put up.

So I have become the strongest supporter of the Churchill Forest Industries, and I say, as the Premier has said and I don't think that I can fault them, they saw an opportunity of entering into an advantageous field, they took that opportunity, and they are proceeding. And as long as they proceed in accordance with the legal requirements that are incumbent upon them, we have nothing to do but to fulfill our legal responsibility. And I'm not the least bit

(MR. GREEN cont'd) . . . . worried, and I'm sure that the members of the CFI board of directors when they hear the remarks made by the Member for River Heights, they must smile at his naiveté that they are worried about what somebody, about what the member for Ste. Rose or what the Manitoban or what Omphalos or what anybody else says about them. They don't care what we say about them. All they care is that we continue to advance \$5 million, \$10 million, up to \$92 million dollars. And as long as we do that we can call them any names that we want to, and they'll be happy to do business in Manitoba. And anybody else that we say, "We will give you 100 percent of the money, you come into Manitoba and take as much as you can, and if it doesn't go well, well it's the money that belongs to the people of Manitoba anyway," they won't care what names you call them. They'll be happy to do business in Manitoba, as I told the members. They've been into the office of every minister of this Cabinet saying how much they want to do business with this government, if we put up the money.

So I wouldn't worry, Mr. Speaker, about the politics of the question. I would worry if the question wasn't political, because I repeat: if this transaction was a good transaction, then there was no harm, and there would have been no harm in telling the people of Manitoba, "We are taking \$90 million dollars of your money. We are going to go into business. This is going to be the interest rate; this is going to be the security; this is what we are going to get out of it." And if that's politics, Mr. Speaker, I'm a politician to the core. And I will be political in this view, and I will continue to be political, and when I stop being political I'll start being like the Member for River Heights, and I don't want that.

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

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I think the Honourable Member for St. Boniface out-bluffed me here but I'm going to stand up before he calleth. First of all, there are a couple of questions I wanted to ask, and I think that the Member for Ste. Rose asked and he dwelt on it very briefly, that in reading through some of his clippings, that the commitment of the former government was in his estimation of the order of \$40 million dollars and he was surprised to find that it was now \$90 million. I must say that I am a little surprised too, and I would like to ask the First Minister directly if one of the four companies we have been talking about did not in fact have their agreement signed after he took office, and I would assume that's the pulp company or the paper company that comes on the end of the pulp mill.

MR. SCHREYER: Mr. Speaker, is the honourable member asking the question rhetorically or is he asking the question?

MR. CRAIK: Pardon? Yes, if you would like to answer it now, Sir.

MR. GREEN: Can the First Minister have leave to answer the question since he's already participated in the . . .

MR. SCHREYER: The answer is that no agreement was signed by this administration with any of the four companies involved in the CFI complex, so that any commitment to advance monies up to \$92 million dollars was made, I'm afraid, by my honourable friends, not by us.

MR. CRAIK: Maybe I should have phrased it differently. Was the agreement for the paper mill entered into by the Manitoba Development Fund after you took office? Can you indicate the dates - and this would probably fill in the picture - the dates on which the four different companies were actually entered into by the Manitoba Development Fund, and I don't suppose you have the information there. If you do I'd be glad to have you give it to us.

MR. SCHREYER: Mr. Speaker, this is a very unorthodox way of proceeding but I'm quite happy to answer the question, and I answer the last one by expressing surprise that a major commitment to advance large amounts of money should have been signed by the previous administration of which the Member for Riel was a member - Cabinet minister of. He doesn't seem to recall that they had signed such an agreement, but I can assure you that it was signed prior to the 15th of July.

MR. PAULLEY: Five days before we took over.

MR. CRAIK: Well, I believe, Mr. Speaker, we should probably get that information. I think we are all interested in finding out all the details we can on this and see if in fact the Minister of Mines and Natural Resources missed by a very few days the opportunity to gain an equity position so he could gain back all the profits which he is concerned that the government may not be getting back or the people of Manitoba may not be getting back.

The First Minister has made the statement two or three times today that this was a very good deal, or a good deal, for the company. I think it might be in order to ask him again,

(MR. CRAIK cont'd) . . . . . though I'll not really ask him to get to his feet right now, to indicate whether it's a good deal on the basis of opinions, any sort of formal opinions that have been given to him by people in the business or by his economic advisers, or if there is any documentation which might be supplied, that would indicate that deal, so-called deal that was entered into with this group, was in fact a good deal for them. I can say that at the time when the whole concept of northern development was in question I had some familiarity with it, not in the position of elected office or in government, by association with people who were fairly knowledgeable in the area, and for every one that you could line up that said it was a good deal, I'm sure I could line up a great many more that would question it.

The operation that is in effect at The Pas was a marginal operation and has been ever since day one. It takes good capable people to make it go. The same is true of the operation that is in effect in Prince Albert, Saskatchewan. In fact the Prince Albert, Saskatchewan, in terms of hauling distances, has some greater problems but they do have a better forest in general to work from than in the area of The Pas. They are both of the same cut. They are both from the same type of geography and they are both from the same general area. Neither one of them would be considered by the pulp and paper industry of Canada as being prime locations from which to operate. So when you say that the company got a good deal, I think that I'd certainly like to see some sort of substantiation of why exactly you say that, because it's the first time that I've heard that. I think that they have a very tough operation to make go, and I don't think we're making it a bit easier. I said before in an interview, and perhaps it isn't a very forceful argument to put when the emotions are high and the heat is on this issue, because it has become such a political issue, but when you enter into an operation as complex as this, with the rapidly changing technology that is taking place in the pulp and paper industry, you do require good technology and up-to-date technology, you do require good management skills and you do, above all else, require markets, and the company provided all of these three, and the terms of the financing, which is the question here, we all appear to have an idea now of what the financing arrangement is. I personally, from association with the company, would say that they are hard-headed in their business dealings; there's no question about it. They are capable though. I think that they are, as the First Minister has said and I would endorse, I find to be respectable men.

I was very concerned when the Financial Post article came out a couple of years ago that associated this company with the Sindona Group. Mr. Sindona may in fact be an honourable man, too, I'm not sure. But I asked specifically at that time of the company, the representatives of the company, although the information was not given as to the complete make up of the Monaco Company, whether there was an involvement of this gentleman. They said there was not - and I repeat there was not - and that they were very upset by the article themselves. I have every reason to believe that they were telling the truth, because I think basically they know what they're doing. I don't think basically that it's nearly as good an operation as you would find in other parts of Canada. I know that the province made concessions; they are perfectly obvious. But I still think in terms of what this is offering for Manitoba and for The Pas that even the Minister of Mines and Natural Resources would have a great deal of difficulty making it go as a Crown Corporation or as an operation of his department.

