

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, May 15, 1972

MR. CHAIRMAN: Next department is the Department of Legislation.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Chairman, I believe that the Estimates of the Department of Finance were not quite completed.

MR. CHAIRMAN: The Estimates are completed. We have no further resolutions in front of us on the Department of Finance.

Resolution ... The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I wonder if the Minister could give us an idea as to the net debt per capita in the Province of Manitoba as compared to the Contingent Liabilities and Guarantees the province has undertaken for the latest fiscal year in which they are possible. The latest figures I have are 1969. I wonder if the Minister could bring those figures up-to-date?

MR. CHERNIACK: I have a little difficulty with that. I can remind the honourable member that in the Budget Address we showed the net net net debt at I think \$27.00 per capita. Yup. Twenty-seven dollars and forty cents net direct public debt per capita. Twenty-seven dollars and forty cents as summarized in the Budget Address.

MR. JORGENSEN: Yes, Mr. Chairman, I noticed that, but I couldn't find any statement as to contingent liabilities. In the year 1969, for example, they amounted to, in the Province of Manitoba, \$697 million. I wonder what they stand today?

MR. CHERNIACK: I don't know where that figure came from. Six hundred and what?

MR. JORGENSEN: Six hundred and ninety-seven million dollars.

MR. CHERNIACK: I've already reported, gave itemized accounting of the indirect funded debt as at December 31, 1971, the guaranteed debt which comes to \$928,809,784.00. Also in the Budget Speech we do have these particulars -- statement of Guarantees Outstanding by Class of Borrowers. It's an unnumbered page but it's in the first attachment - if my honourable friend has Appendix A of the financial statistics. Statement of Guarantees Outstanding by Class of Borrowers for December 31, 1970, March 31, 1971, December 31, 1971. That's the guaranteed debt.

While the Honourable Member for Morris is thinking up another question I'd like to refer back to a question asked by the Member for Rhineland, who may not come in time to hear but I'll put it on record. He was asking about whether, in the statement in the Estimates, whether all the monies shown as being receivable from the Crown corporations are all the money that are payable by the Crown corporations. It is my impression that in the direct debt, that is direct by the corporations which is not payable to the province but direct to the bond holders or to the agency, that those payments would be reflected in the annual statements of the Crown corporations.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: I take it, Mr. Chairman, that the figure that the Minister gave of \$934 million corresponds to the figure from the Provincial Government statistics of \$697 million Contingent Liabilities and Guarantees shown for the year 1969. In other words, there has been an increase of about \$300 million in contingent liabilities since 1969?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: 1968/69 to 1971/72 there was \$330 million, so that's not far out from the statement of the Member for Morris.

MR. CHAIRMAN: Nothing further on the Department of Finance. I refer members to Page 2, Legislation Resolution 1 (a). The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, any desk thumping, Mr. Chairman, will be quite unnecessary because my introductory remarks will be very brief.

Insofar as the Legislation appropriations are concerned, honourable members will notice that the increase has to do primarily with adjustments in the emoluments for honourable members and for certain miscellaneous expenses that relate to the operation of this Assembly.

The more significant adjustments beyond that have to do with non-Winnipeg constituency allowances, the added cost of representing constituencies which are in whole or in part outside of the Greater Winnipeg area. This is a change that honourable members agreed to at a previous session. The amount of extra emolument is modest in every respect, nevertheless it is in recognition of the reality of added expense of representing a constituency with a larger area.

Honourable members will also notice that there is increased provision for Standing Committee expenses and this too is simply in recognition of the reality of added workload and

(MR. SCHREYER Cont'd) . . . activity of Standing Committees, select committees of this House.

Honourable members will also notice that provision is made for the first time pursuant to changes to the Legislative Assembly Act at the last session relative to the Speaker and Deputy Speaker's expenses. But this too is modest, and I use the term in the very blunt and real sense of the word. Additional provision of \$1,000 for Speaker's expenses and Speaker's per diem 4,000 and Deputy Speaker's expenses, \$500.

Under Other Assembly Expenditures honourable members will notice that there will be a Commonwealth Parliamentary Association Area Conference in our home province this year. I'm not certain, but I believe that the last time this took place was in 1960, September of 1960, and inasmuch as this is the return engagement at which we will be hosting our colleague legislators from other parts of Canada, we have an appropriation in here for the amount of \$47,000.00. I'm sure that the Honourable the Member for Swan River will want to add his moral support to the efforts that will have to be undertaken this summer in preparation for hosting this Conference, Commonwealth Parliamentarians, Canadian Section, I believe this late August or September. Beyond that there is no significant change in the appropriations other than the non-discretionary incremental costs of salary adjustments for the public servants working within the ambit of this section.

The Ombudsman who is a servant of the Legislature and not of the Government per se, there is a modest increase in the costs of the office of the Ombudsman, principally having to do with routine office costs, simply the costs of dealing with the workload of grievances, real or alleged, emanating from our fellow citizens. So with those few remarks, Mr. Chairman, I recommend these sums of money to the House.

MR. CHAIRMAN: Resolution 1 (a) - The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I don't think that I want to comment on the item dealing with Legislation other than to mention that perhaps it's more a point of procedure than anything else. I do believe that when we discussed the possibility of dealing with the estimates I think that the Executive Council and the item under Legislation were to be dealt with as one item. So I just want to be sure that honourable members are aware of the fact that when we're dealing with legislation we're also dealing with Executive Council. That's the first two pages in the Estimates. So that if members may want to comment on either one of the two they'll be dealt with under the Estimates of the First Minister. -- (Interjection) -- Well the Estimates of the First Minister under the same time allocation. It will be regarded as one time allocation. If I remember correctly, I think that it was four hours and 30 minutes that we were allowed to deal with the Estimates of one particular department. This will be classed as one department. I don't think that I have any comments to make on the Legislation aspect of the First Minister's Estimates.

MR. SCHREYER: Mr. Chairman, on a point of order if I may. I don't disagree with the Honourable Member for Morris, his recollection is the same as mine, but as to format, it was my understanding or intention shall I say, that I would introduce with brief introductory remarks the section on Legislation appropriations and when that is completed to have a hopefully equally brief introduction to Executive Council, but conceding, certainly agreeing completely with the honourable member that the two were to be regarded as in effect, one departmental submission of Estimates.

MR. JORGENSEN: That was my understanding, Mr. Chairman, and that it would be up to us to determine how much time we want to allocate to each. If we want to allocate five minutes to the first one and the rest of the time to the other one that would be up to the committee.

Well, Sir, I don't think that I have any comments to make on the first item of the Minister. Perhaps other members on this side of the House would want to comment on it, but I just want to make sure that that point was cleared up before we proceeded.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, no, we have no objection to that kind of procedure, I think perhaps that the First Minister really hasn't got a worry in the world as far as passing these because this is part of the reason we're all here for. I feel like the Member for Morris there are a few things that I'd like to bring up as we go down the list, but other than that I just see no problem at all.

MR. CHAIRMAN: Resolution 1 (a)--passed; 2--passed. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, was the First Minister going to make some introductory remarks first, or not?

MR. CHAIRMAN: Well he already has for the honourable member's benefit. The honourable member came in about 12 minutes late and he'll just have to read it in Hansard.

MR. FROESE: We're dealing with the first item under Legislation then, is that right?

MR. CHAIRMAN: We're dealing with Resolution 1 (a) the Leader of the Official Opposition - \$15,600.00. That item. Passed. (b)--passed; (c)--passed; (d)--passed; (e). . . The Honourable Member for Rhineland.

