

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Tuesday, May 16, 1972

MR. CHAIRMAN: Resolution 5 (a) (2) . . . The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Chairman, I wasn't going to speak because I know the Premier is anxious to get his Estimates over but the Member for Churchill got up and made a few comments and I feel that to protect my interests in the north I too must say something otherwise my parishioners are liable to take very unkindly to me.

A few of the items mentioned, one was the Churchill development into which the Federal and Provincial Government are putting in about \$11 million and I understand there was a ten minute film clip shown on the CBC the other night dealing with this thing here, and I'd like to simply state for the record and record my criticism to the CBC for doing what they did. This film clip was made two months ago and it's being played now which takes it, you know, out of the historical context, if that is the proper term, because we happen to be dealing with certain estimates and certain discussions are going on. However, having said that I'd like to comment about this project as I said on that clip that I didn't see but I understand it was played.

I feel that if we're going to do something for Churchill we really should concentrate on creating some kind of employment, some type of jobs. It doesn't make a great deal of sense to give them comfortable homes and water and sewer and paved streets and sidewalks, recreation centre, swimming pools, and all the other comforts of life, when the most important thing in life for them is jobs they do not have. Now to me it seems like we are going at the thing backwards. Give them jobs, good paying jobs. Now I'm no magician. I don't have any pat solution here how we can do it but it seems to me if we can find \$11 million for upgrading this town, and heaven knows they need - that is the oldest community in Canada, and they're certainly entitled to a standard equal to ours. But surely the most important consideration, and the first priority of this government, and of the Federal Government, must be to do something to create some jobs to make life meaningful. I'm sure that no matter how comfortable it's going to be for these people, they're not going to be happy; they're not going to be content; the community is not going to grow and prosper if these people continue to live on welfare. And I urge the government, and I urge the Premier, since it's his Estimates that we're on, to seriously consider once again the idea of trying to develop natural resources that we have there. Every province and every country has certain things that they can develop. Alberta has gas and oil; Saskatchewan has potash, uranium and grain; we have nickel, some timber, and a lot of water, which we can have hydro electric develop and which we are proceeding with. In the North, particularly once you get past the tree line there isn't a heck of a lot.

Still there are things that can be developed, the Port of Churchill is one of them and this is an area - I think probably the most important area that we should be involved in because even this day the shipping season could be extended by a month and a half by the simple re-writing of insurance rules. I know the Member for Rhineland was talking about larger shipments of grain, etc. The fact of the matter is, Mr. Chairman, that you could have 70 above in November or December and the Port could be completely clear but there's no ships there for the simple reason that way up north through the Channel they will not come in. So doing, you know, making all the things that have been suggested by the Member for Churchill, the Member for Rhineland, is absolutely useless and futile unless we can induce the insurance companies, and the shipping companies, to allow the ships to pass through the Northern Channel which brings them in to the Port of Churchill. And this is an area that I think that we can, and particularly with a Federal election coming up, Mr. Chairman, we can bring in a great deal of pressure to get some type of commitment from the Federal Government in regard to the Port of Churchill because if we don't then I really question the wisdom of pouring millions of dollars into a community that has absolutely no viability, no economic reason for existence. And these people will not be happy, will not be satisfied to live in a community, as comfortable as it is, if there is no work for them.

The other area we can do something is develop the tourist industry. We know that tourists go to the craziest places in the world and for some foolish reasons, and Churchill has certainly a great deal to offer the tourist. Number one, it has white whales; it has polar bears, the largest polar bear concentration in the world, the largest goose concentration in the world; it has some excellent fishing on the river, and there's also - you can do some ocean fishing.

(MR. BOROWSKI cont'd) I think there is -- trips can be arranged, cross-country trips, as they have in certain states to take tourists through, and then we can also develop this for commercial reasons. At one time the Indians did make a living doing some trapping, and some hunting, and some whaling, and I think that the government should make a real concerted effort, whether it's through Planning and Priorities, or whether it's directly in consultation with the federal people, make a real concerted effort to try and get something going in that community.

Spending money is just not enough. Any damn fool can go and blow \$50 million or \$10 million. It doesn't require any imagination or intelligence. But it certainly requires a concern and an understanding of the area, and of the problems of that community, and if you talk to the citizens, and heavens we've talked to them for years. The Member for Churchill has talked to them; I've talked to them, and I know the Premier has met with these people many times. They have some ideas of how to create something viable and worthwhile, and I think, Mr. Chairman, that the Premier would do well to really consider some of the implications of what is going to transpire in Churchill after we have spent that \$11 million, after we have spent, then what? Where do we go from there? Do we say to the people, well look you guys we blew \$11 million now what the heck do you want from us? We're going to have to face that some day, whether it's two years, or three years, I don't know. But before that day comes I think this government has a responsibility, along with Ottawa, I'm not -- and I'm really not knocking, I'm pleading with this government and the Ottawa Government to really give this community, the oldest community in Canada, the consideration it deserves, that it has never gotten for 300 years. Thank you.

MR. CHAIRMAN: Resolution 5 (a) (3) (a) . . . the Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, on item 5 I wanted to make a few remarks. Many of them have already spoken on this, and many of the points that I was concerned about have already been made. This is an area that has undergone a very large growth in personnel and in costs in the last few years. Theoretically I suppose it results from the reorganization of government that set up two super committees - one on the planning side and one on the management side - that were to become Committees of Cabinet. I think that after a period of operation since these were set up, which is about four years ago, that probably a period of reassessment should be undergone. I know that other provincial governments have followed the same pattern and I wouldn't be surprised but what they maybe had the same consultants and advisors on this sort of a provincial government setup. But basically --(Interjection)-- Yah. But basically the limited amount that I have seen of operation of provincial governments, particularly one the size of Manitoba is that if you have good and adequate Cabinet Ministers, committees like this really aren't necessary, and in fact if you do have good Cabinet Ministers, and good deputy ministers and good top administration, a strong super committee can be an inhibitor to the good functioning of a department. That's a non-political assessment of government structure.

So therefore it's with some alarm that I suggest that the Planning and Priorities Committee under Item 5 has grown beyond its requirement. The Member for Brandon has pointed out that in the 1969/70 Estimates the amounts here shown are substantially smaller, and have grown by a very large amount, even if one excludes the ARDA-FRED agreement money, and that in terms of personnel alone the costs have risen by several hundred percent. It's a catch-all department that without singling out individuals who are very capable, it is also the sort of a department that catches many people that might normally be in a department, and the difficulty in setting up a super department like this is that once people are assigned to their responsibilities, in order to justify their responsibilities there is a tendency on the part of many to build their own personal structures and empires, and you soon find them in conflict with the departments, and also causing the government to grow in an area which is very questionable. Certainly a Planning and Priorities Committee is necessary if it is restricted to senior people and very capable people who are accepted by the department. But if they are junior people, and people who do not command the respect of the departments, and who are basically there for experimental reasons, that the duplication rapidly takes place, and as a result you find unnecessary cost duplications as well as conflicts going on between the planning group and the departments.

So therefore, Mr. Chairman, what I am saying is that basically the concept in theory is good but in practice it's difficult to operate. In addition to that it does allow an administration to isolate people into staff positions where they can draw on them at will and probably,

(MR. CRAIK cont'd) particularly for the First Minister to draw on at will for his own services which may be an asset, but in doing so he has to put up with an awful lot of staff that there's no way he can draw upon, and who do come in conflict. So the amounts of money shown here have come under severe criticism all through this session of the Legislature mainly because here and in the Management Committee the Opposition has felt, and it's been their opinion that the growth of these two super departments, if we can refer to them as that, has been unnecessary and not a good expenditure, and wise expenditure of taxpayers' money.

So with those comments which are basically pretty critical partly of this government, and partly because of the principle of operation of these two departments I would like to add this to the debate and say that I think that if there is any area of government, even though in overall terms \$1 million may not seem like a great amount, there are many places in government where a sizable chunk of that million dollars could be much better spent than in Planning and Priorities, or in Management Committee.

MR. CHAIRMAN: The Honourable House Leader.