One other point I wanted to make was that I recall shortly after the government took over when the First Minister had a meeting with the four companies involved, the meeting was reported to have taken three hours; the First Minister merged from it saying that -- or was quoted as saying that he was satisfied with the arrangements, fears were put to rest, he had talked the companies into now providing one-third of equity capital in the operation. There was no more detail given and I can't file you the quotation because we haven't had time to do it. I'm sure it exists. I assume today from his remarks that in fact their equity capital is not at that level although it was in the Tribune at that time or in the Free Press that their equity was at one-third. We find out now that the one-third equity comes some time after the operation begins and the ADA grants are made by the federal department from Ottawa. And if I'm incorrect here you can correct me on it. But we had been led to believe that having examined all this that the First Minister had said things are ship-shape, the companies are going to be putting up one-third of the equity and we're off and running . . .

MR. SCHREYER: I didn't say it was ship-shape.

MR. CRAIK: . . . but it seems to keep rearing its head . . .

MR. SCHREYER: I said we tried to make the best of a bad deal.



MR. CRAIK: . . . and the basic question is whether at this time there is actually any real benefit.

I would agree with the First Minister that probably one of the reasons that we have such an aura of suspicion about this is that the people involved have been very secretive and that a good public relations effort on their part may have made some difference. This was discussed also at the time that the previous government was involved with them and the only conclusion we can come to is that in other spheres of their operation they've never I don't think been injected into the situation that has taken place in Manitoba. They do have operations that run in South America and run in Spain, run in Sicily, and they're all I would assume, according to what they say, they've never run into the hypertensive political atmosphere that has existed in Manitoba. There is no question that it exists here and the sooner we put it to rest and allow them to do their work probably the better the chance of their success.

..... Continued on next page

**MR. SPEAKER:** The Honourable Minister of Finance.

**HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. Johns):** Mr. Speaker, the Member for Riel is a member of the Progressive Conservative Party and ran as a candidate for that party back in 1966 - I believe that was the first time he was elected and became a member of this House. Of course it was prior to that time that the first agreement was entered into between the Province of Manitoba and the Churchill Forest Industries, Manitoba, Limited. The agreement is dated February 24th, 1966, so he could not have been aware of it. The same, of course, applies to the Honourable Member for River Heights. As a matter of fact the same applies for every member on that side of the House who was in the Cabinet of the Province of Manitoba except the Leader of the Opposition, who I am sorry to say isn't here at the moment and who has not yet participated -- (Interjection) -- No, his signature is appended to the agreement, the copy of which I have; and let me clarify in answer to what was said by the Member for Ste. Rose, that the copy was received by me at the same time as I assume a copy was received by him or a member of his party in a Return to an Order of the House No. 27 dated March 14th, 1966, on motion of Mr. A. R. Paulley. It was filed by the Honourable Gurney Evans, so that the document I have in my hand has been in my possession since way back in 1966. And the Honourable the Leader of the Opposition is one of the eight ministers who signed this agreement. So then if the Honourable Member for Riel is not clear on what transactions were agreed to he should turn to the gentleman who normally sits on his left and make inquiries and he would then learn no doubt that every agreement that was entered into in relations to the loan transaction setting up these various deals, and it's true there were four, were entered into prior to July 15th, 1969, and I think we should. . . .

**MR. PAULLEY:** What happened on that day?

**MR. CHERNIACK:** July 15th, 1969, was Manitoba's ninety-ninth birthday and the beginning of a new era for Manitoba. On July 16th the government, this present government, started to take the reins of government and started to study its obligations and the responsibilities which it assumed it would wish to carry out in accordance in a responsible way, one of which was carrying out the contracts and agreements made by the prior government, and we felt we were bound by it. And just in case the Honourable Member for River Heights may leave before I put this to him, I wanted to ask the question of him while he was speaking about full disclosures saying well then why don't you do it - you have the power; I want to hear from him, if he's willing to respond, whether he recommends that we go to the people with full disclosure on all matters relating to the C. F. I., **Monoca** and the rest of the development C. F. I. If he does, I'd like to know his recommendation.

**MR. SPIVAK:** Mr. Speaker, I have a very simple answer for the Honourable Minister of Finance: You give us back the reins of government, let me take your position and I'll make that decision.

**MR. CHERNIACK:** I could have guessed the answer would be as it was and maybe that's why I asked it.

Now, Mr. Speaker, the Honourable Member for Riel and the Honourable Member for River Heights were talking about this deal. Of course the Honourable Member for Riel doesn't know the particulars and certainly in his first year and first Session possibly he wasn't able to follow all that was said about the deal. At the very beginning we took the position as has been stated by the Honourable Minister of Mines and Resources that if it's a good deal then Manitoba will not share in the equity position; if it's a bad deal we're going to lose out, and we raised the exact point made by the Honourable Member for Ste. Rose. I should say, however, that there are positive results that can emanate from a successful carrying on of this operation and these people who are involved are as far as we can tell, people who have experience, know-how, market availability, and should be in a position to develop this project and along with the Minister of Mines and Resources I am fervently anxious that they succeed. I want to remind members of this House, and I think this statement will stand inspection, that at all times when we debated this issue and any contribution I made back in 1966 and thereafter I don't think I ever questioned the integrity of the company or challenged the integrity -- I mean the borrowers, the developers -- nor the fact that the deal that they made was advantageous to them. I don't think I faulted them for it, and I don't at this stage intend to because as far as I have been able to ascertain, as the First Minister has indicated, they are as far as we can tell honouring their commitments and proceeding in accordance with the contracts that they signed. I hope they succeed because we have a tremendous stake.

But I want to make sure that the Member for Riel does know just what it is, because this

(MR. CHERNIACK cont'd.)... emergency debate rose on some disclosure of \$92 million of investment there. Let's make it clear it is for the four companies; it is more than was originally contemplated because three other companies came into the area to develop the forest mills, but in the original agreement - and this is what I think the Honourable Member for Riel ought to know - there were a number of clauses which we felt made it a good deal, and I'm not talking about loan capital, because that \$92 million is \$92 million secured against the assets of the borrowers, of the developers, and I hope they're well secured. But what are we giving away. And that's why we questioned the deal; not the loan as much as the give away.

Before I go into that I just want to mention for the benefit of the Honourable Member for Riel that the First Minister said shortly after we came into office that after discussions and negotiations with the principles he received assurance that there would be, that there would be one-third equity investment in the capital -- (Interjection) -- Pardon? That there would be -- that we were assured by the four companies that by the completion of the construction and at the inception or about the time of inception of processing, that there would be one-third investment. Now the Honourable Member for Riel didn't know that as far as we can ascertain that's the first time that kind of an assurance was given. -- (Interjection) -- Pardon?

MR. CRAIK: You know where it came from.

MR. CHERNIACK: Do I know where the assurance came from?

MR. CRAIK: I say I assume you know where it came from.