MR. FROESE: I'm sorry that I came in a few minutes late, however, I think a few things should be asked for, especially under Committee Allowance. We are doubling the amount here from 13 to 26,000.00. Is there any particular reason for this or is this part of the bill that was passed last year?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Would you clarify for the Honourable Member for Rhineland and myself precisely which sub-item we're on at the moment.

MR. CHAIRMAN: (e)--Operation of Recording equipment.

MR. FROESE: I thought we were under 3(d).

MR. SCHREYER: Well, Mr. Chairman, I'm quite prepared to offer some comment of explanation with respect to 3(d) which is what the Honourable Member for Rhineland is asking about, but I am somewhat - it's with some sense of temerity, Mr. Chairman, that I would comment on it because of incurring the displeasure of the Chair. We have passed that item already have we not?

MR. CHAIRMAN: If members would look at the right hand side of their page you'll see a resolution and you'll see number. No. 1. The whole resolution is for \$334,000 and then the sub items underneath that. When I call Resolution 1 (a)(b)(c)(d)(e) - (e)--passed; (f)--passed; Oh, the Honourable Member for Winnipeg Centre.

MR. J. R. (BUD) BOYCE (Winnipeg Centre): It's just more a matter of procedure in committee work, Mr. Chairman, I wonder if the First Minister could take under advisement. We bumped into one difficulty last year. There was a resolution passed by the House with reference to the Special Committee of the Legislature on Professional Associations whereby they were authorized to hire a person to assist them in their duties and it was rather cumbersome under the present setup. I was just wondering if the First Minister could take that as notice and perhaps we could set up a system which could be more expeditious in the future.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, of course I would be happy to take that under consideration, and in responding to the Member for Winnipeg Centre perhaps I could impinge on the rules only to the slightest extent and offer an explanation to the Honourable Member for Rhineland with respect to the general question of committee expenses and tell the honourable member that, as I'm sure he's aware, there has been, if anything, an increase in the activity of legislative standing committees and as a consequence of that, it's been necessary to appropriate additional monies to cover the expenses that are attendant to any increased activity of committees. It's almost as simple as that.

For example, the honourable member I'm sure is aware that the Standing Committee on Agriculture in the last couple of years has been holding quite a number of meetings inter-sessionally in different parts of rural Manitoba and there are costs involved with that which were not borne before simply because the committee did not go into quite as intensive a program or schedule of rural community committee meetings.

Insofar as the Committee on Professional Associations is concerned, I say again to the Honourable Member for Winnipeg Centre that his suggestion certainly will be taken under consideration.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, I take it that we're on (4) (f) now. Is this correct? Printing and - am I wrong on that?

MR. CHAIRMAN: Resolution 1 (f). Look on the right hand side of your page. That's the Resolution number we're dealing with.

MR. BARKMAN: Right. I wonder if the First Minister could give us an idea of approximately what percentage of the printing and binding is let out and if it's let out on a bid basis or if they let it out to whoever they can get. I understand that quite a bit of this is pretty hard to

(MR. BARKMAN Cont'd) . . . get the people to do it. I wonder if he'd give us an approximate idea.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, I can respond to the Honourable Member for La Verendrye by explaining to him that all public printing jobs that are in excess of \$200 in value are let out by public tender and this would certainly mean then it would qualify printing shops, such as Derksen Printers or Red River Valley Printers, to bid for those printing jobs. Printing jobs, however, that are of a value of less than \$200, the policy, and I believe it's a long-standing policy, has been to allocate it on a basis other than by competitive bid. That's the guideline or the criteria.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: With regards to the printing and to the supplying of material used in the Legislature itself, are those contracts let out on tender as well, that is for envelopes, stationery, etc., that is used here in the Legislature?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, here Mr. Chairman, I may have to invoke the assistance of my colleague, the Chairman of Management Committee, the former Minister of Consumer Affairs, under which the Purchasing Bureau comes, but I understand the guideline is a simple one that job lots in excess of \$200 in value are let by bid, by the bid system, and those less than \$200 in value are let by other criteria. And please don't ask me what those criteria are because generally they are not very satisfactory.

MR. JORGENSON: I wonder if the Minister could advise whether or not there are any discretionary power used in the letting of tenders on those bids in excess of \$200.

MR. SCHREYER: Well, Mr. Chairman, with respect to those job lots in excess of \$200 they are let as I say by competitive bid. I am not aware of any discretionary criteria other than those that are normally applied in the bid system. That is, that unless there is some very special and very special and unusual reason the lowest bidder will receive the award of the contract. I don't mean by that that this means that in 100 percent of these occasions is this done, but I should think that it happens in 99 percent of the cases.

MR. CHAIRMAN: 1 (f)--passed; 1 (g)--- The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, it pleases me very much to see that Manitoba is going to play host to the Canadian Commonwealth Parliamentary Association Area Conference. In past years each province in its turn, Sir, has this responsibility and I am sure that our province will make the legislators from across Canada welcome. It's going to be a tremendous and heavy task for the Speaker and I would hope that as and when the occasion arrives that all members of the House will give a hand to make our visitors welcome. Nothing but good can come from the exchange of parliamentarians across Canada and from past experience I can assure you it's well worth while and the figure that is shown is a modest figure with the job that has to be done, and I don't think that there will be any problems from this side.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: Well, Mr. Chairman, I certainly want to join with the member that just spoke. I think, not only, I understand, this is by arrangement but I think that more than likely the people in charge will have a welcome from, or an invitation from each constituency, because we have a lot of beautiful places to show the visitors, and I am just wondering if at this time any plans at all have been laid, or is this probably too early to discuss that part, as to where and what the plans are for the people coming down here on the Commonwealth Parliamentary Association.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the honourable member's assumption is correct. It is really too early to be able to outline in specifics just precisely what the arrangements are with respect to our hosting of the Canadian Section of the Commonwealth Parliamentary Association visit are, but I can advise my honourable friend that we do have arrangements in hand; it is being co-ordinated really through the office of Mr. Speaker, with some coincidental assistance from the Executive Council Office. We are not really appropriating any lavish amount, but we are hoping that western hospitality will be a good substitute for lavish entertainment and expenditure. We are also counting on honourable members from both sides of the House responding to the occasion, I believe it is in September, when it would be appreciated if honourable members could attend at some of the functions in order to welcome their fellow legislators

(MR. SCHREYER Cont'd) . . . from other provinces of our country. It is hoped that, and I can only paint it in with broad brush, it is hoped that our visitors will be given an opportunity to view some parts of northern Manitoba, perhaps some of the more major Hydro developments, Kettle Rapids - well there are really many very interesting places in our province, and if it were in July they could even be treated to the spectacle of the Swan River Rodeo. Unfortunately the timing is out. But . . .

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, on this very point, I don't know who the delegations are that are being appointed this year from the various groups but I do hope that when these people are coming here that they are really given a good welcome because I've been only on these excursions once during the time that I've been in the House, a member of the House, and it just so happened that we were in Ottawa that very year and certainly we had a very good time and we were really given the best of hospitality, and I'm sure that this adds a lot, because I know when you go out somewhere and you are treated well, that certainly is worthwhile and I think we should make every effort when these people come out here that we really give them good hospitality. I know from the last time that the conference was held in Manitoba, that they went up north and they never went to southern Manitoba. I don't know what the course will be this year, but it seems to me that southern Manitoba shouldn't be left completely out of the picture. The item, the amount that is being allocated certainly doesn't appear to be too much in my opinion but I hope that we can put out a worthwhile program.