MR. PAULLEY: Mr. Chairman, in all my years in this Assembly I have tried to be fair in my criticisms both of government and of opposition. And I know from the rumblings that I've just heard, the proposition of trying to be fair is not understood by some of the members opposite.

The Honourable Member for Brandon West this afternoon, and again the Member for Riel, have attempted to compare the Estimates of the Planning and Priorities Committee of this year with the Estimates for the year 69/70. They have endeavoured, Mr. Chairman, to portray an increase in the Estimates of some million-odd dollars, and tried to compare it as to a growth in the civil service, and in particular the Planning and Priorities Committee of Cabinet, and, Mr. Chairman, I suggest that they're most unfair, and they should know, if they do not, that they are taking out of all proportion and all context the reason for the increase in the dollar amount.

I wonder, Mr. Chairman, whether the Honourable Member for Riel did take a look at the Estimates for the year 1969/70 and attempt to compare it with the Estimates that we now have before us. I wonder if the Honourable Member for West Brandon really did the same by way of comparison before uttering such nonsensical statements as we've listened to for the Member for Riel. It is true, it is true, and it's evident with the document that I have before me, the Estimates for the year ending March 31st, 1970, that there was an item in those Estimates, Mr. Chairman, for the Planning and Priorities Committee of Cabinet of \$306,000.00. I want to say too, I want to say too that these Estimates were prepared by the previous government of the Province of Manitoba and not the present government. These were Conservative Estimates of \$360,472 for Planning and Priorities.

But I say, Mr. Chairman, it's absolutely unfair for members of the Opposition to attempt to establish a case by comparing that Estimate with the Estimate that we're considering today for Planning Priorities Committee, because within the Estimates that we're comparing today under Item (a) (3) there is a total expenditure of \$757,700 for new areas of jurisdiction that has been given to Planning and Priorities Committee over the time of the previous administration. And if we consider in an honest approach a comparison the least that the Opposition should do is to delete the new areas of responsibility by comparison contained within the Estimates we have before us today, and the Estimates of 69/70. And if they would be but fair they would consider Item (b) under (2), or Resolution No. 5: The cost of the Planning Secretariat of salaries of \$335,200; Other Expenditures of \$152,200; or a sum total of \$487,400 as compared with the figure that the Member for West Brandon and the Member for Riel are trying to introduce as a comparison. And let them be fair, and I suggest that they are not. If they want to make a comparison between the estimates that we have before us this year for the Secretariat to the Planning and Priorities Committee of Cabinet they should compare a figure of \$487,000 with \$306,000 of 69/70.

I did not intend, Mr. Chairman, to enter into this debate. I heard the final remarks of the Honourable Member for West Brandon and his use of the \$306,000 - I did not expect to hear it from the Member for Riel; but he having raised that point I could not idly sit by without standing and making some comparisons in an endeavour to be fair. Sure you can compare apples and oranges but if the honourable members of the opposition, the Official Opposition were to be fair they would compare apples with apples instead of attempting to raise a smoke screen by the comparison of the estimates.

(MR. PAULLEY cont'd)

And I want to say to my honourable friends opposite there are some of us in this House who have attempted to be fair in our comparisons over the years and I respectfully suggest to members opposite that they too should be fair.

MR. CHAIRMAN: Resolution 5 (a) (3) (a) -- passed; (b) -- passed; (c) -- passed; (d) -- passed; Resolution 5 (a) -- passed; (b) (1) -- passed; (b) (2) -- passed . . . The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I wonder if we could have an explanation of (b) (2).

MR. SCHREYER: Mr. Chairman, the honourable member is asking for some elaboration on (b) (1) and (2). I can advise him that what is involved here is staff man-years 26 in number, and I believe that's a reduction of 3 from last year. However, what is involved there is the transfer to the newly established Manitoba Statistics Bureau, so that in terms of the over-all staff picture there is really no change except that while there was 29 last year, there's 26 this year with a transfer of 3 to the Statistics Bureau. Insofar as other expenditures are concerned I - it will take me a moment to dig this up, but it would have to do primarily with the expenses that relate to the function and activity of the various planning working groups. I gave this information earlier this afternoon, but there is for example a northern working group that has been in existence now for over a year and a half, I think. There is also a working group on Manpower Policy and Manpower Corps Activities, and a working group on urban development and urban transit. Then in addition to that the costs that relate to the input by the Provincial Government in terms of planning and implementation follow up with respect to the building of the community of Leaf Rapids would also show up under this item, Planning Secretariat, Other Expenditures. There has been assignment of allocation, if you like, of staff man-years from the Planning Secretariat towards formulation of Planning and Design of the community of Leaf Rapids, the infrastructure involved. Also with respect to The Pas special area there has been assignment of staff man-years to much of the detailed analysis that is necessary before the province commits itself to any of the particular infrastructure developments under the Canada-Manitoba-The Pas Special Area Agreement. I don't know if the honourable member wishes further specification?

MR. CRAIK: Well, Mr. Chairman, the item in particular that I questioned was the item of other expenditures up from \$43,000 to \$152,000.00. That's a several fold increase and I was really asking to see if there were special studies being undertaken that caused such a size of an increase. It is out of proportion to the other increases in the Estimates.

MR. SCHREYER: Well, Mr. Speaker, that's simply because there is an increased activity; a greater variety and scope to the activities of the Planning Secretariat and its staff. I can give a some further breakdown to my honourable friend. For example, the development and co-ordination of the Manitoba Provincial Employment Program, the Winter Works Program for this last winter - a program which is still carrying on to the end of this month - there would be some expenses involved there relating to staff man-years input, that in turn was applied to the administration of the Winter Works Program. There were some expenses relating to analysis of local self government in northern Manitoba, and continued liaison with operation of community councils and local committees. There was participation on the technical co-ordinating committee of the Winnipeg Rail Rationalization Study, and there would be some expenses relating to that. The Planning Secretariat also was involved as a member of the inter-departmental directorate on Northern Manpower Corps and, as the Honourable Member for Riel may be aware, it has been a policy decision that the province should be doing more with respect to the development of employment opportunities in northern Manitoba.

But not only that, because we know from the rather dismal record of the past that unless special effort is made with respect to helping people from remote and native communities to adjust to job opportunities in industrial jobs in certain centres in the north - where jobs exist, unless there is a social adjustment effort then there is no likelihood of any greater success in the future than there has been in the past. The picture's been very dismal indeed. And so a Northern Manpower Corps was established, an inter-departmental directorate has been established, and efforts have been made to first of all make the people of the remote and native communities aware of job opportunities whenever, and wherever they arise, to assist them in terms of understanding the nature of those job opportunities, and to advise and assist them in moving, either by themselves on a weekly or bi-weekly basis, or actually pulling up roots and moving with their families to these communities, these centres of job opportunities, and then

(MR. SCHREYER cont'd) to help them once they have moved to adjust to the life in the new community and to acquire the job skills needed where they become employed.

All of this is intensive counselling, it's expensive, but I say without equivocation that it is money well spent, unless we are prepared to give up in abject despair and pessimism and be prepared to countenance a failure rate of 98 percent in terms of job adjustment, which has been the sad story of decades gone by.

MR. CHAIRMAN: The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, I seek some guidance at this time, but the Premier did mention the fact that the Leaf Rapids agreement was worked out by this Committee of Cabinet, and I would ask at this time whether this is where we should have the detailed discussion about the agreement and the government to give the answers, or should this be done under Municipal Affairs, or whatever department.

MR. SCHREYER: Well, Mr. Chairman, there are really two major aspects involved with Leaf Rapids Development. One has to do with the nature of the agreement with Sherritt Gordon Mining Company relative to the mining exploitation itself, and that comes properly under Mines and Resources. Insofar as discussion of the development of the Leaf Rapids townsite and the expenditures incurred under infrastructure development in the townsite that would, Mr. Chairman, that could be discussed to some extent here, and also under the Department of Industry and Commerce since it is through the Manitoba Development Corporation that the Leaf Rapids Corporation has been established.