MR. CHERNIACK: It came from the President of Monoca. But until that time I'm not aware that there was ever that undertaking and as the Honourable the First Minister said, they are expecting, required and promised that they would gradually inject a larger portion of equity capital to the stage where they will achieve that objective which they've undertaken to the First Minister to do. And I hope they do; I have no reason to think they won't because they have honoured their undertakings to now.

But I want to point out to the Honourable Member for Riel that quite some time ago I sort of recapped certain speeches that I had made and others in order to be able -- and a review of this agreement which was filed back in 1966, and here is what the agreement reveals to me: that the required paid up capital at the time by Churchill Forest Products was half a million dollars; that vocational training would be arranged by the government without cost to the company; vocational school facilities would be provided at The Pas for mill training; that on-the-job training, the government would pay half the cost of further on-the-job training which was to be not less than six months for mechanized logging operations and not less than twelve months for mill operations; the company was required to put up a bond of \$100,000 - so now we have a \$600,000 undertaking at that stage by the company. Timber rights - the company to have exclusive processing selling rights etcetera in a specified area for at least twelve years. And I believe I'm correct in remembering that that's what? - 40,000 square miles. That's an impression I have, which I think was reduced to 34 after this government came into power. Fire protection would be provided by the government which would maintain men and equipment for forest fire prevention in the specified area. Aerial surveys and forest inventory would be paid for full cost by this government. This may be new to the Honourable Member for Riel; it couldn't be new to those members who were present during the early debate. But I think we should record it. Stumpage charges: in the first seven and a half years they would be half of seventy-five cents, peeled cord; next seven and a half years would be a full seventy-five cents with a price index factor applied to seventy-five cents. As I recall it, that is substantially less than is being paid by producers in other parts of Manitoba. Stumpage charges would be based on company determined scale at government expense. Land sale and rental: a charge of \$1.00 per acre for sale of original mill site and extra housing and storage area, which would be surveyed at government expense with a right to purchase extra land at \$1.00 an acre; right to rent land at \$1.00 a month. The plant land was to be sold at \$1.00 per acre. Local taxes to be fixed for twenty years even if the form of local government would change. Access roads would be paid for by the government with full cost of construction and repair of an all-weather road to plant site from the nearest P. T. highway. The government was to pay full cost of construction and maintaining certain roads in specified area; also the government was to pay half the cost up to one million dollars for construction of company roads plus full cost of maintenance for eight years. Water: river water was fully usable free of charge. Staff moving costs, previously referred to by the Minister of Mines and Resources - **government to pay half cost of moving skilled personnel, families and personal effects to plant site from in or**

(MR. CHERNIACK cont'd.)... out of Canada. Water diversion; construction of diversions, dams, canals permitted to facilitate timber movement. Pollution:.....

MR. PAULLEY: Pollution, oh that was a good one. Boy that was a good one.

MR. CHERNIACK: The government -- and I'm reading now direct from the agreement -- the government will impose appropriate regulations for safeguarding such water supply from pollution as are provided by the Public Health Act and the Pollution of Waters Prevention and the company shall not in the course of any woods operation place or cause to be placed in any river, stream, lake or any other body of water any unnecessary refuse, waste, chemicals or matter contrary thereto. And that's all that's said about pollution. At least that's all I could find. It is pointed out that there is somewhere else some reference to it but I didn't find it. Camp facilities: there should be no charge by the government. Quarry permits: there should be no charge by the government. Work hours: government to permit operation seven days per week, 24 hours per day.

MR. PAULLEY: Good labour people.

MR. CHERNIACK: Renewal of agreement: original agreement for twenty year period; two more twenty year agreements possible, which as I recall added up to some seventy-five years.

MR. PAULLEY: Twenty-four hours a day seven days a week.

MR. CHERNIACK: I'm getting interference. Concessions to Churchill Forest Products by the Town of The Pas. We've heard something about that haven't we? Concessions guaranteed for twenty years. Company land in municipality to be taxed at less than \$3.00 per acre when buildings in use and less than \$1.00 per acre when land not improved. No tax of any kind on personal property or machinery on the site of the plant. Lump sum payment of between \$100 and \$1,000 annually by company to town in lieu of business and personal property taxes, royalties, licences, fees, etcetera. A building tax when buildings are completed of one-quarter regular rates, to increase by six percent a year in the first 20 years. I think all members of this House and the public are aware of the fact that The Pas entered into an agreement, and I have a copy here; but this was before us. There was a bill brought in to authorize The Pas to enter into that. There was debate on it and we objected to it but the bill went through and The Pas entered into the agreement. I will not quote the Mayor of The Pas because I don't know really what happened there as to the manner in which he came to sign the agreement, but the fact is that the situation was desperate and as a result this government had to marshal its forces to go to Ottawa to concentrate on the problems of The Pas -- and that was one where it was necessary to deal with The Pas as an emergency situation, as a result of which . . . . funds were allotted to The Pas in order to help them out of an emergency situation; monies which might well have been used in other ways to create jobs, to create opportunities in other parts of the province, but in this case it was necessary, it is necessary to put it into The Pas. These are matters -- (Interjection) -- Pardon? -- (Interjection) -- At this stage I haven't the slightest doubt that we are anxious to put it in in order to honour the agreement and carry out that part of the work which is necessary to be done and which was probably not even in the minds of the government when it was on a give-away program and didn't foresee or contemplate the problems that would be created in The Pas.

MR. SPIVAK: Stop crying, stop crying.

MR. CHERNIACK: And I am not crying one bit, because I am able to speak I think rather forcefully and the Honourable Member for River Heights seems to be hurt by it.

MR. LAURENT L. DESJARDINS (St. Boniface): I wonder, due to the fact that the Honourable Minister is quoting from the contract and also the contract between the Town of The Pas, would he object to tabling these documents; and if not I'd like to inform the Clerk that I'd like to have a copy of this. . . .

MR. CHERNIACK: Mr. Speaker, on that point. They have been tabled and I will. . . .

MR. DESJARDINS: Not this year?

MR. CHERNIACK: Not this year, but I will make sure that the honourable member should have a copy. If the Honourable Leader of the Opposition requires another copy I'll see to it that he gets it as well, because as I pointed out in his absence he is the only member of this House whose signature appears on that contract.

Now I want to deal with the questions that were posed in this article which the Honourable Member for Ste. Rose feels should be answered. And I might say that I have answered these on a number of occasions to the best of my ability to the author of this document and I still get

(MR. CHERNIACK cont'd.)... word from him or through him or about him that I have not answered these questions so I will do so again for the record, because apparently having done so in the past he, whoever it is that wrote this, was not too interested in recording the fact that I tried to give him the information which I was able to do.

MR. SPIVAK: Mr. Speaker, I wonder if the honourable member would permit a question?