MR. SCHREYER: Mr. Chairman, I thank the honourable member for his comments and really join with him in expressing the sentiment that the amount of money being appropriated here is not very much, but as I have already said, I am hoping that western hospitality will be a good substitute for any increase in monies and I certainly do take to heart the admonition that we should not be ignoring southern Manitoba. I believe that we will make an effort to include on the itinerary of the MPs and MLAs, visits to certain places in central and southern Manitoba, perhaps the experimental farm at Morden, perhaps a farm somewhere in central Manitoba that is in many ways typical, if I may use that word, of farming operations in our province, and again I regret the fact that the Sunflower Festival in Altona will not be taking place during the month of September or we would certainly attempt to have that in the itinerary.

We would I think also include to answer the Honourable Member for La Verendrye, perhaps a session or half-day business meeting on board the MS Lord Selkirk. It is, despite the history of this vessel, I can tell my honourable friends that when we hosted the Canadian Premiers Conference on board the MS Lord Selkirk it was much appreciated and impressed our neighbours from Saskatchewan and Alberta which envy Manitoba in that they do not have a lake of this size, nor even a navy, not since the battle of Batoche has there been any effort to have a navy on the prairies.

MR. CHAIRMAN: 1 (g) -- The Honourable Member for La Verendrye.

MR. BARKMAN: I see, Mr. Chairman, that it's in very good hands and I should not have even thought of such places as taking them to Saunders Aircraft, or McKenzie Seed, or to CFI, or to Columbia Forest, or some of the other places. I realize now it's in good hands and I have no more fears as far as it is concerned.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, . . . it should be lost sight of, and that is one of the basics of this visit is that members will meet together and exchange ideas and thoughts insofar as our parliamentary system is concerned, and many ideas and innovations are brought out by this and that is one of the basic reasons and the other, the entertainment, I would suggest comes second.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Just before we pass the item, I think one thing we miss out on is that we don't get reports from the Manitoba delegation that goes from time to time to other provinces. I think reports should be brought home from these conferences. I, too, would be interested as to what subject matter will be discussed. I realize when we were in Ottawa that year that we met in the Senate Chambers where we had discussions and if I could tell the Minister of Finance, that's where we discussed the matter of the grants and loans that were made to other countries interest-free, so that what I told him earlier in the day this is where we had a discussion on the development of other countries and the contribution that Canada made to this so that I hope when the program is drawn up that we have some worthwhile material on the program.

MR. CHAIRMAN: Resolution 1 (g)--passed, Resolution(1) in the amount of \$334,400.00 passed, Resolution 2 (a)-- The Honourable Member for Birtle-Russell,

MR. GRAHAM: Mr. Chairman, under the item of the Provincial Auditors office I think it was at the first session, the 29th legislature, that the office of the Provincial Auditor was changed somewhat in format and we looked forward with great expectation to a service that probably, we all hoped, would arise from that change something that maybe some of us in our wildest imagination would liken to the role of the Auditor General in the Federal field, but we find that really that is not what is happening and the Provincial Auditor is still fairly restricted in his field and some of us may just like to see that opened up a little bit and the role of the Provincial Auditor become more important in our annual review of the year's spending of the Legislature.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I have been waiting for the debate on a private member's resolution on this matter but now that it's been raised, I don't see any reason why we shouldn't clarify it right now. It was the Liberal party that earlier in this session attacked the position and reporting of the Provincial Auditor to the extent of, I think, attempting to discredit him, although they later denied it. It was the Member for Riel who rose to some extent to defend the role and the actions and the personality of the Provincial Auditor. Now the member for Birtle-Russell is somehow suggesting that there is inadequate reporting, and inadequate - service is the word he used of the Provincial Auditor. Mr. Chairman, I spent more years in opposition, than I did on this side of the House and I never felt that there was inadequate service or reporting by the Provincial Auditor. True, there wasn't the grand sweeping statements that one gets out of the Auditor General of Canada which no doubt makes some people happy to read of the occasional errors and bad judgments, but nevertheless I have asked that a review be held of the respective roles of the Provincial Auditor and of the federal, and I'm informed that actually the Provincial Auditor does one job which goes beyond that of the Federal Auditor because the Provincial Auditor does a pre-audit of expenditures. The Auditor General of Canada does not perform a pre-audit he does only a post audit. Now the Provincial Auditor therefore has much more flexibility and, indeed, power, because he can actually hold up a payment which the Auditor General cannot. The Provincial Auditor in his pre-audit can just stop payments from being made unless they are in accordance with the legislation under which the payment is authorized.

The fundamental difference seems to be in the method of reporting to the Legislature. The Auditor General of Canada reports annually to the House of Commons the results of his examinations and is required to call attention to every case in which he has observed that any officer or employee has wilfully or negligently omitted to collect or receive any money belonging to Canada. I'm reading actually from the Federal Act. "Any public money that was not duly accounted for and paid into the Consolidated Revenue Fund, any appropriation was exceeded or applied for a purpose or in a manner not authorized by parliament, or an expenditure was not authorized or was not properly vouched or certified, or that there has been any deficiency or loss through the fraud, the default or mistake of any person, or a special warrant authorized the payment of any money, and to any other case that the Auditor General considers should be brought to the notice of the House of Commons."

The Manitoba requirement under the Act is that the auditor make an annual report as to his examination of accounts of receipts in payment of public monies, as to examination of the balance sheets and related schedules shown under public accounts in which he shall state whether they were compared with the books of account and financial records; and whether he has obtained all the information and explanations he has required; and whether in his opinion they are properly drawn up so as to present fairly the financial position of the government; and as to all special warrants; and as to all cheques for the issue of which he has refused to certify; studying the dates and amounts of any expenditure incurred in consequence thereof; as to any important change in the extent or character of any examination made by him; and as to such matters as he desires to bring to the attention of the Assembly.

So the main differences is that the Auditor General of Canada is required to report on deficiency or loss through the mistake of a person. By constant examination of the systems of internal control and discussions with responsible officials, or reports to the Minister where he deems it necessary, steps are taken by the Provincial Auditor to see that such mistakes are not perpetuated.

(MR. CHERNIACK Cont'd)

Now I accept the fact that there does not seem to be any particular point in reporting all minor mistakes which cause deficiencies. It should be remembered that both the Federal and Provincial legislation provide for the reporting by the auditors of any matter to which they wish to draw attention. And the basis of that is that the Provincial Auditor has the responsibility of reviewing the accounts and making such reports to the Legislature as he deems desirable so to do, and I think indeed he has done so, and on that basis I don't think there is any justification in the suggestion that he does not give the same, or as good as, type of service as is being offered by the federal authority.

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

MR. GRAHAM: Mr. Chairman, I think the Minister of Finance is trying to read into my remarks something that was not there and never intended. At no time did I ever say anything about criticism of the actions of the Provincial Auditor at all, and I resent any attempt by the Minister of Finance to read such into my remarks.

MR. CHERNIACK: Mr. Chairman, . . . in a form of an apology if necessary, I would have to check what I said but I do not believe that I challenged the Honourable Member for Birtle-Russell other than in the sense of the question of adequacy of service. I did not want to imply in any way that he challenged the integrity of the position.

MR. CHAIRMAN: The Honourable Member of Assiniboia.

