

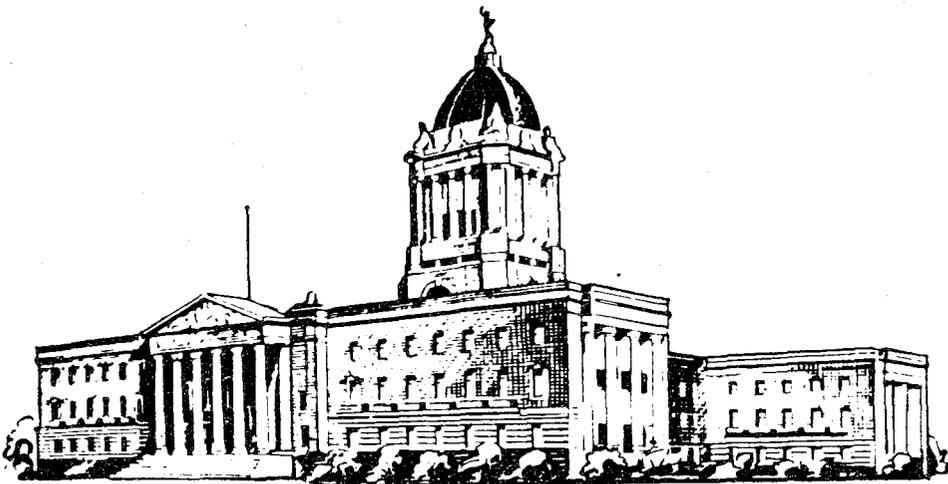


Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XX No. 21 8:00 p.m., Monday, March 12th, 1973. Fifth Session, 29th Legislature.

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THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, March 12, 1973

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Before we proceed this evening, I'd like to draw the attention of the members to the galleries to my right where we have 45 students of the Bannatyne School, Grades 3 to 6. I believe there are also members of the 33B Group Cub Pack under the direction of Mr. C. Goldhawk. These students are from the constituency of the Honourable Member for Sturgeon Creek. On behalf of all the honourable members I bid you welcome to the Chamber.

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MR. CHAIRMAN: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): Mr. Chairman, I'd like to try to bring the discussion on the Estimates of the Minister of Mines and Resources back to the questions being raised, I think it was on Friday, on the Kierans Report and the general philosophy that is being projected by Professor Kierans in his report and his recommendations to the government.

Mr. Chairman, the Minister of Mines and Resources has a very heavy obligation and responsibility, as the government in a sense is the manager of the resources and land of the people of Manitoba. Since and around 1930, I believe it was, the resources of Manitoba, the land of Manitoba was given to the people of Manitoba by the Federal Government, and it's the Minister of Mines and Resources who in a sense is the manager on behalf of the people of Manitoba, of the wealth which we all own, and I suppose that as the landlord in effect with respect to all these resources, his duty is to earn for the people of Manitoba the highest possible return on these resources and on this land; and secondly, to conserve these resources and this land for future generations as best he's able to.

Speaking of earning the highest possible return, Mr. Chairman, one of the things that Mr. Kierans has done for us is provide us with some understanding of the dimensions of the wealth that is produced in our mining industry. For example, in the three-year period 1968 to '70 he finds that the book profits of the three major mining companies was \$192 million and the question then becomes, to what extent have the people of Manitoba enjoyed these profits relative to, for example, the companies themselves? And of course what he's showing, something that we all would have suspected, I suppose, but it's useful to have the figures in black and white, is that out of book profits of \$192 million in that three-year period, the Federal Government on behalf of the people of Canada is able to extract \$15 million, the Manitoba Government on behalf of the people of Manitoba is able to extract \$15.6 million, and the mining company retains \$161.4 million out of the original book profits of \$192 million, so the people of Manitoba, Mr. Chairman, are able to enjoy 8 percent of the wealth which we own in terms of rate of return, whereas the mining company who, in a sense, lease the resources from the people of Manitoba, are the main beneficiaries to the extent of 84 percent of the profits that are extracted. And the question that Mr. Kierans poses: Is this the highest possible return that the Government of Manitoba can achieve for its people in Manitoba at this time? And it's a very interesting question and a very demanding one.

He points out again and again that when the original contracts were made with these mining companies, governments in Manitoba and governments in other provinces were rather immature, were weak, were not particularly confident of their ability to deal with these complex matters and allowed the companies, therefore, to gain a very substantial contract for themselves, and the people themselves were left with very little under the circumstances. But he argues that now that governments have become more mature, now that time has passed with the increasing degree of sophistication, the tools that are available to us, he asks whether or not these original contracts which distributed the profits primarily to the companies is really the best that we can do for the people. And he gives many arguments with respect to this and I'd like to just briefly go through some of these.