MR. CHERNIACK: As a matter of fact I will not permit a question from the Honourable Member for River Heights because he doesn't deserve any better treatment than he gives me. I think this is the first time I've refused to permit a question during a speech except for the same member at the last session. So I'd like to deal now as quickly as I can with the questions which the Honourable Member for Ste. Rose asked. And I'm doing it because he asked for it not because this sheet asks for it, because the fact is I have tried in the past to do so to the best of my ability and there is no record of the fact that I made that effort, and therefore I am doing it really for the Member for Ste. Rose.

No. 1: Who are the ultimate owners of the companies involved in C. F. I? The answer is: I don't know, I don't believe anybody on this side of the House knows. I am not prepared to suggest that anybody in this House knows. And of course the ultimate owners of the General Motors, if I may use that as one of the fine upstanding Canadian companies, the ultimate owners are also not necessarily known because these matters are not a public record. (2) Are these companies independent? I don't know if they are. The only indication I could have from them was that they had different boards and different representatives but I don't know if they're independent. I don't know who does, I don't know how... (3) How much does each company receive from the MDF and how much is the MDF obligated to give them in the future? Well you received the answer today, or the answer has been given by the Premier in complete terms. We don't feel that we have the authority under legislation to give detailed information. I don't think that we should be asked at this stage to give that kind of information which we think the law prevents us from giving; but if the Honourable Member for River Heights wishes to propose any amending legislation to the MDF Act I would certainly consider that. (4) What percentage of the money spent on the project so far is government money as opposed to company money? For the same reason we're not allowed to divulge that, but there's an indication already been given in round terms. (5) According to Gurney Evans' speech in the Legislature in 1967 CFI was declared eligible for federal funds under ADA. Did these companies in fact receive this money? If not, why not? In fact I don't know whether or not they received it. It is my impression that the arrangements for federal funds are that the monies are paid upon completion of the project, but I can't give the answer other than that because that is not within our control. (6) To what extent is Michele Sindona involved in any of these companies directly or indirectly? That's almost a question of has he stopped beating his wife. As far as I know -- (Interjection) -- I don't know. The answer to what extent: I don't know if it's to any extent; or if it is to any extent, to what extent. (7) Has the government of the province or the MDF had a report from an independent competent source which assesses what precisely went wrong with the pulp mill in Sicily with which these companies were involved and which cost a celanese company an alleged \$75 million loss. The answer as far as I know -- and we talked about open government, so I speak for myself and possibly someone else knows more than I do about it -- we have not done so; and frankly I wouldn't want to spend the money to try and find out because we have a contractual obligation which we are honouring and so are they, the other parties to the contract, honouring. And as long as we can make sure to the best of our ability that they are honouring their undertaking then we must honour ours. (8) In view of the lack of information about the standing of these companies with the U. S. Department of Commerce, the New York Times Business department and the general view of them by the industry -- and I don't know what that means, general view by the industry -- has the government asked an independent or international agency about the standing of these companies? The answer again is that they are honouring their undertaking, we are bound by them contractually; I see no point in making investigations which would be of no avail to us. As far as we can see they are competent to carry out their contractual obligations. Is it aware -- that's No. 9 -- that local contractors are involved with disputes with this company over payment of fees? I have been made aware, as apparently has the Member for Ste. Rose, that there are certain claims which are being made against the company, CFI, which the company denies. I understand it is a difference between them relating to the calculation of the amount payable, or the formula payable, and that's all I know about it. I presume if they can't settle it they'll go to court and have it settled for them. I did receive an assurance that no monies have been advanced to CFI based on any claims that have been made, but monies

(MR. CHERNIACK cont'd.)... are only advanced in connection with claims that are being paid. (10) What is the government going to do about the allegations of technical incompetence against these companies? The government did not have to wait in order to ensure that there was a proper checking technique both as to technical confidence and as to their tendering system so that there could be a proper review made of their requirements for payment before advances are made by the MDF. (11) What has the government learned about the suit against Parsons and Whitmore in Saskatchewan, a pulp mill venture as well, a company in which Alec Kasser, President of Technipulp was formerly intimately associated? As far as I know, the government has learned nothing about it; and frankly I see no point in knowing what involved a suit there as long as they are honouring their commitments here. (12) Who is going to benefit from the housing development at The Pas? I can only guess and hope that it is the people who live in the houses who will have the benefit of it. And in that respect I do not speak with particular detailed knowledge because I've not been involved, but we are interested in the housing development that is taking place and we are hoping to see to it that it will be for the benefit of the people who require housing.

Now just in closing, Mr. Speaker, I want to point out that we've had a great deal of debate in the past about the Manitoba Development Fund Act and as to disclosure. The present Act as I recall it, as I recall it, states that there shall not be any disclosure of the internal arrangements of the borrowers of the Fund and the terms. There is, however, the right of the Cabinet -- (Interjection) -- There is a prohibition on disclosure of the internal operations of borrowers. We've never questioned that. The Act then states that the Cabinet, the Lieutenant-Governor-in-Council, has the right to inquire into and obtain information from the MDF. The Cabinet has the right to reveal under the Act whatever it knows. But we have been informed time and again, and we see correspondence between MDF and the principals of the development in The Pas to indicate that there was an undertaking of privacy as to disclosure, and frankly we feel it should not have been done; we don't see that there would be any harm in disclosure. As the Minister of Mines and Resources said, we don't see why the companies involved would not like it. But as far as we're concerned we feel honour bound at this stage not to go into that kind of detail which the other parties in good faith believed would not be disclosed and we feel that there is that kind of commitment which binds us. Now if they would release us of the commitment or if we get some strong suggestions from the opposition saying that we should ignore that commitment and proceed to reveal then we will certainly reconsider our position. But I do want to say clearly that we have not any reason to doubt that the people with whom we are dealing are acting honourably and are discharging their obligations. We do have every reason to doubt, as we said in 1966 and continuously until now, that the people with whom they were dealing, that is the former government, was quite prepared to enter into this kind of a contract with this kind of give-aways and with this kind of secrecy provision. They were prepared to do it; we would not have done so. Now that we have the contract we intend to do our very best to carry it out so it should be a successful operation. There is nothing in what we have said that in any way should make the people who are involved in the development, that's the various companies involved, feel insecure or feel that their progress is in any way held back.

MR. SPIVAK: I wonder, Mr. Speaker, if the Honourable Minister would permit a question?

MR. CHERNIACK: I'll decide later if I will be prepared to answer it but I will listen.

MR. SPIVAK: When you speak of we as a government knowing this and knowing that, are you speaking as the government and are you taking into consideration the information that the Fund had. Are you speaking for both the Fund and the Government in answering those questions?

MR. CHERNIACK: I am not the government and what I have answered in regard to the information contained here is what I know in answer to these questions. Now if the MDF knows more than I know, that may be. If that's the suggestion of the Honourable Member for River Heights, if that's his suggestion maybe he knows more than I know about this deal.

MR. SPIVAK: Well I wonder if he would permit another question then, Mr. Speaker? Would you not agree when a Minister stands up, a Minister of the Crown, and answers the question and says that I'm speaking in my capacity as a Minister then he is then therefore answering both for the government and for the agency which he represents.