MR. PATRICK: Mr. Chairman, I do not accept the explanation of the Minister's stating that there is a similarity between the Auditor General from Ottawa and the public Provincial Auditor here in the Province of Manitoba. The way I understand it, Mr. Chairman, is that the Auditor General in Ottawa is required to tell the people if the money was spent wisely, if there was exorbitant expenses made in areas that weren't supposed to be made while a Provincial Auditor in the Province of Manitoba audits the requisition that's been appropriated by this House, and how's the money spent. So surely there is quite a difference in the two legislations. But when the Finance Minister gets up and states that the Liberal Party accused a Provincial Auditor, he knows that he's wrong; he knows that it's not true; he knows -- (Interjection) -- Yes, and I'll speak for the leader. If you're going to draw attention to anyone else, I say that the Finance Minister might as well draw the attention to the Member for Crescentwood as well. The member for Crescentwood in this House got up and attacked the Rentalsman and what difference is there between the Rentalsman and the Provincial Auditor? The same area. And I've never heard you make any mention attacking the Rentalsman and in essence the Member for Crescentwood said that the rentalsman wasn't doing his job -- (Interjection) --

MR. CHAIRMAN: Order, please. The Honourable Member for Assiniboia. The Honourable Member has the floor and I would remind other members that if they wish the floor the Chair will recognize them in due turn.

MR. PATRICK: The Member for Inkster will have an opportunity to get up and I wish he would get up and speak instead of speaking from his seat as he usually does. But, Mr. Speaker, the Finance Minister is completely wrong. He knows that the Provincial Auditor drew attention - it's in his report - he drew to the attention of all the members in this House that he is bringing -- there were many irregularities that was brought to the Ministers to be rectified. It's right in the report and if the Minister wants to have me read it to him, I'll read it to him - and I see the Member for Rhineland is looking for it - and that's what he said.

He also has stated that there should be some appropriations set aside for such losses that will occur in respect to CFI or Columbia Forest Products, and he said that the government to the present time is not doing it, and he recommended that it should be done. So surely the Finance Minister doesn't make no issue or doesn't bring this to the attention of the House, but these are the facts and it's in the report, and the government has not set any appropriation for the losses that will occur in perhaps the boat that's in Selkirk, or the CFI, or Columbia Forest Products, or some of the other corporations that the government has taken an equity in. So surely the Provincial Auditor's correct, and he's right that the government should change its position and set aside some money. Well that's not what the Finance Minister said. You may agree now. So I just want to put it on the record, and make the record straight, that this is what was in the Provincial Auditor's report and if the -- (Interjection) -- The Finance Minister surely must appreciate that this is what was stated in the report and we made reference to the points that were made by the Provincial Auditor.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Isn't it fantastic that the Honourable Member for Assiniboia has just proven the point I was trying to make that the Provincial Auditor is free to and indeed did make certain points in his Annual Report to the Legislature, and the Legislature is therefore knowledgeable about it, and the Legislature therefore has a right to discuss it. And let me point out the point that was made just - I'll put it on record. The Rentalsman works as a civil servant under a Minister and is responsible to him. The Provincial Auditor is responsible to this Legislature and there is a great deal of difference in accountability.

Now let me make one other point, and that is we've had four meetings of Public Accounts at which time there was the Provincial Auditor present, and there was every opportunity there for members of the Committee of Public Accounts under the Chairmanship of the Honourable Member from Fort Rouge, every opportunity to ask the Provincial Auditor what it was they had on their minds, any doubts they had. They had every opportunity, and I don't believe that other than the first meeting, a member of the Liberal Party was present at these meetings. Member or not, the Member for Rhineland is not a member - I think he was at every meeting. The Member from Swan River was maybe not at every meeting but he was certainly at two, I think three; not a member of the committee. Every opportunity was given; the report was made this morning; the report was completed as being satisfactory. So let me repeat, I did not suggest that the Provincial Auditor was not doing his job. I said the Liberals said he wasn't, and the Member from Assiniboia has just confirmed that he was doing his job, so if he would get together with his leader and the House Leader - both the House Leader -- (Interjection) -- of their group made a statement in the Throne Speech that was similar to that of the Leader of the Liberal Party, and the Leader of the Liberal Party more so than others questioned the integrity and the accountability of the Provincial Auditor, and then he was answered by the Member for Riel as much as by me, he said well they could always give him a six-year-old car and that runs him down somewhat so that they don't give him his full salary. By giving him an old car that's what he said, according to the newspaper report. -- (Interjection) --

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I don't remember a car getting into the argument when we were discussing this matter before. -- (Interjection) -- I see, it was outside the House. The one comment that I would make here, and I did speak on the private resolution that was here and recommended that if a resolution came before the House that would change the terms of reference on the Auditor, I would be quite prepared to support it.

I do think that the Auditor's office could be placed more at arm's length from the department than it is, and I think it's been shifting more in that direction all the time and with the change that's going to occur this year it may well go even further into the department. And I don't say this because I feel necessarily that this government requires the auditor to be different but I do know that there are cases also where any government in power can have an advantage of having an auditor in office. And I recall one particular case where there was a member of the civil service who was in the rental business and was renting - seeing that his own equipment was rented on the taxpayer's money, which goes back some time ago before this government came in, and had we had an auditor who was in a position such as Henderson is in in Ottawa, we probably would have been able to rectify the problem in a matter of weeks where I think it took a matter of about two years to get the thing solved because it never did - we never did have the auditor involved in it, and the problem was finally solved but it was not solved by the auditor. But I think that sort of problem occurs periodically and probably could be solved much more easily if the Auditor were sitting more at arm's length where these cases could be referred to him and also where he felt at liberty to use his own discretion when he felt they should be brought in to the public arena.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I listened with interest to the views of the Honourable Member for Riel and while generally I find myself in concurrence with his attitude towards the role and function in relationship of the Auditor's office to that of the Legislature and the Crown generally, I am a little bit baffled by the example which he cites in the last couple of minutes. I should think that if in the case which the Honourable member cites it's not as though there was some restraint, or constraint, on the office of the Provincial Auditor from probing into the kind of problem that the honourable member refers to. I don't believe that there is any need to revise or amend statute or terms of reference. I think it's probably one of those cases where

(MR. SCHREYER Cont'd) . . . in the ordinary course of human affairs there is some inadvertent slip on someone's part.

Now the honourable member I take it was referring to an incident which occurred, I don't know, a few years ago and my only point, Mr. Chairman, is that the example, although no doubt true, does not bespeak anything with respect to the statutory authority of the office of the Provincial Auditor. In any case I don't wish to make too much of it.

I come now to the Honourable the Member for Assiniboia and say very simply that if he thinks that there is some substantive difference between the organization, the function and the authority of the Provincial Auditor and the office of the Auditor General in Ottawa he is mistaken, because there is no substantive difference whatsoever. In fact over the course of the past several years, many years, perhaps a decade now, the office of Provincial Auditor in Manitoba has evolved slowly into one where it is now functioning for all practical and substantive purposes just like that of the Auditor General in Ottawa. And the honourable member should be aware that the Auditor General does not in the initial instance make a public report on every instance of alleged sloppiness, or mismanagement on the part of any federal department, but only after he has called to the attention of a department, or departments, that there are certain practices that require remedial and corrective action and if none is taken, then he moves to include reference in a public annual report. Or if the matter is major, of major significance, it may go into annual report, public annual report, in the first instance right off the bat.

The practice of having a member of the Official Opposition in Ottawa chair Public Accounts is one that has been adopted here so that in terms of post audit, in terms of the auditing of the disbursements and expenditures of the Crown, there is no practical difference any more, Mr. Chairman, as between the Provincial Auditor in Manitoba and the Auditor General in Ottawa, and it is heart warming to see that some honourable members opposite have come to the defence of a public servant who is answerable - and there aren't many public servants in this position - but in the wisdom over the years parliaments and the legislatures have established certain public service positions as answerable to the legislature collectively rather than to government as such, and certainly there can be no question about it the Provincial Auditor is one such person and so is the Ombudsman.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, after listening to the First Minister, now I've become more confused than ever as between the statements made by the Minister of Finance and the First Minister. The Minister of Finance took great pains to point out that the function of the Provincial Auditor was to effect a pre-audit of government expenditures, and the First Minister now says that the function of the Provincial Auditor is very similar to that of the Auditor General in Ottawa who does a post audit. Now I wonder if between the two of them they could clarify this for the House so that we know precisely what the role of the Provincial Auditor is. Is it a pre-audit or is it a post audit?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: . . . just to get it clear. The post audit is done by both. The pre-audit is also done by the Provincial Auditor. The Auditor General, I believe, the latest note I have is that up until 1950 he was required - the federal was required by legislation to conduct a pre-audit and this requirement was removed from federal legislation in 1950 and is no longer a function carried out - rather a requirement of his office. He may carry out a pre-audit and apparently the pre-audit function is carried out by each department in the Federal Civil Service. So that the Provincial Auditor who also is not required to carry out a pre-audit does indeed do so and a post audit as well. Post audit of course is a certification aspect.