MR. G. JOHNSTON: Mr. Chairman, perhaps the - well I'll accept the First Minister's suggestion that we only talk about the Leaf Rapids Corporation which will be running the townsite, I would ask the question then: how much monies are being put forward by the province initially, and how much money is being contributed by Sherritt Gordon and, whatever the agreement is over the future, the long term approach? What is it going to cost the province annually, initially to get the thing under way, and what is going to be the contribution of the mining company in the beginning and also in the long term annually?

MR. SCHREYER: Well, Mr. Chairman, let me refine my explanation further, one step further. There is involvement through the Planning Secretariat with the design and the layout of the townsite itself, and also with respect to the insuring that provision is being made in the housing there for persons that can be attracted from other communities in the north, where there is a lack of job opportunities, to come to the new community simply because there are job opportunities, and to ensure that the housing that the mix of the pricing of housing is such as to make it possible for those on low income initially to find lower cost housing. So to that extent there is an involvement of the Planning Secretariat.

However if the Honourable Member for Portage wishes to pursue the overall cost picture with respect to the cost of actually building the townsite and installing the infrastructure, then I would suggest to him to deal with that, that he should deal with that under the Estimates of the Department of Industry and Commerce. I don't think it should matter to the honourable member under which department it's discussed as long as he knows that it can be discussed.

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Order, please. Before I recognize the Honourable Member for Birtle-Russell, may I draw the attention of the members to the gallery on my right where we have 50 members of the Salvation Army Church under the command of Major A. Miller and Captain R. Gage. On behalf of all honourable members, I bid you welcome to our Assembly.

COMMITTEE OF SUPPLY (cont'd)

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

MR. GRAHAM: Thank you, Mr. Chairman. My question to the First Minister is: is the planning that is projected under the Planning Secretariat, is it fairly rigid, or is it a rather loose arrangement that has much fluidity and much possibility for change in their projected plans?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, it would not be correct to describe the planning as rigid planning, however, certain quite definite guidelines were established within which a great deal of flexibility was allowed.

I can also advise my honourable friend that as we have gone along, as we have proceeded

(MR. SCHREYER cont'd) with the planning and actual construction of the townsite certain adjustments have been made from time to time which is to my mind positive proof that there has been adequate flexibility. A case in point, provision -- alternation was made a considerable way into the actual development of the townsite for a different combination, or proportion, of different ranges of price in housing, and as between single detached dwellings and multiple unit dwellings.

MR. GRAHAM: I would take it from the First Minister's remarks then that no firm decision has been made yet as to whether it be single dwellings or multiple dwellings in that respect.

MR. SCHREYER: There will be both.

MR. GRAHAM: A further question to the First Minister then. Is there going to be a flexibility for -- a possibility of change in the next 12 months within the framework existing for a change in the planning within the next 12 month period?

MR. SCHREYER: Well, Mr. Speaker, it's rather difficult to grapple with the honourable member's question. I'm not sure that I understand. I'm not sure that I understand completely just what aspect of townsite planning he is referring to, or principally concerned with. Perhaps I could answer him as follows that we have already experienced in the course of the past 12 months the need for some alteration in plans, and accordingly these have been made. It's not as though we believe in a planned economy. We believe in economic planning. It's not as though we believe in a planned townsite, but rather in townsite planning, if that doesn't sound too trite. The honourable member I'm sure realizes that within his own area of Foxwarren or Binscarth - that circumstances change, and it's always necessary to make alterations as we go along.

MR. GRAHAM: Thank you, Mr. Chairman. The reason for asking the question, and it may help the First Minister in providing an answer, was that it wasn't too long ago in this Assembly that we were asked to provide for capital for the development of the Leaf Rapids townsite and the capital that we were asked to provide was an open-ended agreement which provided \$5 million but it was open-ended in that it could be adjusted upwards without reference to the Legislature for any further capital.

MR. SCHREYER: Well, Mr. Speaker, I'm sure the honourable member appreciates that there is always need to recognize the realities or the fact that cost estimates are only that, they're estimates and as long as the margin of deviation is not drastic then there is really nothing particularly unusual about it, and so far I think I can report that there is no margin of deviation from initial estimates that is of any major amount.

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

MR. GRAHAM: Thank you, Mr. Chairman. It's also a fact of this legislature, Mr. Chairman, that planning of government has always been in the realm of the expenditures that have been allocated under current expenditure of this legislature which is brought forward annually, but suddenly we find that we are presented with a case for the expenditure of capital funds; rather than coming out of current expenditure it's coming out of a capital assessment and we are not by the regular process of this legislature called upon to authorize the expenditure of capital fund in a set amount. We have been asked to, and have in fact approved an open-ended agreement which allows practically unlimited expenditure of capital funds, which in my opinion, Sir, is a rather extraordinary practice of this legislature.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I don't know what case the honourable member is trying to make. Certainly even with respect to current estimates of spending which are submitted to this legislature, it has been the case in more years than not, over the past decade, that supplementary warrants have been issued by the Lieutenant-Governor-in-Council even with respect to current estimates of spending. All that means of course is that the Legislative Assembly then is apprised as to the amount of special warrants issued on current accounts and then the Assembly certainly has the right to deal with those retrospectively with respect to capital supply in the case of the building of a whole townsite, and this is admittedly an experiment, a rather bold experiment, and one that we all hope, certainly we on this side hope will prove to be beneficial. It may be that the capital cost estimates will be out by a margin of so and so many percentage points but certainly there is no denying the fact that the Assembly will be apprised precisely to the nature of the deviation from the capital cost estimates and then we'll be in a position to pass judgment as to whether or not the deviation, if any, was justified under the circumstances.

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

MR. GRAHAM: The First Minister has further exemplified the very point that I was trying to bring out, Mr. Chairman, and that is the fact that current estimates and current mistakes of government are paid out of current revenue, but here we find that if there could possibly be mistakes made by the current decision of this government, we are now going to capitalize it over the next 25 or 50 years and the future generations of this province are going to pay for the mistakes that are made by the present administration.

MR. CHAIRMAN: The Honourable First Minister

MR. SCHREYER: Mr. Chairman, I don't really want to prolong the dialogue back and forth between the Member for Birtle-Russell and myself. I can advise him that what he is referring to involves a sum of money that was voted under Capital Supply, it's not in the current estimates here, it was under the Capital Supply estimates and the honourable member I assume dealt with it at that time, and it would be repetitious to deal with it again.

I can advise him that the books will not be closed with respect to Capital Supply for the Leaf Rapids Townsite Development this fiscal year. There will be a residual that will be forthcoming next fiscal year. The honourable member will have an opportunity to deal with the residual next spring, during the session next spring. There has been some adjustment in our Capital Supply estimate requirements for the reason that Canadian Central Mortgage and Housing, the federal agency, has come in with loan monies, mortgage monies greater than anticipated initially.

MR. CHAIRMAN: Resolution 5 (b) (1) (2) -- passed. The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, the First Minister's explanations on the expanded areas of concern for the Planning Secretariat and the earlier explanations in respect to Planning and Priorities led me to think in terms of the possibility of some inter-relationship here between Planning Secretariat and possible Planning and Priorities and Manitoba Development Corporation, and then we proceeded to the discussion of Leaf Rapids Corporation which is listed as one of the nine corporations in which the province has equity position, in this case the 100 percent. So I am now wondering if the Minister could explain just how this interaction takes place, between Planning Secretariat and possibly Planning and Priorities. Does the Development Corporation submit proposals to these committees or is direction received from committees to the Development Corporation? Just how does this activity take place?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, I hope I can summarize the nature of the relationship very quickly. It is that the Manitoba Development Corporation through the subsidiary of Leaf Rapids Development Corporation is playing the entrepreneurial role in terms of developing the townsite, the physical townsite, the infrastructure. The role of the Planning Secretariat is not directly related to the actual entrepreneurial role but is rather that in the nature of an over-all planning relationship, that is to say, from the point of view of the social implications, social factors involved, from the point of view of the mix of housing that would be ideally desirable in that particular community; from the point of view of so developing the townsite as to maximize the probability or likelihood of being able to attract people there from other remote communities in the north, etc. So that essentially the Planning Secretariat's relationship to the Leaf Rapids Development has been that of aggregate social and economic planning and not that of entrepreneurial responsibility which has been that of the Leaf Rapids Corporation subsidiary to the MDC.