MR. CHERNIACK: Mr. Speaker, one thing I've learned in the short period of time that I have stood on this floor in debate with the Honourable Member for River Heights is never to agree with any assumption he makes.

MR. SPIVAK: I wonder, Mr. Speaker, if the Honourable Minister would permit one other question? I take it it's possible then that the Fund is seized of information that you're not aware of?

MR. CHERNIACK: It's possible that anybody is seized of information I'm not aware of. As a matter of fact it's likely.

MR. CRAIK: I wonder if I might address another question to the Minister of Finance? Has the Honourable Minister in his possession or has he read the comparative study done on forest agreements that was done for the government? It's a two volume study. I've forgotten the name of the consultant; it's in the Department of Mines and Natural Resources?

MR. CHERNIACK: I can assure him I've not read a two volume book but I have seen summaries of various reviews that have been made and presented to the previous government.

MR. CRAIK: I'd like to ask a subsequent question then. Are the statements that he has made, and I might also address it to the First Minister, are their statements that they would not have made this deal or the arrangements that were made -- are they saying that basically that they have been made in light of having examined at some time the comparative studies?

MR. CHERNIACK: I suggest that the honourable member will have further opportunities to discuss this matter and make his own speech at the right time. In the meantime, I suggest he reread the two books so he can give us a contest.

MR. CRAIK: You haven't read them either. Or haven't read them, period.

MR. SPEAKER: Are you ready for the question?

MR. GREEN: Mr. Speaker, I believe the customary procedure, the debate being exhausted, is for the honourable member to withdraw his motion.

MR. MOLGAT: Mr. Speaker, I had seen some honourable members who were busy scribbling during the course of the debate and I assumed that we would have further contributions. I was waiting for them to do so. Mr. Speaker, I think it is customary on this occasion to ask for leave to withdraw the motion after the debate has been carried on.

Mr. Speaker, my reason for bringing the matter before the House is my concern at this amount of money being involved with no information basically to the House, and the Minister of Finance in answering these questions, and I don't submit these are necessarily the questions that need to be answered, surprisingly enough in about half the cases had to answer "I don't know." In the cases of about three or four others he had to say "I can't say." And yet, Mr. Speaker, here we are as a House having spent, or agreed indirectly to invest over \$90 million of the money of the people of this province and we have a Minister who says "I don't know"; in other areas, "I can't say." We have a previous government who said the same things to us over the years. What sort of a business is it? Now it's to me not a satisfactory system, Mr. Speaker.

Now I had never assumed at any time that we were involved in those amounts of money and I went back over the record to indicate that when the House was first advised of this deal there was no indication that there would be any public money involved at all. And subsequently -- (Interjection) -- absolutely, there was no indication at that point that there was going to be any public money in the deal -- (Interjection) -- it was 100 million dollar investment, and the Minister of Finance of the day -- and I quoted him deliberately earlier -- indicated that these people had private financing -- (Interjection) -- but these were the statements that were made in this House. And that, Mr. Speaker, is where it is not a satisfactory proposition for the people of the province. Had we been able to discuss at that time the full facts then the House could have made a decision.

Now we understand today from the government that they know the amounts involved by the Manitoba Development Fund. My question then is, did the government of the day know. We were told all the way through that it was an arm's length operation; government does not know what the MDF does, and this was the set-up. Well this government obviously knows. Did the previous government know? This House was never advised, there was no indication of such. Mr. Speaker, it still seems to me that even with the present government, they don't know all the answers. The Minister of Finance said so himself. Mr. Speaker, I think maybe my honourable friend, the Member for Rhineland has a suggestion here to have an in camera discussion of the matter. I don't like in camera discussions, but if we're caught in a situation where there would be harm done to the province by having an open discussion, then maybe this is the answer. But I don't want us to be caught, Mr. Speaker, in the situation in which other provinces have been caught; and there are other provinces in serious difficulties over some of

(MR. MOLGAT cont'd.)... these types of investments. My sole concern here, Mr. Speaker, is what's good for Manitoba. Now if it's good for Manitoba that the thing must be dropped, then this is maybe what we have to do. But how are we to tell? How can members, particularly of my own group and the Member for Rhineland who have not been involved in the procedure at any time and have been given no information except what has come out here, how are we in a position to protect the rights of the people of Manitoba under this sort of a set-up? I repeat to the government, take whatever steps you want; I recognize your responsibility, I recognize the difficulties of breaking contractual agreements because of any other agreements that you make in the future, it's a difficult one; but the present situation is not satisfactory when we're involving the people of Manitoba in that size of an investment. I'm sure I'm speaking for the vast majority of people that when they heard \$90 million they gasped, and properly so.

MR. SPEAKER: Does the honourable member have leave to withdraw the motion?

(Agreed)

#### INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I wish to direct the attention of the honourable members to the Speaker's Gallery where we have with us Miss Beverley Mazur who is Miss Manitoba for 1969-70. On behalf of.....

MR. PAULLEY: Before the Orders of the Day, may I table a Return from an Order of the House No. 4 dated September 11, 1969 on motion of the Honourable Member for Morris.

May I also, Mr. Speaker, table the report of the Board of Internal Economy Commissioners for the fiscal period ending the 31st day of March, of which you are the presiding chairman, Mr. Speaker. I do it on your behalf.

MR. SPEAKER: Orders of the Day. The Honourable the Attorney-General.

HON. AL MACKLING, Q. C. (Attorney-General)(St. James): Mr. Speaker, we still have ample blue ribbon, and I have attached to it the copies of the regulations as required by the statutes to be filed. I would also like to take the opportunity to advise that one of the Returns filed by me yesterday of the 42nd Annual Report of the Chief Inspector of the Liquor Control Commission Act there's a typographical error on Page 21, Schedule 3. The figure reads \$188, 897. 51 and it should read 118, 897. 51 - the first "8" should be a "1". I will endeavour to obtain copies of the corrected page and table that.

#### ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I would like to direct a question to the Attorney-General. Just what period of time is covered under the regulations that were tabled?

MR. MACKLING: This is for the period January 1, 1969 to December 31, 1969.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): Mr. Speaker, I'd like to direct a question to the Attorney-General in his capacity as Minister for the commission. Could he tell us who was the successful tender for the liquor license in the Hydro Camp at Gillam?

MR. MACKLING: I can't recall that information. I'll have to take that as notice and provide that to you.

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet): Mr. Speaker, I wish to announce to the House the development in the licensing of a new rapeseed variety known as turrel. It is a product which was derived from the original target variety. We have just licensed this new variety. I think that the farm community would be interested to know and I just thought the members of the House opposite would be interested to know.

I just want to add one more thing, Mr. Speaker. That is the new variety has some advantages; that is that it matures faster and produces more with a higher oil and protein content.