MR. CHAIRMAN: Resolution 2. The Honourable Member for Rhineland.

MR. FROESE: If I recollect correctly when the resolution was discussed to some extent, and I think the Member for Portage took part and he naturally referred to the paragraph found on Page 8 of the Report of the Provincial Auditor which reads this way, and I think it should be read into the record, and then I would like to take issue on the point. " In accordance with the requirements of subsection 3 of Section 12 of the Provincial Auditor's Act, audit reports have been made to the Minister of the department concerned, or the Minister charged with the administration of the Board, Commission, or government agency concerned, and also to the Minister of Finance. Any matters discovered during the course of audit which warranted the attention of the Ministers were reported to them with other matters being directed to the

(MR. FROESE Cont'd) . . . appropriate officials."

The issue was really that these matters were being brought to the attention of the Ministers but that doesn't mean that members of the House are aware of the matters brought to the attention, and whether they have been corrected probably won't come out until next year's annual report. I think this is the way the Federal Auditor works doesn't he - that if a thing is not corrected by the following year he reports? Is that going to be the case as far as our Provincial Auditor, that we will hear from him next year on any matters that were brought to the attention of the Ministers that might not have been corrected and therefore we might hear from him on these points in next year's report?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, that's absolutely correct. The Provincial Auditor draws matters to the attention of the department, if they are not corrected, it is well known if they are not corrected, it will appear in his report and that is the way in which he makes his report. If they are corrected and he's therefore satisfied then it's dropped.

MR. CHAIRMAN: (Resolution 2 was read and passed). Resolution 3 (a)--passed;
(b) . . . The Honourable Member for Sturgeon Creek.

MR. FRANK JOHNSTON: Oh, I'm sorry. Excuse me, Mr. Chairman.

MR. CHAIRMAN: (Resolution 3 was read and passed). That completes the Legislation.

MR. PAULLEY: Mr. Chairman, I understand that His Honour the Administrator for the Province of Manitoba is outside awaiting to come in to give Royal Assent to a certain Bill. I would suggest, Sir, that the Committee rise because we are now at Private Members' Hour, and Mr. Speaker take the Chair. So I move that the committee rise.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker.

MR. CHAIRMAN: Mr. Speaker, the Committee of Supply has adopted certain resolutions, instructs me to report same and asks leave to sit again.

IN SESSION

MR. SPEAKER: Order, please. Order, please. The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Osborne that the report of the Committee be received.

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

ROYAL ASSENT

The Honourable Samuel Freedman, Administrator of the Government of the Province of Manitoba, entered the House and was seated on the Throne.

MR. SPEAKER: Your Honour, we, Her Majesty's dutiful and faithful subjects, the Legislative Assembly of Manitoba in session assembled, approach Your Honour with sentiments of unfeigned devotion and loyalty to Her Majesty's person and Government and beg for your Honour the acceptance of this Bill:

No. 16 - an Act to authorize the expenditure of moneys for capital purposes and authorize the borrowing of the same.

MR. CLERK: The Honourable, the Administrator of the Government of the Province of Manitoba doth thank Her Majesty's dutiful and loyal subjects, accepts their benevolence and assents to this Bill in Her Majesty's name.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: Order, please. The first item is Private Member's Resolutions. The first resolution is No. 22. The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, I beg to move, seconded by the Honourable Member for Riel:

WHEREAS it is evident that the commercial processing of agricultural products could provide employment and reinforce economic stability in many areas of this province;

AND WHEREAS much of this province's agricultural production is exported in unprocessed form;

THEREFORE BE IT RESOLVED that the government consider the advisability of encouraging the establishment of viable agricultural processing enterprises in Manitoba.

MR. SPEAKER presented the motion. Is the House prepared to adopt the motion? The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, some members may recall that at the beginning of this present session, this resolution appeared on the Order Paper and then subsequently was withdrawn. I assure you sir, that it was not through any lessening of our enthusiasm for the intent and purpose of this resolution but rather that we had noted a technical flaw in the language of the resolution and preferred to resubmit it. This took some period of time and I am indebted to the members of the House for, by leave, allowing this resolution to remain on the top of the Order Paper on Friday. I hope they didn't reach that conclusion because they felt that it was a rather innocuous document and that there would be no great difficulty in perhaps supporting it as another form of a motherhood vote. But if this is the case, Sir, I would suggest that we are not entirely satisfied that the performance of the government up to this point in time is entirely in keeping with the intent and the spirit of this resolution. I'm anticipating that perhaps one of the members of government will introduce an amendment which would change the wording to perhaps "that the government continue to consider the advisability".

And while we're in the same spirit of self-criticism and analysis here I might look at the preamble of the resolution, which suggests that "it is evident that the commercial processing of agricultural products can provide additional employment in Manitoba". We think it is evident, but we are not so sure from the performance of the Government of Manitoba that it is evident to all members on that side. And again we must examine the annual report of the Department of Industry and Commerce, the agency of government by which promotion of industry is encouraged, to determine whether or not there really is in the guidelines that they have adopted this year, some word of encouragement for agriculture in Manitoba.

The premise of the whole resolution is that agriculture has been a cornerstone of the Manitoba economy and is the cornerstone. It is our basic industry. And upon the fortunes of agriculture largely depend the fortunes of this province and from time to time it seems that government loses sight of this basic premise and tends to wander into the encouragement of industries which don't take advantage of the distinctive Manitoba opportunities, the opportunities provided in agriculture by soil and sun and the fresh air and the temperate climate and season that provides a fast growing period, provides with the new technology ever-increasing yields per acre. It's our view that we should be in an ever expanding agriculture economy. To this end we should spend less of our time in interfering in the market place with the prices

(MR. MCGILL cont'd) obtained for agricultural commodities, and more time in encouraging production and in encouraging the processing of those agricultural products so that they can reach a market in a form that can be competitive.

Mr. Speaker, I say the guidelines of the Department of Industry and Commerce don't offer much encouragement for our point of view. They have established the refined guidelines for Manitoba's industry based on the established principles of social democracy, and the refined guidelines don't seem to mention any particular desire to use Manitoba's primary and distinctive advantages. They suggest we should consider an industry that we promote, that there is inadequacy of wages, that the jobs don't fulfill creative needs, that the work should be interesting and satisfying, that there should be little pollution produced by the industry and that it should not damage our Manitoba environment. They suggest that it should take place in a way that doesn't require large infrastructure costs, that the taxpayer will not be expected to provide additional advantages in the way of these services to industry. And finally that it should lend itself to regional expansion of industry, and I think this of course is an important one, but nowhere in these selective guidelines does it say anything about the viability of the industry.