MR. CHAIRMAN: (Balance of Resolution 5 was read and passed) Resolution 6 (a) (1) passed. The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I want to make similar remarks on Management Committee estimates as on the Planning and Priorities. I would preface this, Mr. Chairman, by saying this is certainly, any remarks I do make are no reflection on the individuals in the Cabinet, and I make that remark in particular, because of the person sitting in front of us, in the name of Mr. Gordon Holland who holds the respect I'm sure of everyone in this House for his work. But the estimates on Management Committee of Cabinet show an increase of \$300,000 but if you exclude the recoverables from the other departments for services, and add it up, the increase is \$500,000 and that's a half million dollars of increase in the Management Committee of Cabinet. That is if you include the cost of the Computer Centre along with the costs of the Management Committee Secretariat the total comes to about \$500,000, a half million dollars

(MR. CRAIK cont'd) on a department that had a basic budget of about a million dollars. This is an astounding increase in costs, and it's matched pretty well by the increase in the Planning and Priorities Committee of Cabinet. So again I want to register the complaint on behalf of the taxpayer, that this is an increase that appears to be very questionable in view of the explanation which we have received and in view of the past debates that have gone on in this House during the session in which we have attempted to point up that the increases in this item, as well as the one preceding it, are not in our opinion justified.

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MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, the response I gave to the Member for Brandon West this afternoon, which my colleague the Minister of Labour reiterated this evening, I feel apparently has to be given again to the Honourable Member for Riel.

The reason why there is an increase in expenditures for Management Committee is primarily because the scope and activity of the Government of Manitoba is greater than it was a few years ago. There is a much broader appreciation and involvement with a wider range of social and economic problems. And if the government were to back away from certain programs that have been implemented in recent years then there is no question but that we would be able to reduce in a dramatic way the amount of monies necessary to carry the administration and operation of the Treasury Board, or of Management Committee. The very fact that we have involved ourselves with Manpower Corps, both social and economic aspects of it, means additional staff man-years and additional financial input, but it's something which I certainly make no apology for, because with respect to peoples living in northern communities, many of these communities and their peoples were largely forgotten people for too many years; and Churchill is only one example. The fact that for 15 years there was constant annual quibbling over what ought to be done with respect to that townsite, the prairie seaport community, and certainly municipal services and infrastructure were disgraceful. Something is being done but because we have entered into an \$11,000,000 program with the Government of Canada does mean considerable additional input by the Provincial Crown with respect to program development, townsite development, and it means additional work load for Treasury Board or Management Committee. In addition to that, we have not been satisfied with many pre-existing programs as they were functioning and we have made efforts to try and tighten up administration and also to increase the frequency with which review and evaluation is made of programs both new and those that have been pre-existing and of longer standing.

It also has to be said that, for example, the Government of Canada has only recently expressed an interest in developing a more modern up-to-date and detailed telecommunications policy, and because the Federal Government is taking the initiative with respect to telecommunications policy, with respect to computer use and jurisdiction over computerization, this has meant necessarily an additional work load on the provincial government in terms of research, in terms of coming up with policy positions for the province to take vis-a-vis the Government of Canada.

The fact that we are involved with building a townsite in Leaf Rapids - the first time that the public through its instrumentality of government has decided to try the experiment of building a townsite which can then be turned over to the people rather than have the community developed as a company town has meant that we have had - like Thompson - has meant that we have had to have at least a few staff that were not required years ago in order to carry out the cost utility analysis, cost benefit analysis and to keep track of the various financial inputs. So recognizing that the expectations and demands on government by the public has been increasing by greater or lesser degree over the years, it has meant a steady increase in the work load on those responsible for monitoring the cost efficiency and the administrative efficiency -- the cost utility I should say of the many different programs.

One more example, Mr. Chairman, has to do with - - there was one other rather major point I wanted to make but it escapes my mind at the moment, Oh yes. Again Provincial Winter Works. The very fact that we have proceeded in an activist way to establish a Winter Works Program rather than sit back on our duffs and not do anything in an activist way to try to counter-act cyclical or seasonal unemployment has meant that we have had again more of a work load on the staff that are responsible for monitoring administrative efficiency and cost utility. Now if we had not proceeded with a Winter Works Program then undoubtedly we could have got by with perhaps, one perhaps, two perhaps even three less people on staff of the Management Secretariat.

The fact that we have implemented Autopac has meant a considerable additional work load on the staff of Management Secretariat because there are many decisions that have to be taken, there is a great deal of evaluation that is needed before, prior to the decision-making with respect to the establishment of the various component parts of the machinery of the operation of Autopac. So here is yet another example why the work load and cost of the operation of management or treasury board has increased.

One other example. We have an Industrial Townsites Committee. Prior to the coming into office of this administration I have to say that there was no really effective analysis made

(MR. SCHREYER Cont'd) . . . of the cost-benefit of the mining operations in our province, no one had made any systematic analysis of the extent to which the province benefits from mining operations and the cost incurred by provinces in having to put in the infrastructure. Mr. Chairman, I wonder if you could call for some order.

MR. CHAIRMAN: Order. I wonder if those members who wish to conduct caucus meetings would do so in the hall or in the caucus room. The Honourable First Minister.

MR. SCHREYER: I was saying, Mr. Chairman, that it's all very well to have mining developments, and everybody welcomes a new mineral strike in mining development, but I can say without any fear of being contradicted that nowhere, but nowhere within the Provincial Government system had any systematic analysis been made of the ratio of costs incurred by the Provincial Government in terms of having to build schools, hospitals, to be involved with the maintenance annual operating costs thereof, with respect to building roads and access to those communities, etc., and so we felt that it was incumbent upon us to strike a special committee not both of -- at the ministerial level and at the treasury board, or staff level, so as to go into an analysis in depth of the benefits to the Provincial Crown and the costs incurred by the Provincial Government in servicing communities created by mining developments. And it's rather interesting, Mr. Chairman, that every time there is a mining development of any consequence the great beneficiary, if it can be said that there is any beneficiary, the beneficiary is the Government of Canada, because it is the irony of the state of affairs that the Government of Canada has no direct expenditures involved in terms of building roads, in terms of building schools, in terms of helping in the cost of streets, and other infrastructures, and it's only in recent years through special area agreements the Federal Government has recognized the added costs loaded on provincial governments as a result of industrial mining, and other industrial enterprises that open up in resource frontier areas. So all of this, all of the foregoing that I've said and outlined in the past few minutes, simply indicates the nature of the increased workload and why additional expenditures have been incurred.

The Member for Riel perhaps would not be following this approach but rather would want to revert back to a relatively passive type of government but I suggest to him that that would be inappropriate in the 1970's, that if there is any prospect that we can realistically expect, it is one of even greater social and economic involvement by the instrument of the people, which is their government.

MR. CHAIRMAN: Resolution 6 (a) (1) . . . the Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, some of the First Minister's remarks were valid to Item 6 but he has introduced twice now a number of items that are not in any way related to the items before us, compared to what they are related to other items in the Estimate Book. And I'm not sure why he's introducing community, northern community programs into Management Committee stage, but if the First Minister wishes to discuss northern community programs here, that's fine except I think we had planned on discussing these under the more appropriate committees that they come under later on. So I don't wish to remark on his remarks at this point.

I would say that despite his remarks we do not agree that there is a justification for a half million dollar increase in a one million dollar budget on the basis of it happening in both of these major committees and that we feel on the positive side, on the other side, that quite apart from it being a passive role, that a role of government is also to bring about economies, and practice economies in the administration of government, and there are still other sectors of the community who are quite capable of providing many of the services which this government seems to feel compelled to provide at taxpayer cost. So from that point of view we cannot agree with the vast increase in expenditures in this section.