#### ORDERS OF THE DAY

MR. SPEAKER: The adjourned debate on the proposed motion of the Honourable Member for The Pas, and the proposed motion of the Honourable Leader of the Official Opposition in amendment thereto, and the proposed motion of the Honourable House Leader of the Liberal Party in further amendment thereto. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, it's rather late in the day to follow such an interesting discussion that we had; I'm just wondering whether I'll be able to keep the interest of the members



(MR. FROESE cont'd.)... of this Chamber in my contribution to the Speech from the Throne.

First of all I would like to congratulate you, Mr. Speaker, on the office that you've attained. I'm sure that we will try our best to make your load easier during the course of this session, and hope that everything will turn out for the best.

I would also like to congratulate the mover and the seconder in reply to the Speech from the Throne. I think both of them were interesting and I valued the remarks that were made. I think some of them are very timely because too often I think we neglect certain problems until they hit a certain group and then action is coming forward.

Then, too, I think it is timely that greetings be extended to the people of the province on this Centennial Year of 1970. Already, as has been pointed out, many celebrations have been held and many more are yet to come. Certainly the visit of Her Majesty the Queen to our province will be a most interesting one and I'm sure welcomed by all the people of this province.

Then, too, I would like to compliment the government on certain actions that they have taken and are contemplated being taken during the course of the session. I, together with certain other individuals, approached the Premier and members of his Cabinet and made certain requests; requests that had been made to the previous administration and the one previous to that and never accorded to. However, we were granted certain permission, or a certain action would be forthcoming at this coming session, the one we are just in now, where these requests will be granted. On behalf of my constituents and I'm sure on behalf of many other people of this province, I would like to thank the Premier and his Cabinet for taking this action and complying with it.

One involved a matter of education where permission to instruct in German will now be agreed to, or the program of studies will be such that it can be timetabled and I think this is one of great value to those people who believe and who have been instructing language of this type in the schools.

There are other matters that were brought to his attention; the matter of assessment - and again here we have been asking, making these same requests on other occasions, in past years, and were turned down. Yet we were given and accorded a good hearing and action was promised; so that I am indeed happy on behalf of the people concerned in this matter that action will be accorded.

The other day we heard an announcement by the Minister of Education - and I'm sorry that he's not in his seat at the present time - where a reduction will be made in the mill rate of those schools that are situated in unitary divisions. Not so did we hear any announcement in connection with those in the multi-district divisions, but I certainly do hope that the Minister and the Premier and his government will give consideration to extending increased support to those schools in the multi-district divisions. We feel that we've been treated unjustly for too long and that this matter should be rectified and that the same teacher grants be extended to the multi-district divisions as have been in effect in the unitary divisions. I think this would only be proper and I certainly hope that you, Mr. Premier, and other members of the Cabinet would give this your kindest consideration and act accordingly.

Mr. Speaker, I do not intend to go over the whole Throne Speech and comment on the various matters that are contained therein because it was a very lengthy speech, it involved many and different matters so that I would not have the time to do it nor do I want to do it at this time. I will confine my remarks to just a few matters that I wish to raise and I feel that are very important and that have to be discussed. I think it is urgent that we discuss them because time is of essence if action is to be taken.

My main concern this afternoon, or one of my main concerns, is the matter of the new quota system that is to be brought in for the crop year 1970-71. I feel that the proposal that is being brought forward by the Federal Government should be rejected. We should make representation that this will be changed because under it Manitoba will face severe restrictions; it will face great losses to the farmers of Manitoba, because they will be unable to deliver and sell their grain.

I checked with the local elevators in my home town of Winkler and I asked them for certain figures, statistics, so that we could get a better view and get it into perspective as to what is actually happening. I asked them first of all to give me the figures of the total acreage involved in that area as per the permits that were issued last year, and we find that we had a total acreage of 91,636 acres involved in the Winkler area. Now out of that 91,000 we had a specified acreage on which delivery of wheat can be made of 43,127 acres. This is the number of acres of which farmers were able to deliver wheat to the elevator. Now the actual wheat

(MR. FROESE cont'd.)... acreage seeded was 10,550 acres which is only approximately 75 percent of the amount of the specified acres on which they were delivering. Then the amount of summer fallow cultivated acreage last year, the amount of summer fallow according to the permits reporting was 10,943 acres, or 12 percent of the total specified acreage. So we see the tremendous difference between specified acreage and actual acreage and also the summer fallow. The reason for getting this was to find out just what the relationship was, and when we check and find that we have 43,000 under specified acreage and summer fallow of 10,943 we have a net difference of 32,184 acres, which represents 74.5 percent. This means that farmers will be able to deliver wheat on that much less acres so that they'll roughly only be delivering on 25 percent of the acreage that they had under specified last year for the coming crop year, if there is no change in seeded acreage.

Now, if we take a look at the province as a whole, we find that there is a variance from my local area to that of the province. In the Province of Manitoba we had a total acreage of 16.1 million involved. Out of this 16.1 million, we had 11.5 million in the specified acreage. We also find that out of the 11.5 million under specified, 3.1 million acres was seeded to wheat, and 3.7 acres was held in summer fallow. These two represent very much the same picture as what we had in our area except that it is not quite as drastic. Because when we deduct the 3.7 million acres in summer fallow this year, from the 11.5 million in specified, we find a difference of 7.8 million acres, which represents roughly 67.8 percent. This compares with 74.5 percent for my local area; so that the province as a whole will not be hurt quite as badly as our local area. But still, Mr. Speaker, this is a very drastic situation for the farmers of this province.

Then, too, if we figure this out, if we had a five bushel quota this current year and applied it on the specified acreage, my local area farmers would be able to deliver 215,000 bushels. If, however, this was applied and we had no change in the summer fallow acreage and had an 8 bushel quota as is now being proposed by the Federal Government, 8 bushels on the summer fallow would give us 87,544 bushels. This is a decrease of 128,000 bushels for my area or 60 percent less than what they would be able to deliver under the present specified program. Now we compare that with the province. We had 57.5 million bushels - if you multiply the specified acreage by 5 bushels per acre, gives you 57.5 million bushels that Manitoba farmers will be selling in this crop year with the 5 bushel quota. Under the new proposal, we would then be limited and we would then decrease the amount that we could deliver to 29.6 million. Eight bushels on the summer fallow acreage according to the present statistics would give us 29.6 million, so that you would have a decrease of 28 million bushels that the farmers could deliver under the new quota system. And if you multiply that by \$1.25 a bushel which they should receive, this is a difference of \$35 million of income for the farmers of Manitoba that they will receive less. This does not take into consideration the units that have been in effect up until now, and if you multiply the number of permit holders by the amount of bushels that they can deliver under the unit system, this would mean another \$15 million of income that they're foregoing; so that you would actually have \$15 million of less income under the new quota program. And this, Mr. Speaker, we cannot afford. Our farmers in Manitoba are in a very sad state as it is without limiting the delivery in this way. I don't believe that the payment for summer fallow will make that much difference in Manitoba. I find that the Globe and Mail of Tuesday, March 17, 1970 has this to say; and I quote from an article in that paper:

"James Richardson and Sons Ltd., Winnipeg grain merchants, says in its weekly grain letter that its discussions with people who are in direct contact with farmers lead to the conclusion that wheat acreage will not be reduced by much more than had been intended before the federal program was announced. Three reasons are given for the presumed unwillingness of farmers to respond to the program. In much of the prairies, producers believe they would be asking for serious trouble with soil erosion if they were to leave their land in summer fallow for two years in a row. Farmers have a natural inclination to plant something and there is not enough forage seed available to plant more than perhaps two million acres as an alternative to summer fallow." So that they, too, believe that there will not be any substantial difference in the acreage seeded to wheat and put into summer fallow. The article goes on to say that, "Nevertheless officials are counting on the new quota system which will be based on summer fallow acreage rather than cultivated acreage to provide the incentive for a cut in wheat acreage. There is not very much hope that the maximum acreage deduction of 22 million acres will be achieved. The reduction is more likely to be between 10 million and 15 million which would

(MR. FROESE cont'd.) . . . leave enough land in wheat to produce a crop of 250 to 300 million bushels. The problem is that whatever wheat is produced this year will be surplus to the government carryover goal of 400 million to 500 million bushels." So that there is reason to believe that we will not have a large deduction in the number of acres seeded to wheat in this province, and also the acres that will be devoted to summer fallow which in turn will give you the quota on which you can deliver wheat in the fall.

Personally, I always take a different view in connection with surplus, because in my view, we never have over-production as long as we have hungry people in this world. I feel that it's a matter of distribution and the distribution system that is to blame. We find when we check the U.N. reports that millions are being made available to the under-developed countries. We find that the Bank of Canada is being used for this purpose, that long term loans are being provided to these countries interest free. Why cannot we use that same source of credit for this purpose and provide and extend grain, especially wheat and bread to these countries that are in need of it? Then, too, the surplus might loom large, as is quoted by the papers, but when you take a closer look at it and compare it with our gross national product, which runs something like 75 billion, I think this only represents one percent of the gross national product. Surely enough we should have the ingenuity to do something about the situation and not take measures of the kind that are being proposed to reduce the production of wheat in this country and then to apply the quota system to summer fallow. Because the people in my area do not subscribe to summer fallowing in a big way; land is very expensive, taxation is very high, and they cannot afford to leave the land idle. They have to produce a crop in order to keep things going. Then, too, I think by putting wheat land into summer fallow, this can bring about embarrassment probably to many farmers in the future; because what happens the following year when the farmer will go to the bank and try and get money for his operations the following year, because the bins will then be empty and he hasn't got the collateral to put forward. So I don't think the new quota system is the answer at all. I feel that we must do something, we must register protest with the Federal Government in connection with this proposal.

In past years, I have advocated the matter of inland storage. I still feel that this is a method that can be used in Manitoba, that should be used, and which provides the necessary income for our farmers so that they could keep going. It would simply add to the inventory of the Canadian Wheat Board. I've explained the proposition on previous occasions, I didn't want to burden the members of this committee with going over it again completely, but I think the government should consider this and do something about it. Certainly, the Canadian Wheat Board, a Crown agency of the Federal Government is there, and it's their obligation to buy and sell the farmer's wheat of this country. If we provided the storage facilities as a government, cheap and inexpensive storage inland, make arrangements with the Wheat Board so that they could deliver, so that it would just add to the inventory of the Wheat Board, in this way, I think, as far as this province is concerned we could do something about it. Otherwise if nothing is done, we will face a further slump in the economy. Fifty million dollars is nothing to scoff at, and that's exactly what it will mean, that the farmers of this province will be getting \$50 million less during the next crop year through the delivery of their wheat. And I don't think we can afford it.

MR. SCHREYER: Would the honourable member permit a question.

MR. FROESE: Yes.

MR. SCHREYER: Mr. Speaker, I'd like to ask the honourable member if he is proposing that we should as a provincial government take a position of complete and outright opposition to the newly announced Federal program - the \$6 per acre, \$10 per acre on forage crops, etc.

MR. FROESE: I'm not speaking so much about the monies that will be paid for summer fallow, but I'm in complete opposition to the quota system that they are proposing. I think this government should take the opposite position. We can't afford to go along with it. It's too drastic. As I pointed out, in my area this means that the farmers will be delivering 75 percent less in the next crop year than what they will be delivering this crop year in a 5 bushel quota. It's that much. It's 75 percent, and the farmers can't get by with it. So what are you going to do? You people will have to face up to this, and I think we should make our views known to Otto Lang the Federal Minister and his Cabinet. It might not be so bad for Saskatchewan where you have much more summer fallow in each year, and where they can also take advantage of the \$6 per acre for summer fallow in the amount that's over and above what they summer fallowed the previous year. But for Manitoba, this proposition is for the birds.

(MR. FROESE cont'd.)

I would also like to bring a few other matters to the attention of the present government. One is in connection of the PR roads, the provincial roads. Just recently it was brought to my attention that apparently notice had gone out to the municipalities that there would be much less maintenance on the provincial roads during the course of the next year, and that in some instances certain roads that had been maintained 35 times a year, this would be down to 20 times. I certainly would like to hear comments from the Minister of Transportation sometime during the session just what is the situation. I would like to get verification on this, because certainly in our area we can't afford to have that much less maintenance because we have heavy trucks going and there is a large amount of traffic on these provincial roads. It's not so long ago when these roads were taken over by the provincial government, and most of those roads that were taken over were in good standard, they had received good care, and the municipalities took pride in those roads, because those were the best roads they had. I know the Rhineland municipality got several prizes from the Good Roads Association for the maintenance that they did on those roads and on the upkeep of the roads generally. I feel that we can't afford to spend less on the provincial roads and let them go completely out of hand. If that is the situation, if that is what we are intending to do, then we'd be better off to give them back to the municipalities so that they can look after them. I'm sure that the Minister can reply to this. If I'm misinformed on it, I would like to hear from him on this matter.

Another situation that has been brought to my attention - I questioned the Minister on it before during the question period - has to do with the hearings that are set for Plum Coulee tomorrow at 10:00 A. M., at Altona at 8:00 P. M. and Winkler on March 23rd; and this involves the matter of closing down a large number of railway stations. The actual number are listed in this brochure that was put out by the Canadian Pacific Railway Company, and there are 78 towns involved that will be losing out on their railway station; 78 less railway station agents will be working or will be in effect after this comes into effect. This is why the hearings are being held. What they are proposing in its place is to have mobile supervisors who will look after the business of the CPR in this way. I could read the list of towns involved; it involves the major towns in my area, Plum Coulee, Winkler, Morden, Altona, they are all going to be closed down in this way and just have this type of a service from here on. In my opinion this matter of centralization is going far too far and I certainly cannot go along with what is being proposed at these hearings; and I questioned the government before whether they were prepared to make representation at these meetings on behalf of Manitoba or whether they'd endorse this proposition. I would like to know from them because this is just the beginning. These are the first hearings that are being held.