I have to be concerned about that, Mr. Speaker, because the recent publicity that has been achieved by some of the industries that have obtained encouragement from the Department of Industry and Commerce through the development corporation have indicated that their success has been less than satisfying to the Corporation and that in some instances these businesses have not been able to continue. So it seems to me, Mr. Speaker, that in any guidelines, be they refined or, be they the social democratic guidelines, one of the primary considerations should be an industry that is capable and has a reasonable chance of being profitable, of competing in the marketplace.

Mr. Speaker, the industries that have been receiving some attention in the province that relate to the processing of agricultural products I suppose have to be headed up by the one that we know of as having successfully operated in the Altona region and that is the industry which provides a facility for the crushing of oil seed.

I'm attracted by the latest financial statement of the Co-op Vegetable Oils Limited at Altona which has an audited financial statement for July 31st 71 in which they show total sales of production in the neighbourhood of \$12 million 7 and their profit seems to be in keeping and in line with the size of their operation. Mr. Speaker, this industry I am told operates at 100 percent capacity and is doing an excellent job in acting as a foundation for satellite industries which involve such things as protein supplements for agricultural fodder feeds, and may in the future provide the kind of raw material that is necessary for the production of protein modules that are used in synthetic meats and milk and things of that nature. But here is an oil crusher industry, an oil seed crusher industry that can be developed as the basis for a number of related industries, all in the field that require primary agricultural produce.

We are told by people in the business that there is an opportunity in Manitoba for one or two more oil seed crusher plants and I'm aware that the Department of Industry and Commerce has done some research in this matter. There seems to be two or three basic problems related to this industry, one of which, a major one, is the problem of freight rates to market and at the moment, the freight rates favour the shipment of raw oil seed rather than the refined oil from the crusher. This tends to cause industry to locate its crushing facility at the marketplace for the oil whereas were freight rates adjusted to consider the value of the product in relation to pulp, it might be more logical to assume that the freight rate on the finished product would be somewhat to the advantage of the producer and the manufacturer to maintain his processing industry at the point of growth of the oil seed.

There has been some talk on this side of the House about the location of the second crusher plant in Manitoba. I don't think that's really important. We know that in western Manitoba, south of the CNR tracks there is developing rapidly a major producing area for sunflower seed and this is one of the high quality oils that are produced in Manitoba and are developing rapidly in terms of volume in the western part of the province.

North of the CNR we have a greater concentration on rapeseed so that during this development, and assuming that some adjustment of the freight rate problems can be achieved, there is a good possibility that we may have one or two more oil seed crusher plants in Manitoba. And I think this is important because of the bases it provides for additional processing industries.

(MR. MCGILL cont'd)

Another industry that I have not heard mentioned recently, and I see no reports in the Department of Industry and Commerce annual statement, is that of the distilling industry, and it may have been assumed by some members of government that because one of the distilleries that began its operations in the western part of the province has had some marketing problems, and they appear to be related particularly to the corporation involved, it may be that the deduction is that there isn't an opportunity in Manitoba for additional distilling capacity. I'd suggest that the recent expansion in Alberta where another major distilling corporation has announced within the last month or two the commencement of a \$9 million distillery operation at Lethbridge, this and other evidence would indicate that while some particular corporations have their own special marketing problems that there is not any reason to believe that the future of Manitoba in this field is entirely exploited.

So here, Mr. Speaker, are two areas in which the processing of agricultural products could react to the general advantage of the province and to increasing the number of job opportunities which do exist.

There are additional areas in which food processing can be developed. We are aware of and we have seen recently in the press statements on the possibilities that relate to the dehydration of vegetables that are grown in Manitoba. And we are told by the research people at the University of Manitoba, Food Sciences Department, that the quality and flavour of Manitoba vegetables, onions, carrots, and that type, exceeds the quality and flavour of the competitive products produced in California, and this relates to the climate of Manitoba, its sunshine and its fresh air and its temperate latitude. But the problem here, Mr. Speaker, is that we do need not only research but technical engineering to develop pilot plants in which cost benefit studies can be achieved. I think this government has done something in this line to continue the research and development programs that have been established over the years but it seems to me that the research has now reached the point where the technical and development engineering is more desirable and most urgently required if these potential industries are to reach the production stage, and if we have an opportunity in the field of dehydrated vegetables then we do need pilot plants to prove to industry that this can be developed in the immediate future.

These are the areas in which Manitoba has an excellent opportunity and they're areas, Mr. Speaker, where I suggest that we don't see any real enthusiasm on the part of the government. Recently we were given a list of the companies in which the Manitoba Development Corporation had for the Province of Manitoba achieved a percentage of ownership. Now this surely must be the ultimate test of interest in industry when a department of government is willing to buy in and become a part owner, but of this list of nine companies, Mr. Speaker, I find only two that have a clear relationship with agriculture, and those that seem to be accorded the most help in terms of loans and share buying of equity position by the government, seem to be those exotic industries that depend upon, more upon people skills than they do upon any distinctive natural skills in Manitoba. And I suggest that the skills that people carry with them are portable and are rather fleeting skills, and fleeting advantages on which to base industry. The two agriculturally based industries we note here are Macy Foods and Morden Fine Foods, one a cannery and one a processor of water fowl.

Mr. Speaker, I return to the original premise. I'm looking here for evidence that the Government of Manitoba is now able to see the opportunities which exist for industries based upon the produce of Manitoba's agriculture. I don't see that evidence, I see evidence of another kind creeping in. I see evidence that they are interested more in what can be done to provide pleasant working conditions, to provide other of the more refined guidelines of the social democratic philosophy. I don't know whether refined guidelines can take the place of profits, I suspect that they cannot. I don't think there's anything wrong with making a product -- I'm sorry -- with making a profit, because industries which do not become an additional burden on the province.

Mr. Speaker, in conclusion may I again encourage the government to give greater consideration to the practical advantages which this province offers to the industries based on its basic agricultural industry. Agriculture has been for a hundred years the primary and cornerstone of our whole economy. I suggest it will continue to be, but it will require a constant attention from the government of this Province.

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

MR. WILLIAM URUSKI (St. George): During your remarks the Honourable Member for Brandon West indicated there's a greater need for technology that is needed in the agricultural sector. Could he indicate to this House as to which industry has adapted the most favourably, or has adapted the most with the amount of technology in comparison to other industries in this country, which industry has adapted the greatest?

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, I'm not sure that I really understand the question of the Honourable Member for St. George but when I spoke of pilot plants I was thinking particularly of the development that must continue from the research that has been done and proven in the Food Science laboratories at the University of Manitoba. When they are able to determine that they can produce a dehydrated onion condiment, for instance, that has a good market around the world, they then have to determine whether or not in production quantities they can make this a profitable operation. I think we're at that stage now in many of the research enterprises in food sciences in Manitoba.

MR. SPEAKER: The Honourable Member for Gimli.

MR. JOHN C. GOTTFRIED (Gimli): Mr. Speaker, the wording of Resolution 22 makes one wonder what the Honourable Member from Brandon West is advocating. Increased encouragement of private enterprise, more socialism, the creation of more Crown corporations, welfare for businessmen, or is it merely an expression of concern over the thrust and direction of this government?

Certainly it cannot be the first since it is on record that this government is continually working towards the encouragement of the retention and establishment of industry in this province. The small loans division of the Manitoba Development Corporation make loans available for private enterprise of the type mentioned in this resolution with suitable safeguards of course of up to \$75,000, and beyond in many instances. The interest rates are reasonable and this opportunity is available to anyone wishing to engage in a viable enterprise.

In the case of Morden Fine Foods I am given to understand that no one could be found with risk capital who was willing to engage in this excellent enterprise, so the government even went so far as to become involved and today we have a Manitoba industry that is proving very successful. This to me is an ideal example of government involvement in a viable agricultural processing enterprise, and the Honourable Member from Brandon West will agree, I am sure, that this has been a tremendous success, and in no way can it be called a takeover but was entered only into as a last resort when free enterprise failed to fill the gap.