MR. SCHREYER: Well, Mr. Chairman, there is still 30 seconds. May I point out to the honourable member that if he looks at the computer centre costs, he will see that while the costs have increased so have the recoveries, the simple reason being that the volume of computerized work involved in the operation of the province's affairs has been increasing steadily incrementally. The honourable member knows this. It's been happening for the entire decade of the 60's and I don't think that in patterned terms there is anything unusual here other than the new programs such as Autopac, and such as -- well they are really too numerous to mention.

MR. CHAIRMAN: The hour being 9:00 o'clock, the last hour of every day being Private Members' Hour. . .

MR. PAULLEY: Mr. Chairman, I wonder if I may just before you leave your Chair as Chairman of the Committee of Supply, indicate to the House it will be our intention tomorrow, being a half day sitting, to concentrate on second readings of bills rather than go into Committee of Supply.

MR. JORGENSEN: Well under those circumstances, Mr. Chairman, I wonder if it would be the disposition of the House to pass the remaining items on Executive Council so that they would not have to be held over. I don't think that there is any more debate on this side of the House. Maybe two or three minutes would do it if that would be the disposition of the House, so that we could complete the Estimates of this department.

MR. PAULLEY: That would be very much agreeable for us, Mr. Chairman, if Mr. Speaker - - if it's agreeable to the House as a whole.

MR. CHAIRMAN: Do we have agreement? The Honourable Member for Rhineland.

MR. FROESE: I think we should stick to our rules - - be sticking to our rules.

MR. PAULLEY: Apparently, Mr. Chairman, we haven't got agreement. If we can't have unanimous consent then we can't facilitate the procedure of the Committee Estimates. Mr. Chairman, rise and report.

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

Mr. Speaker, your Committee of Supply has adopted certain resolutions and has directed me to report the same and asks leave to sit again.

IN SESSION

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

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Osborne, that the Report of the Committee be received.

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

PRIVATE MEMBERS' HOUR

MR. SPEAKER: First item on Tuesday night's private members' hour is Private Bills.

PRIVATE BILLS

MR. SPEAKER: Second reading of private bills. On the proposed motion of the Honourable Member for Inkster. The Honourable Member for Inkster.

A MEMBER: May we have this matter stand?

MR. SPEAKER: Matter stand? Very well.

Adjourned debate on second reading private bills. On the proposed motion of the Honourable Member for St. Matthews. The Honourable Member for Rhineland.

MR. FROESE: . . . all depends. If the members don't want to proceed with it, I can ask to have it stand.

Mr. Speaker, the Bill No. 33 that we are discussing under second reading is an Act to amend an Act to incorporate Co-operative Credit Society of Manitoba Limited. This bill was given second reading, or introduced for second reading on May 2nd, 1972, when the Member for St. Matthews introduced the bill, and he mentioned that there were mainly four items in the bill, four changes in the Act. One dealing with membership; and secondly, dealing with provision for the Credit Society to accept deposits from government agencies, and also to make loans. The third naturally was to become a member or a shareholder and contribute capital to other companies, or other organizations having similar objectives, such as credit unions, credit societies, and also banks are mentioned here, chartered banks. And then the final change involved the deletion of an entire section dealing with the distribution of the earnings.

On the surface, Mr. Speaker, this is what the changes probably involve but I think the changes really go much deeper than what, and are much more involved than what the Member for St. Matthew indicated. Having checked both the bill before us and the Act to know exactly what is happening, I find that it is much more involved than we are led to believe. The membership clause simply means that other organizations will now be able to become members of the Co-operative Credit Society.

I don't have any quarrel with this but I think it also involves the third principle later on when we come to the matter of these new companies that will be able to become shareholders. The second one, to accept deposits from Crown corporations and lend money to them. I think the member introducing the bill should have given, I think, a little more information as to what is happening, and has happened in the past.

(MR. FROESE Cont'd) . . .

Then, too, on the third point to become shareholders and for the Credit Society to contribute to other companies, and we name in this section the chartered banks, and maybe I should read the addition of the clause that we are including, and I'm quoting from Clause (c) of the bill: -- (Interjection) -- Well I . . .

MR. SPEAKER: The Honourable Minister of Labour on a point of order.

MR. PAULLEY: . . . principle of the whole bill.

MR. FROESE: We are discussing the principle of the bill, and this is one of the big principles that we are now going to be allowing the banks, or the credit society, to become a partnership with banks, and this has some far-flung implications because what we are actually doing we are delegating powers that up until now have been the powers of this Provincial Government and conferring them, or delegating them to the Federal Government, because the Credit Society, the Manitoba Co-op Credit Society is also a member of the Canadian Co-operative Credit Society, and as a result comes to a certain degree under the jurisdiction of the federal authorities and by involving them more in this way this means that they become more subject to federal legislation.

The Manitoba Co-operative Credit Society has been for a number of years now, since it became a member of the Canadian Credit Co-operative Society been subject to federal inspection by the Department of Insurance of the Federal Government and they set down some very rigid inspection requirements, and the requirements under that Act also called for certain amounts of money to be placed, I think, in reserves, and there are also restrictions in the way of loans, and so on. So that the more we take out of our Act and this makes the federal legislation getting more control, and by deleting a certain portion of the present Act dealing with the distribution of earnings - and I think I should read into the record just what we are deleting from the present Act already on our statutes, and the statute that we are amending has been amended in 1955, and 1964, and also in 1970. On a number of occasions, it was merely a matter of increasing shared capital, and so on, but the last time it also involved the matter of the payment of interest, or dividends, on capital. There was a limit placed in the Act which was removed in 1970.

But what we are deleting from the Act I think is very important because the original Act says that if the balance will provide, interest shall be paid on the paid-up capital of the organization. This is what we are going to delete. There is no longer going to be a requirement that interest be paid on capital. Then, too, by allowing government agencies to become members, and I don't think it necessarily states that they have to put up capital, who is going to get the earnings that accrue from the Co-operative Credit Society? How are the earnings going to be distributed? Once we take this section out of the Act how is the distribution going to be made? I think the section had a lot of value, especially to members of individual Credit Unions who benefitted as a result of this.

The Member for St. Matthews mentioned that the deletion is principally done because of the Federal Income Tax Act. I think if this was the case, and then he certainly should have enlarged on just why, and how the tax would have affected the Credit Society had the bill remained unchanged. In his quotation from Page 1615 of May 2nd, and I am quoting from his comments that he made, it says this way "The final change involves the deletion of an entire section of the Act, and it provides an amendment that would allow the distribution of earnings of the Co-operative Credit Society to be provided for by by-laws, and the reason for this is the changes that are taking place presently in the Federal Income Tax Act." There is a great deal of uncertainty as to how these will affect the Credit Union movement and because of this the Co-operative Credit Society wants to have some flexibility in insuring that its provisions for distribution of surplus will conform to the requirements of the new Federal Income Tax Law, and so this is to be provided for by by-laws of the society.

Mr. Speaker, how do we know that by removing this that we are doing the right thing. If there is still certainty as to how the tax will apply; if they still do not know just how the Federal Income Tax is going to affect them, and to make the changes at a time when we do not know what the facts are, I think we should as members of this House be knowledgeable as to what the facts are and just what changes really should be made.

I already mentioned the matter of the interest factor, how is the distribution going to be made if it's not going to be made on capital. I certainly would like to have this question answered.

It seems to me, Mr. Speaker, that the changes in the Act that are being proposed here

(MR. FROESE Cont'd) . . . are being made in preparation of becoming a bank or at least acquiring a bank so that the pattern would fit in. This is what I see in the bill and the amendments that are before us, because we know from the by-laws that have been changed not too long ago in the Credit Society - I used to be a director on this some years ago, and at that time we had direct membership from the Credit Union to the Credit Society and at annual or membership meetings, we would have a direct voice in the organization. This is no longer the case. You now have sub-district meetings and you have delegates appointed to attend sub-districts and these then meet later on in assembly to decide on the policies and matters of the Credit Society. So they've built a buffer around themselves. I feel that this all has to do already in preparation of acquiring assets of a bank or setting up a bank probably in conjunction with the government because we are now making it permissible under the legislation for the government to participate; and at some point I would like to have this question answered by the government. Are they considering acquiring assets in the Credit Society, or making considerable contributions to the Credit Society for the purposes of acquiring a bank or acquiring a bank charter or buying out a bank? I think this is what is on the scene and this is what I read into the changes of the Act. The object is in my opinion that of establishing a bank in some manner and that the government will probably and most likely take part. Certainly the amendment makes it permissible. What I am concerned with and rather have an anxiety for is the autonomy of our local credit unions as a result of this should this happen. I think it would then be a matter of course that they would just become branches of this banking system and they as a result would lose their autonomy.