Hearings will be held all over Manitoba in connection with this and if I should read out the towns - I don't know how many members have read this brochure or seen it. It involves Portage la Prairie, Rapid City, Morris, Darlingford, Starbuck, Holland, Pilot Mound, Killarney, Waskada, Oak Lake, Moosomin, Hartney, Gainsborough, Oxbow, Wellwin, Grayson, Hamiota, Shoal Lake, Langenburg, Brandon, MacGregor, Arden, Plum Coulee, Manitou, Elm Creek, Cypress River, Crystal City, Boissevain, Lyleton, Virden, Wapella, Napinka, Alameda, Brokenville, Wheatland, Miniota, Birtle, Churchbridge, Gladstone, Carberry, Neepawa, Winkler, LaRiviere, St. Claude, Glenboro, Mather, Deloraine, St. . . . Oaks, Elkhorn, Whitewood, Melita, Carnduff, Frobisher, Esterhazy, Canton, Newdale, Foxwarren, Rosser, Douglas, Minnedosa, Morden, Altona, Treherne, Carman, Cartwright, Medora, Melita, Fleming, Souris, Pierson, Glenune, Bienfait, Stockholm, Oak River, Strathclair, Binscarth and Inglis. All these centres will be affected. -- (Interjection) -- I can only . . . . railways so I don't think they'll be affected in this case.

I feel that we will be losing out. Too many of our smaller towns are becoming ghost towns as it is, and by taking out these stations it just means that there will be that much less in these smaller centres. And together with this, I'm just wondering whether we're not losing much more than just the stations, because I would like to know from the Minister concerned with this matter - what about the matter of ordering cars? Under the Canada Grains Act this is permitted. While we're getting a new Act, is this being taken out? Is this being removed from that Act, especially now because of the CPR intending to proceed with those hearings and bringing that into effect? I feel this is also a matter that should be looked into and acted on, because I don't think we can afford just to sit back and do nothing about it.

When I went over the Throne Speech and decided as to what items I should discuss,

(MR. FROESE cont'd.)... naturally the economy as such is, I think, of prime importance, and I feel that we should probably make some comparison as to how we are faring in Manitoba compared to British Columbia or Alberta, the two Social Credit provinces, and I just checked the average weekly wages and salaries and we find that in Manitoba in July of 1969 it was \$110.15, in June of 1969 it was \$108.00, in July of 1968 it was \$101.00, so we had actually come up from \$101.72 to \$110.00. But when we look at British Columbia they came up from \$121.17 to \$131.44. This means that those people are getting that much more purchasing power into their hands and this means prosperity; this means that things are moving and not piling up on the shelves.

When you take a look at the average hourly earnings we find that in Manitoba the situation from July 1968, which was \$2.33, to July 1969 increased to \$2.48 - we had an increase. But then when you look at B.C. theirs increased from \$3.19 to \$3.46. First of all it was much higher than Manitoba; secondly they also had a healthy increase. And when you then take a look at the Consumer Price Index for regional cities as to what they have to pay for the commodities and goods that they have to buy, first of all they now have more money in their hands to buy with, and when they go out to buy they can buy so much more for their money. For instance, alcohol - tobacco and alcohol; in Winnipeg the index is 130, in Vancouver it's 113 - it's that much lower. In recreation and reading, Manitoba 124; Vancouver 119.

MR. SPEAKER: Order. May I remind the honourable member he has five minutes remaining.

MR. FROESE: I will not be able to finish but I guess I'll complete my comments at a future date. I had one other matter that I figured was of great interest and that I would like honourable members to know, but I would like to continue a little further on with clothing. Clothing in the Winnipeg area is 133.7; in Vancouver 124.8 - that much lower again. Housing in Winnipeg 113; Vancouver 114 - that's the only area where they're higher. But then we find that their taxes are much lower as well and maybe this should be brought in at the time that we're discussing the budget. They have for instance a gasoline tax in British Columbia, 13 cents; in Manitoba it's 17, four cents higher. Diesel, 15 cents in B.C.; 20 cents in Manitoba - five cents difference again. The personal and federal taxes, British Columbia 28; Manitoba 39. Corporation tax 10 for B.C.; 13 for Manitoba.

MR. PAULLEY: What's the minimum wage out there?

MR. FROESE: Retail sales tax is identical; the Amusement Tax, nil in B.C., 10 in Manitoba. And so along down the line. Even the driver's licenses are less in British Columbia than what they are in Manitoba. So that the people are better off under Social Credit than under a New Democratic Party government, and I think it's high time that we have a Social Credit government in Manitoba.

Another thing, I'm just wondering why does this government hesitate to bring in interim financial statements to the members of this House. I've asked for this repeatedly over the years, not only from you people, from the previous administration. Why can't we have it? B.C. has had it for years and it's current, it's up-to-date. We have an interim financial statement here as of December 31, 1969, and the revenues are terrific. I'm just wondering what is the situation in Manitoba. Why can't we have more current information? Is it down, is it staying level, or is it going up? I would be interested to hear from the members of the government just what the situation is, because out there their revenues were way up in this last while.

Then too, when you take other looks, take a look at their budget for 1970 and you see a list of the amounts of monies paid by the Federal Government to the various provinces under the equalization payments, that we're getting or are to receive \$42,147,000. B.C., on the other hand, is a contributor to that pool instead of one that is getting money from it. The same holds true for Alberta. Ontario as well. When I take a look at this I see that Quebec is getting much more. They're getting 343 million, which is by far the largest amount of any province, but there may be other things involved because they're not a party to some of the programs, shared cost programs that we are, and that more money might be coming to them in this case. I see it's 5:30, Mr. Speaker, and I will....

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker, I move...

MR. PAULLEY: I wonder, Mr. Speaker, whether the Honourable Member for Rhineland had finished.

MR. SPEAKER: Had you finished?

MR. FROESE: . . . . . but I felt. . . . .

MR. PAULLEY: Have you exhausted the 40 minutes?

MR. FROESE: Yes.

MR. PAULLEY: Oh. Oh, well, that's okay.

MR. GRAHAM: I move, seconded by the Member from Fort Rouge, that debate be adjourned.

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

MR. SPEAKER: It is now 5:30. The House is adjourned and will stand adjourned until 2:30 tomorrow afternoon. May I remind the honourable members of the meeting at 10:30 tomorrow morning for the benefit of those who wish to review the rules or discuss rules of the House with the Speaker and the Clerk. I believe notices went to all caucuses.