As I see it, Mr. Speaker, the key words in this resolution are "encourage and viable" in the phrase "therefore be it resolved that this government encourage the establishment of viable agricultural processing enterprises in Manitoba." What form should our encouragement take? In the mind of the Honourable Member from Brandon West, should it be in an advisory capacity, as we have that today; or should it be financial, and we have that also today either in the form of a fully guaranteed loan or if in the form of risk capital then a corresponding share in the profits. Surely the honourable member isn't thinking of something extra or above and beyond, like for instance, forgivable loans, or some other incentives. The financial help already available should be sufficient.

I hardly think that is what he is thinking of for all one has to do is look what is now happening with CFI and more recently with Columbia Forest Products, both now in receivership. The government in the case of the latter has been trying hard to maintain that it does not own the plant and shares in the corporation have been sent back and forth by registered mail between Great Northern Capital Industries Limited and the Manitoba Development Corporation. Certainly in this instance the Manitoba Development Corporation isn't trying to restrict or hinder the conduct of free enterprise but rather to look after the best financial interests of the people of Manitoba.

As to the viability of an enterprise, I can only hope that the only kind of free enterprise the Manitoba Development Corporation will ever become involved in is a viable one. Surely viable enterprises aren't the exclusive preserve of private enterprise, yet we frequently hear from the benches across the Chamber that government involvement in private enterprise is most undesirable particularly in a viable enterprise earning good profits and paying good dividends.

Last Thursday, I was glad to hear the Honourable Member from Lakeside when he rose just before the hour of 5:30 and stated that he questioned the continued funding of a

(MR. GOTTFRIED cont'd) . . . private sector by the Manitoba Development Corporation. "Do not do as we did," he said -- and you can be sure that we on this side of the Chamber will not. In addition he further questioned the usefulness of the Manitoba Development Corporation in providing new jobs and employment. In view of the foregoing I suggest that the honourable members on the other side of the Chamber should get together and review their present position with respect to the Manitoba Development Corporation. Surely in view of what has taken place it is not wrong to adopt the position that if there is a request for assistance in the establishment of a viable enterprise that the corporation should take an equity position and share in the profits for the benefit of all Manitoba citizens. Yet the Honourable Member from Brandon West stated in his remarks on Public Bill 19 that the acquisition of an equity position changes the entire thrust of the Manitoba Development Corporation and that any movement in this direction presents a very real danger. Now I fail to see that danger, however, those are his remarks.

Furthermore I hope that this resolution was aimed at being of assistance in helping the farmers who will be the primary producers, of helping them out of their present financial difficulties; that its purpose is not to make possible the creation of large profits for a few at the expense of the farmers.

For this reason I would like to direct your attention to what has for some time now been considered the three chief reasons given for the present plight of our farmers and with which I tend to agree, and to show how one of them relates specifically to the resolution under discussion. The first reason for the farmers' plight is that he cannot control his production so as to produce scarcity and raise prices without depriving himself of all means to buy what he needs for subsistence, food, clothing, fuel, implements. He has no large capital reserve and must compete in the world markets with all the farmers of the earth, some heavily subsidized and operating under a shelter of protective tariffs.

The second reason for his plight is that the industrialists, or in this instance, the food processing plants would control both prices and production. When the prices began to fall they shut down production and keep the prices up. Perhaps this is the area in which the Honourable Member from Brandon West feels that there is need for more government involvement in stricter regulations and control of industry, so that their chief aim will not be the maximization of profit but will exhibit more concern for the common good, for the farmer on the other hand when prices fall he must produce more or go without the goods he cannot buy.

And the third reason which is more related to this resolution is that the farmer is at the mercy of the middleman for he gets only a fraction, often about one-fifth or less of what the consumer pays. It can be seen that all three point squarely at the failings of the private enterprise to cope adequately with the plight of agriculture and highlight the necessity of government intervention and regulation in the role of industry, especially, if I may say so, if the industry such as one involved in the processing of agricultural products is involved. That is why there is difficulty on this side of the Chamber reconciling the contradiction apparent in this resolution, that the defense of the principle of free enterprise in a secondary industry, and the expression of common concern for the plight of the farmer in a primary industry, are somehow compatible. Should not the farmers at the present time be receiving a greater share of the consumer dollar? Does placing the greater portion of the consumer dollar in the hands of secondary food processing industries really benefit the farmer? Are we to believe that this benefit will somehow be passed on in other ways to the primary producers, the farmers?

Is this the area where the Honourable Member from Brandon West would have this government show more interest and encouragement? If so, whose interests should the government encourage or promote? The farmers, who only gets about one-fifth of the consumer dollar, or the buyers, speculators, food processors and retail outlets who get the remainder? Even if the products require only a minimum of processing, as in the case of fruit, vegetables and eggs, it is not possible for the majority of farmers to peddle their products to the consumers. This is the area the resolution zeroes in on a possible source of lucrative profits. Should it be left for private enterprise to move into and spurned on by the profit motive, further reduce the return to the farmers. I don't think that that is what the member from Brandon West had in mind when he introduced this resolution, so I must assume that the resolution is calling on the government to further assist private enterprise to contribute even more to the farmers' plight as the middleman, to engage rather in more public enterprise, and not to encourage the formation of farmers co-operatives and marketing boards, and further not to

(MR. GOTTFRIED cont'd) engage in a degree of mixed enterprise that would tend to return all, or a large share, of the present profits to the middleman, to the public coffers to be used to the advantage of all the citizens of this province and to the farmers in particular.

As I see it, present provincial involvement through the Manitoba Development Corporation combined with Federal incentive grants, now available in many areas, are in my opinion adequate encouragements for the present time and in view of what has been occurring with some of the larger loans made by the former Manitoba Development Fund, I feel that the present direction and thrust of government policy with respect to assistance to private enterprise is warranted and quite satisfactory.

MR. SPEAKER: The Honourable Member for Churchill.

MR. BEARD: Well, Mr. Speaker, I was getting quite enthused while I was listening to the Member from Gimli as to what resolution he was really speaking about. As I read it, it says, WHEREAS it is evident that the commercial processing of agricultural products could provide employment and reinforce economic stability in many areas of this province; and WHEREAS much of this province's agricultural production is exported in unprocessed form, THEREFORE be it resolved that the government consider the advisability of encouraging the establishment of viable agricultural processing enterprises in Manitoba.

I gather that this is the resolution that we are talking about. Now if it is, then I think it must be an awful nervous government to be using this type of attack on this resolution, an awful nervous government to be attacking Opposition and industry, and the agriculture. And I would say to the Member for Gimli that please, please, the farmers are bad enough off now with the help that they are getting from government, please don't offer them any more government help.

So I don't really think that we should be suggesting that we should give them the gift of socialism, or give them the benefits of this type of thinking. I really don't believe in that because if there is an independent, so far as I'm concerned, it's those farmers that are sticking it out on the north forty and saying "we're gonna make it" and they have proved it, they have proved it for a hundred years, and they are going to be proving it for a lot longer than many of the other business people on the prairies as they are established now. They'll be here long after many of the people that the member was talking about or referring to. So I say, just be careful when you say that - when you give that type of a speech to a farm industry.

But then maybe lesson No. 2. When we are looking at the resolution what are we thinking? We are wondering what we can do to expand the agricultural industry, and the member touched in one area, he said that the middleman is getting too much, and this has been going on for years. We have agreed to this. But he hasn't given the farmer's reason. The politician agrees, but the member in his speech never got around to telling us what he was going to do about getting rid of that strawman. Who is he? What does he do? Where does he come from? And how does he get his hands on the money? What is he? Now I'll leave those questions for perhaps somebody else to solve.