Now there are certain advantages to be gained by having a bank, sure, but at the same time what I'm afraid of is that we will probably go back to the stage that we were in years ago before credit unions came into existence. Many many people could not get a loan from a bank at that time. I know my father has told me about the years when farmers went to the bank to borrow money for binder twine and couldn't get a loan. So in the thirties the credit unions came on the scene and in 1937 the first credit union was organized in St. Malo and since then the movement has grown to where today we have credit unions of many thousands of members, having many millions in assets and they're performing a very valuable service to society and they are catering and have been catering to the needs of the small man but -- (Interjection) -- The Member for Radisson says this will improve it. This is where I put the big question mark because once they become under the arm of the Federal Government and the Federal legislation their inspections and their laws are considerably different and I checked the Federal, the Canadian Co-operative Credit Associations Act, I checked it out before I spoke on this. I had some notes prepared on that as well, but the Speaker is rising and . . .

MR. SPEAKER: The Honourable member has five minutes.

MR. FROESE: . . . I won't have the time and it won't permit me to deal with the provisions of that particular Act to which this legislation becomes subject to and has been subject to for some time, but will become more subject to because of the amendments that we are making with Bill 33, because we are removing some very important clauses of the present act. The distribution of earnings is one as I already mentioned. And this is a very important one because how are the earnings going to be distributed? Will they be distributed? This all becomes a matter of the by-laws, and as I told you that there won't be direct membership by credit unions, it will be at the second tier where the decisions will be made and therefore I am very hesitant to give approval to the bill that is before us not knowing exactly what is in store and what the government has in mind. Have there been negotiations; have there been discussions with the Credit Union League on this?

I conferred with managers of some of the larger credit unions in the city. They told me they wanted no part of it and I can go on record on that, that they were not interested in what was happening here. They wanted no part of it. So I'm just wondering how many of the larger credit unions are really giving support to what has happened here and what has been proposed here. Has the bill gone out to the credit unions; do they know exactly what has happened here? Certainly I'm looking forward to the time when the bill will come before committee so that we will hear an explanation on the federal tax aspects so that we can have an explanation on that regard and also that we will at that time have a right to question some of the aspects of the bill before us.

Mr. Speaker, I earlier had prepared some notes in connection with the Federal Act which is involved but I haven't got them with me. I was waiting for this bill last week to come up and we never got to it and on a previous occasion I wasn't ready with my notes, so tonight I am doing

(MR. FROESE Cont'd) . . . as best I can with what I have with me.

I wish to thank honourable members for the attention and I hope I get some proper explanations for my questions.

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: Would the honourable member permit a question? Are Buffalo Co-operators or Teachers' Society some of the credit unions opposed to this bill?

MR. FROESE: Mr. Speaker, I have not contacted those particular ones.

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, I have a couple of passing remarks I'd like to put on the record with regard to this bill as one who has been involved in the credit union movement for many years. I thought I fully understood the concept of a credit union where the credit union movement was basically established in this province and all across Canada to look after the needs of the little guy who all he's got is his hands and his health and his ability to make a buck and his financial resources were very limited and all he had was basically himself. In those days a lot of the young people, especially after the First World War went to the local financial institutions and due to the fact they had no credit rating they were not able to get the financial resources to develop themselves or to develop their families and so the credit union movement grew under that concept.

I happen to come from a very small village which the Honourable Minister of Health maybe knows about, he's a man that's been involved in the credit union movement, where the banking institutions frowned on that particular community for various reasons, and I shall not go into that debate at great length. But nevertheless the local people with their own initiative and their own desire, the need of that type of an institution in that community, and that has served a great source of drive and desire and looking after the financial resources of the little people over the years.

We have a bill here now before us, Mr. Speaker, that's going to put the credit union in the corporation field the same as a banking institutions. It's just going to be another bank, so they'll be competing with the big boys -- (Interjection) -- That's right and, Mr. Speaker, in all sincerity the little guy, that all he's got is his two hands will be forgotten in the whole thing. I'd like the Honourable Minister to stand up and prove to me that this isn't going to happen.

I happen to be one of the members, Mr. Speaker, that brought in the bill that incorporated pool elevators and you know what happened after that bill came in? They just become another giant corporation. The local boards and committees were completely forgotten, their rights were taken away from them and so pool elevators are closing up elevators all over this province because they're just another corporation. And I just wonder in this legislature, are you going to close up the little credit unions across this province? Well one of the honourable members shakes his head. But when you get to this level where you have government funds involved in credit unions, imagine how giant this movement will get or unions with their millions of dollars taking over and moving -- in all sincerity, why is government and the labour unions not using the banking system that's been established in this country for a hundred years. Why don't they leave the credit unions alone and let them look after the needs of the little people. -- (Interjection) -- It's a bill that's trying to incorporate the credit unions into a larger growing -- certainly with the accounts that they're going to have at their disposal, they're definitely going to grow. I have no quarrel with growth or progress, Mr. Speaker, but I hope in this bill that somebody will stand up and put it on the record that the little man who's just got his hands and his physical ability to go out and make a buck will still stand up at the desk of the credit union and be able to get the dollars that he needs to look after his financial resources.

MR. SPEAKER: The Honourable Member for St. Matthews will be closing debate.

MR. JOHANNSON: If no one else wishes to speak, I'll close debate on the bill -- Oh, sorry.

MR. SPEAKER: The Honourable Minister of Health and Social Development.

MR. TOUPIN: Mr. Speaker, the last member has got me up on my feet. I feel like he does that the co-operative movement, more specifically the credit union sector of the cooperative movement we're dealing with now, has accomplished many things in the past since 1937 in the Province of Manitoba. We started with nothing after the depression and we actually went forward to what we now know to be big business really, because if you look at the number of credit unions that we have in the Province of Manitoba and the assets that they own, the number of members that we have is approximately 150,000. In Canada, there is one on four

(MR. TOUPIN Cont'd) . . . every Canadian that is a member of a Credit Union or a Caisse Populaire; there are well over 4,000 Credit Unions and Caisse Populaire in Canada right now and the assets of the credit union movement is larger than any bank that we know in Canada if you take it globally. They own trust companies. Like the Member for Rhineland mentioned the other day, they now own two banks in Canada, the major interest in two banks. There is a possibility of acquiring a third bank. Although I agree that the Credit Union movement started initially to help the small people like the honourable member and myself quite a few years back, with larger amounts of funds, the credit union movement is able to help more people.

I believe that the type of structure that we're asking for under this bill will allow the members, the many millions of members that we have in Canada, and more particularly the members that we have in Manitoba, the assurance that the credit union that they belong to will be financially sound and able to answer all of their needs. I feel that becoming big is not necessarily the end of whatever can be done for the smaller, the less fortunate or the medium income family that we have in our province. I feel that a member that has been helped by the co-operative movement, by the credit union movement itself should one day when he becomes more affluent in society, should in turn try to help his fellow neighbours and this is the intent of the co-operative movement. But because it is becoming large and because it needs structures to guarantee the additional funds and the global assets that it has at its disposal, I don't think we should classify it as being against the co-operative principle that we've known back in 1937, 1938 and after the war in 1945, 46. I think we still remain with the same committees that we had back in those days. Maybe the number of members on these committees, the board of directors, the credit committee and the supervisory committee is somewhat different. They're dealing with different problems than they had then.

I can remember my father applying for a \$200 loan and it was quite difficult to get this loan, not because he didn't have the financial backing but the credit union was quite small in assets. Today if he approaches a credit union with seven or eight million dollars in assets, still with the same committees and the same personal touch that we had then, they're able to help many more people. That's really the intent of the bill that we have before us is to try to assure that all members that do belong to credit unions that their funds are guaranteed and are assured as much as they would be in any other financial institution that we have in our province. -- (Interjection) -- I'm sorry, did the member have a . . .

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: I think I should raise a point of order. The honourable member mentions that the credit union still have their committees. How many of the credit unions still have those committees that you mentioned - the credit committee? I think the majority of them have probably discontinued having credit committees.

MR. TOUPIN: Well, Mr. Speaker, there have been changes in the Credit Unions' Act since quite a few years. I can remember back in 1960 when I was involved actively in the Credit union movement and right up to 1969 being manager of a central, that the Act was amended to allow the members at the annual meeting to give the responsibility of appointing the members on the credit or the supervisory committee. Those that decided to do so, these committees are now appointed by the board of directors. There is quite a few - I have to agree with the Member for Rhineland - quite a few members of the Credit and Supervisory Committees that are appointed by the Board of Directors, but we must remember that the Board of Directors themselves are, and I hope always will be, elected by the Members themselves, and I do hope that we don't go for the system that we see in other quasi co-operative movement, like we see down east and elsewhere, where we allow proxy votes. I don't believe that this is the intent of the co-operative movement if we look at the philosophy that had Mr. deChampagne back in 1901 when he founded the Credit Union movement in Canada, and back in 1906 when we went to the States and founded that movement there. We see in the States today 22,000 credit unions and their principle in the States is somewhat different than we have in Canada. Mr. deChampagne took the principle in Europe where they had credit unions, and where they had savings unions, but he -- (Interjection) -- but he integrated the saving and credit union in Canada to make it what we call the Caisse Populaire which is the Credit Union Movement in Manitoba.

I believe, Mr. Speaker, that all members when they come to Committee to discuss the nitty gritty of the bill, clause by clause, that they not only look at what they saw, or what they experienced themselves by being either members of a credit union, or by being a member of a board, credit committee, supervisory committee, or the board of directors, back, say in 1938,

(MR. TOUPIN Cont'd) . . . 1940, 1950 or 1960, but look at the future of the movement itself and what we intend, what we hope that this movement will do for the betterment of the people of our province, and look at the possibility of making use of other financial institutions that have the financial power that we need to render more services, and to more members of our province.

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, I wonder would the honourable member permit a question? In passing I might add that to the best of my knowledge the credit unions in my constituency have not seen the bill. But the question I would like to ask the Honourable Minister, when in the expansion of the Credit Union movement do you see it becoming recognized by the Federal Government as another banking institution, and have to live by the federal laws of the Banking Act?

MR. TOUPIN: Well, Mr. Speaker, this has been an option now for quite some years you know to actually get insurance. We've instituted a few years back what is known as the Stabilization Fund in the credit unions which was some sort of a guarantee financially to the members. When you look at the - I'm trying to compare with other provinces, but it is coming across Canada - when you look at the control that the Federation of Credit Unions of Quebec have in two banks, they are subject to federal legislation pertaining to that insurance of funds, you know, by their members, but they are still subject to inspection and audit by the Provincial Government who delegates this function to the Federation. In Manitoba we still have the Credit Union League and the Co-operative Credit Society that have kept this responsibility in a sense, you know, auditing and doing some educational work for their member credit unions. The Department of Agriculture through the Co-operative and Credit Union Services Branch does the inspection, the audit of credit unions, and charges them so much. So even if this bill is passed, it will not take the responsibility away from the province pertaining to the direct, say, day to day operation of the credit unions. It will not affect that at all.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: I would like to move, seconded by the Honourable Member for Rock Lake, that the debate be adjourned.

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

MR. SPEAKER: The proposed motion of the Honourable Member for Assiniboia, No. 38, 36.

MR. PATRICK presented Bill No. 36 an Act to amend an Act to incorporate the United Way of Greater Winnipeg, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, it's a very simple bill. I don't believe it needs any explanation. However I do wish to bring it to the attention of the House that I did have the privilege of introducing the original bill some eight years ago when the assets from the Community Chest were transferred over to the United Way, at that time to the United Way of Greater Winnipeg, and all this bill is, is changing the name United Way of Greater Winnipeg to United Way of Winnipeg.

MR. SPEAKER: Is the House prepared to adopt the motion? The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I beg to move, seconded by the Honourable Member for Gimli, that debate be adjourned.

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

MR. SPEAKER: Bill No. 37. The Honourable Member for Assiniboia.

MR. PATRICK presented Bill No. 37, an Act to amend an Act to incorporate "The North Canadian Trust Company," for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, the Canadian Act has a provision that a provincially incorporated trust company can become a federally incorporated trust company with the permission of the province. The Manitoba Companies Act, Section 130, provides for a Manitoba company incorporated under the Companies Act becoming a company under another jurisdiction but it says nothing about Manitoba's company incorporated by a special act of the Legislature. The situation now is that a trust company which has been incorporated under Manitoba laws by Letters Patent might upon obtaining approval of the Minister apply to be a trust company

(MR. PATRICK Cont'd) . . . incorporated federally. The trust company business lends itself to across Canada operation and the North Canadian Trust Company is already federally inspected by the Superintendent of Insurance and wishes to do business in other provinces, and to be facilitated in doing such businesses under federal charter rather than a provincial charter. The Fidelity Trust Company I understand is in a similar position and is petitioning the Legislature for an amendment to its Act of incorporating along the lines that I mention.

MR. SPEAKER: Is the Assembly prepared to adopt the motion? The Honourable Member for Radisson.

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

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

. Continued on next page.

PUBLIC BILLS

MR. SPEAKER: Public Bills, Adjourned debate on second reading. The proposed Motion of the Honourable Member for Portage la Prairie. The motion is open. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I do wish to say a few words on this bill and I believe that it was quite evident the other day in the Committee, Mr. Speaker, that what the Honourable Member for Portage la Prairie is trying to do in amending the MDC Act is that we have better reporting, and more information, as members in this House from the MDC corporation.

The other day we were told that financial statements were not available, some were not finished, and sometimes you have to wait six months after the year end for a financial statement from any of the companies that the government has equities in. So -- (Interjection) -- we didn't get them before, but that doesn't mean that we shouldn't have them. So, Mr. Speaker, I'm sure the Attorney-General would agree, and would know quite well, but you know that there has been a time that many of the things that we had -- a lot of the problems that we had with the former companies that have gone bankrupt, and there has been some, perhaps some feeling amongst many of the people in the province that the NDP Government had inherited many of its problems from the former administration. But, Mr. Speaker, I don't think that's the fact any more. We have some corporations now that this government should concern itself with, and certainly has an explanation. I know that the Minister, the Attorney-General says did you get this information before? Mr. Speaker, the point is that we didn't get it, and I'm sure if the members would have had this type of information we would not have had the problems that we had with many of the loans that the companies got. I am sure we wouldn't have had the problems with CFI if this type of information would have been available that the member for Portage is asking for. Surely it's not much to ask for a quarterly reporting; surely it's not much to ask for quarterly reporting from any company that has a very large loan from the government. Again one of the backbenchers says, well it's a fact because it's printed in Votes and Proceedings. I say to the honourable member that's not good enough. Why not put it in legislation? It's not in legislation at the present time. Enshrine it in legislation so when future administrations, or future governments, come into being then they can follow the legislation. It's not good enough to say that we're doing it, but it's not in legislation. Why not enshrine it in legislation?