But when you look at industry, and when you are thinking about the farms, I think you must think of industry as something that depends upon production and I suppose that the Member for Brandon when he submitted this was saying to government, let us try and establish an economic means of using more and more agricultural products. And what is wrong with that? Not really too much. But then I would add a little further and say that of course the production would have to depend upon the world's consumption. But that alone would not be the real end answer, because there is no use growing it or giving it away, unless it's wanted, and that is the mistake that we have made for many years. Many of the cases on giveaway programs, we have given it to people who sat beside a mountain of wheat, or whatever it may be, and slowly starved to death because that was not a product that fitted into their way of life, and I suppose it would happen with us if we were sitting beside another mountain of chocolate coated grasshoppers. I presume that that's what would happen. So I think that we've got to be careful and make sure as we reach out into these new markets of the world that we are adapting our new products to that which they want. We are not growing something and running over with it and saying, here we have something new for you. That's not the name of the game any more. We've got to go over there and find what they want, and see how we can grow it best.

I think we've got to find something that can be easily stored -- that has certainly proved to be a problem -- and we have to find something that we can -- some way in which we

(MR. BEARD cont'd) can cope with this. I think that we have to have something again that has to appeal to the hungry. I think that we also have to have something that cannot only be stored but can be cheaply stored. Be cheaply stored either through the wet seasons, dry seasons, in the heat or in the cold. I believe that's important, because it is stored under many conditions. And of course one that attracts me in some cases would be the one in which we talked about transportation, and I think of the new things such as containerization in which the product will be shipped in smaller containers, where it could be put into ships along with tractors, fertilizers, whatever it may be, so that when there comes a time that we maybe have several types of loads in one ship, not just a wheat cargo or a grain cargo, but there will be multi-loaded ships with many different types of products, so that we can be assured of a cargo that will go to many areas and will be able to appeal to as many countries as possible.

Now if we can do that, we can make use of many more of our resources and join together so that we can not only take advantage of one resource at a time, but we can in fact use our renewable resources and our non-renewable resources to appeal to those countries which want to purchase our exports. And it would be hoped that as time passes that we can find ways and means in this way of cutting down the cost of transportation, and in that way making sure that the farmer does get better returns for the food products. Because there is no doubt about it that the farmer will always be pressed for the lowest possible price and that is because throughout the world wherever you are going to go, whether it is on the western civilization, whether it's in the Communist countries, the governments are always striving for the lowest possible food cost, and of course the prime producer is the one that is left holding the bag, and until we solve that problem I don't know how you are going to free the farmer from that yoke that is hanging around his neck, but until governments recognize that the farmer has to have his price first, and then everything else is added on, he won't get that square deal or that guaranteed price that will give him the same equality as other people. Because as long as he gets a price and then the freight is taken off, the handling charges are taken off, the elevator charges are taken off, then he is always going to have to wait to the end to find out just how much is left for him, and that is like driving the donkey backwards.

We all know we have to strive to find better and more economic ways of producing food but certainly if we are going to do it, one thing is to try to do it with better machinery all the time; but certainly the second thing I think is to get a little enthusiasm back into the farmer and give him some money in his pocket for a change instead of that eternal struggle. And I suppose it's rather peculiar that a man from the north should be standing up making a plea for the farmer but I consume my fair share I suppose so I support them as much as I can, but I think that there'll have to be something done for them if they are going to gain back the prestige and the financial return that they did have at one time. Thank you.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, the remarks of the Member for Gimli seemed to indicate the attitude of the government towards the contents of the resolution that is now before the House. And it seems to me that the member's speech, and he had some difficulty reading it, was written by one of the standard speech writers for the socialist party because it contained all of the old dogmas

MR. SCHREYER: Mr. Speaker on a point of order.

MR. SPEAKER: The Honourable First Minister. Point of order.

MR. SCHREYER: My point of order, Mr. Speaker, is that the Honourable Member for Morris has just finished saying that the Member for Gimli had difficulty reading his speech. Inasmuch as it is against the rules to read a speech, and I'm sure, Sir, that you would have called anyone to order for reading a speech, therefore the Member for Morris surely should withdraw.

MR. SPEAKER: The point is well taken.

MR. JORGENSEN: Well, Sir, I won't belabour the point. The Member for Gimli did have some difficulty getting through his speech because I thought for a moment the words that were put into his mouth were about to choke him. Because as I said it contained all of those old dogmas, all of the old cliches, the tired, worn-out utterances of the socialist party when dealing with economic and industrial expansion in this country.

The clearest indication that we have on this side of the House of the government's attitude towards the kind of expansion advocated by my friend the Member for Brandon West is the absence of the Minister himself who on very rare occasions makes an appearance in

(MR. JORGENSEN cont'd) this House to participate in debates that concerns him and to take part in those debates that are directed towards the activities of his department.

Here is one of the areas, Sir, that I believe the government have greatest opportunity. In the Province of Manitoba, we suffer from the disabilities of distance to the large markets, the problems of high freight rates in reaching those markets, the problem of distance from the lower water rates that are available to enterprises located near the seaways and to the sea lanes. But there is one distinct advantage that the Province of Manitoba has, and that is in the area of food processing, and it's saddening, Sir, to see the attitude of this government, that instead of attempting to enlarge the markets and enlarge the opportunities for increased expansion of food production, they are attempting through deliberate action to limit production in practically every area of agricultural production.

The Member for Gimli's remarks were indicative of the attitude of the government when he indicated that one of the real problems suffered by Manitoba farmers in this province is that they cannot control production, so the government are going to undertake that exercise for them. -- (Interjection) -- Supply management the First Minister says, and that's precisely what they're attempting to do. And it doesn't matter, where the philosophy of supply management has been applied throughout the world, it has proved to be a dismal failure and the only thing that it has achieved is the destruction of the people that it is intended to help.

The second area in which the Member for Gimli indicated there was a problem was that the industrialists, the industrialists mind you, control the prices and control the production. -- (Interjection) -- Yes, I am saying that that is not true. You see the Member for St. George is one of those naive followers of socialist dogma who believes all of that pap that has been fed him and he hasn't taken it upon himself to find out some facts for himself. The fact is, Sir, that markets are the key to increased agriculture production. The Member for Brandon took some pains to point out how food research in this province under the auspices of Dr. Gallop has made tremendous strides and would be able to reach many of the markets of the world were that expertise and that scientific knowledge being put to some advantage in this province. -- (Interjection) -- The fact is, Sir, that such is not being done and the Attorney-General who finds it difficult to resist the temptation to participate in whatever debate takes place is at it again. I'm sorry that I missed the significance of the remark that he just inflicted upon the House but I wonder if he'd repeat it.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, I wonder if the honourable member would include in his discourse an evaluation of the previous Conservative administration's loss of the dairy quotas to Manitoba farmers.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: I'm terribly glad that the Attorney-General raised that point because here is the best example that one could find of the application of supply management and how it destroys an industry. The whole philosophy of the Canada Dairy Commission, or whatever it is, is supply management, and that twisted, thwarted production patterns that resulted from the application of the ivory tower thinking of those people who were responsible for the administration of the Dairy Commission -- (Interjection) -- and I'm glad the First Minister mentioned that because getting those quotas back doesn't mean a thing to the dairy farmer because there is a limitation on the time that is going to be necessary for them to get those quotas back and it will never be done.

MR. SPEAKER: Order, please. The hour being 10 o'clock, the hour of adjournment has arrived. The House stands adjourned until 2:30 tomorrow afternoon.