Mr. Speaker, while I said we had some sympathy for the New Democrats when they told everybody, and said that they had all the mess dumped by the former administration, but I'm sure that too soon the public has realized that the government had many of its own. What about Dents Food Processors, Unicraft Enterprises, what about King Choy? -- (Interjection) -- That's the government's doing. That wasn't the former administration, so why don't you answer for your own mistakes, and for your own blunders. -- (Interjection) -- that's right. No, Sir. I haven't -- (Interjection) -- Mr. Speaker, I haven't, I haven't read any speeches yet. I don't know what the Honourable Member for Osborne is talking, but I know what I'm talking. You know the First Minister, what did he say? What did the First Minister say about King Choy? What did he say? We'll have an investigation, and we'll have it soon and we'll nail them, and we'll nail them fast. And we'll have a complete investigation. Mr. Speaker, where's the investigation? Has it been reported to the House? No. Nothing has been said. I wonder who are the people who were supposed to be nailed? Because surely, surely, when the First Minister was going to nail these people real fast, and was going to have a full investigation, surely there would have been a report presented to this House, but there hasn't been. There hasn't been. The point that I'm trying to say, that surely this government has made quite a few blunders itself, and surely is responsible and has to reply for these mistakes. I think the First Minister said that the investigations would be reported to the House, and he said it publicly. It's reported in both newspapers, and he repeated it. Where is the investigation in respect to King Choy and the money that was lost?

Who were the people involved? He was going to report to us. He was going to give us who were -- not only the shareholders, but officers of that company. Have we got that information? Surely this government is responsible. Surely it has a commitment to the people and to this House and to tell who the people were -- to have a full investigation. Not an investigation by somebody in the department, and said, "Well we internally looked at it and the men ran away, we can't do anything about it." That's not good enough. If you are going to have an investigation, let's have it, and find out, and find out. So I say you are responsible for many of the blunders

(MR. PATRICK cont'd) yourself. What the bill asks here surely, surely, it's not asking too much, is for quarterly reporting, for quarterly reporting and any bank that's going to give you any type of high financing today, any high financing today, not only that you have to -- (Interjection) -- I wish . . .

MR. SPEAKER: Order.

MR. PATRICK: Well, I'm just getting some information -- (Interjection) -- Oh the legal opinion will be sought on King Choy. That was stated by the Minister himself, the Minister of Industry and Commerce, Evans. That's the big headlines. I could read the whole thing but -- (Interjection) -- I should. I wish the Minister of Labour would get up and make his own speech instead of speaking from his desk because he always gets up on a point of order and tells us how we should observe the rules of the House, but he's the one that usually, that breaks more rules in this House than anybody else.

Mr. Speaker my point is, it's not asking too much to have quarterly reporting. If you get a large loan from any bank, or any financial institution today, not only quarterly reporting, but you are asked to supply a financial statement every month, every month. And to say that the government is satisfied with an annual report; you are going to get your annual report six months later, and if a company is going to go under, what chance or what opportunity have you got to save any assets that the MDC has loaned? There isn't an opportunity because by that time all the resources, or all the money that was in there, is gone. So surely I think this is only sound business practice. This is not something that I'm sure if the government would be reasonable, they'd say it's a great idea. What's wrong with that? And why not put more responsibility on all the members of the House. This would not be political decisions, would not be political football any more, I think then your MDC operation would work much better in a much . . .

MR. MACKLING: Is the honourable member indicating he'll answer a question, Mr. Speaker.

Would the honourable member, if he says it's a great idea, would you compliment the government then for having given this reporting every three months?

MR. PATRICK: Well, Mr. Speaker, I hope the Honourable Attorney-General will be just as eager, and will support the resolution, support the bill. That's what I'm asking. I have no argument. I think you did the right thing, yes, by amending the bill, but you didn't go far enough. That's what I'm saying. You know just to say that the government will give us information, Mr. Speaker, the government will give us information, whatever they want to give us, and say believe us, we'll give you the information, we've amended the Act, but I know you'll have the financial annual statement, and we report more than annual statements whoever gets a loan, in the Manitoba Gazette. And I say to the Minister, why not enshrine it in law, in the statutes. Why not make it mandatory? And really I don't think that we are asking too much. I think that we're suggesting that loans be open to scrutiny of a non-political legislative committee composed of all parties. -- (Interjection) -- Well a legislative committee composed of all parties. -- (Interjection) -- Non-partisan, that's right.

And so I cannot see -- (Interjection) -- Mr. Speaker, I'm sure that no one will have any hard time to support this bill. I think it's sensible. I believe that the bill will prevent sloppy loans, or loans presented with political pressure. I believe that the time has come, and there are some members on this side of the House suggesting that we should do away completely with the MDC. I'm not prepared at this stage to state this but it's time that we made the MDC operation a much better operation that it is at the present time. And surely the Minister doesn't make sense when he says, well you get an annual statement, and you'll see it six months after the year-end of that company. That doesn't make sense, Mr. Speaker. Surely the Minister is much better of a businessman than to say well you see the annual statements and normally the annual statements are not ready at any year-end of any particular company. It takes three or four months to get an annual statement. The other day in committee what did we have? We received from the eight companies, I believe we received three statements. three annual financial statements; there's five to come, and we were told that some of these companies did not have a year-end, they've only been in operation first year, have been in operation twelve months, some were nine. Why can't we see a quarterly statement? What's wrong to see a quarterly statement? What's wrong to see a semi-annual statement? Surely this makes sense to the government. So I see no reason if the government is prepared to improve the operation of the MDC, to improve its loaning procedures, I see no reason for

(MR. PATRICK cont'd) anyone not to support this bill. And, Mr. Speaker, I ask all members to support the bill.

MR. EVANS: Mr. Speaker, I wonder if the honourable member would submit to a question. Would he be prepared to have a resolution passed in this House recommending to the Federal Government that the Industrial Development Bank publish quarterly reports on its activities. -- (Interjection) -- Mr. Speaker, or even annual reports on details of loans made to various companies and individuals.

MR. PATRICK: Mr. Speaker, it is my understanding that the Federal Government or IDB, Industrial Development Bank, has not the same problems as the Manitoba Development Corporation has. -- (Interjection) -- Yes, I do. -- (Interjection) -- Well I didn't hear what he said; somebody covered up something. I wish the Minister would get up and make his speech from . . .

MR. SPEAKER: The Honourable Minister has already made his speech. The honourable member has already made his speech.

MR. PATRICK: Well I'm trying to answer his question, Mr. Speaker.

MR. SPEAKER: Is the House prepared to adopt the motion? The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I would like to make some comments in connection with the bill before us. I think the bill is very timely because since the Development Corporation, or the Development Fund, originally came into being a lot of things have changed and certainly as far as changing it over to the Development Corporation and now that we're acquiring equity in companies, I think it is more necessary than ever because things can change very fast and I'm wondering how often the Development Corporation gets reports from these companies they make loans to. Are they on a monthly basis, or how often does the Development Corporation get reports from the companies they lend to? This is very important because an industry can deplete its inventories very fast. A company with a considerable inventory early in the month, or let's say over a two month period, can deplete its inventories very fast so that the assets are no longer there and if repayment is not made on schedule when the manufactured articles are sold, this means that the company hasn't got the securities that are necessary to cover the loans that are outstanding.

I also feel that as the Act states, or the bill states, that we should have quarterly reports. I mentioned the Canadian Co-operative Credit Society before which comes into consideration when we discussed the Co-operative Credit Society bill, and that particular corporation makes quarterly reports. The provincial organizations have to report quarterly, and so that the members of that association get quarterly reports, and if a national organization can do that, a credit organization like that can do a thing like this, why can't a provincial organization do it? Certainly we're operating in a much smaller sphere than they do and should be as a result, it should be more likely that we should be able to produce annual reports to the members of this House.

Mr. Speaker, we are required, as was just done the other day under a bill, to allocate large amounts of money towards the Development Corporation and we are responsible to a large degree to what happens to those monies. We have set up under law, the Development Corporation, set up a board which is being appointed by the Lieutenant-Governor-in-Council and they have the right to lend those monies to the various companies. We, as members of the House, don't know what's going on unless we receive reports, so that a lot of harm could be done for that matter, and a lot of risk can be involved which we are not aware of, and I feel that the reporting that is being done is not sufficient for the present time because of the changes that have taken place. We should have a much better analysis of the type of loans, of the amount of risk involved, more reporting in connection with the inventory, and there are so many different aspects . . .

MR. SPEAKER: Order, please. The hour of 10:00 o'clock having arrive, the adjournment is here. The House is accordingly adjourned until 2:30 tomorrow afternoon.