Mr. Chairman, he asked me the question, for example, that he points out, and asks the justification for this state of affairs: where is the province, our province, which is defining its people as drillers and miners and incapable of fulfilling a role as owners, managers and developers of their own wealth? That the wealthy will be the operators, the corporations to whom the benefits now belong. And he is very insistent on this point, mention-

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(MR. GONICK cont'd) ... ing it throughout the report. For example, on page 41 he says that if the government of Manitoba decides to maintain the status quo with some marginal increases in taxes, such as we did a few years back, then it could frankly say to the people of Manitoba that it is unable, helpless to challenge the power and control of the corporations. In effect the political authority admits that it cannot restrain or contain commercial interests. And here, Mr. Chairman, I suspect is a direct challenge to this administration and other administrations because this report certainly has relevance to other provincial governments within this country, and the question he is consistently asking the government to address itself to is, is it willing to continue the relationship whereby the political authority admits that it cannot restrain or contain commercial interests and that aside from some marginal increases in taxes it should be frankly saying to the people of Manitoba that it is unable and helpless to challenge the power and control of the corporations. So that's Mr. Kierans' challenge to the government of Manitoba with respect to mining policy, and of course this document, as members have noticed, goes well beyond mining policy. It really is an economic policy, an industrial policy, an economic policy in all of its ramifications that we must consider.

The point that Mr. Kierans raises and raises very well is that in the 1970s it is becoming very clear, if one examines the relative supply of scarce materials like nickel and other non-renewable resources, the supply of these relative to the growth and demand, that these are becoming increasingly scarce resources. And if one acknowledges certain basic tenets of economic principles in the free enterprise system of supply and demand, then it should be clear to people who think about it that the resources which are particularly scarce and growing scarcer should yield increasingly generous returns, and those resources which are less scarce should show increasingly smaller returns. So one would have thought that the people of Manitoba, being the owners of scarce resources which are getting more and more scarce relative to demand, should be receiving increasing shares of returns on these scarce resources. The conclusion there must be, from this analysis, which is a very simple analysis and in my opinion very correct, that with the companies who only put up the capital -- they don't own the resources, we own the resources; they put up the capital -- that they're receiving 86 percent, 85 percent of the returns and the people of Canada, or particularly the people of Manitoba, are only picking up 8 percent of the returns.

Now how is it that the people who own the scarce resources, the mineral wealth, are receiving a tiny fraction of the returns, and not a particularly growing fraction, I don't believe, whereas the people that rent the resources from us are able to capture a large and growing share of the wealth. It's an interesting question he poses and it's one which of course no government who accepts its obligation and responsibility to maximizing the return on its resources for the people it represents can avoid. The government cannot avoid dealing with that kind of question and I know this government does not avoid the question.

A point which the Minister of Mines will appreciate very much related to this point, is one that is mentioned in Mr. Kierans' report on page 11 where he argues that the future growth and development of Manitoba of course very much depends on the surpluses or the capital which we have to invest in the province. And this capital is obtainable either from the savings of our local population that remains in the province, or from the wage earners, the savings of the wage earners, which is available for investment purposes. And what is not available, of course, is the wealth which is extracted in the form of profits and exported out of the province. And with respect to the wealth in the mining industry, Mr. Kierans points out that the three largest mining companies in Manitoba in 1970 earned a corporate income of \$86 million. Wages and salaries paid out to them, to their employees, amounted to \$68 million, and if one is very generous with an estimate of the savings that will be generated out of those wages and salaries, one would find that the total savings available from the incomes in the form of wages and salaries paid out by the mining companies, would be in the order of \$3.4 million compared to the book profits of \$86 million less the taxes that come to Manitoba by means of the royalties and income taxes which come to about \$7 million.

So you find that the wealth that is created in the mining industry which could be re-invested in the Province of Manitoba in various forms, industrial and non-industrial, economic and non-economic forms, are by and large unavailable to the people because all that is left behind in the form of available capital is this small portion of the wages and salaries which are saved and perhaps invested or available for investment, and the small amounts of money

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(MR. GONICK cont'd) that are available from taxes. The rest of the money is exported and invested in other lands, in the United States of America, in Belgium or some other portions of the world, or Canada, but they're not available for the economic development of Manitoba.

What is really happening, Mr. Chairman, is that -- what we're doing is borrowing back, at interest, the capital that we're allowing to get away, because how are we able to invest in Manitoba Hydro and in other kinds of economic projects? We're essentially borrowing money in the world's money market. The money which -- our money, which we allow to leave the province by virtue of the exports of profits from the mining industry, we're now bringing it back into the province for investment and we're paying a pretty handsome interest, which of course the taxpayer ultimately pays for. It's a very irrational procedure and process which is certainly costing the people of Manitoba a great deal of their income and a great deal of their labour because that's the ultimate producer of the income tax which ultimately pays for the interest on the investment.

So, Mr. Chairman, this is a problem which I know that the Minister of Resources is interested in and it's a problem which Mr. Kierans addresses himself to and obviously has some suggestions for the government as to how to maximize returns on the mining industry so as to be able to much more easily finance industrial development in Manitoba without having to pay the great burdens -- and they are great over periods of years, when we're dealing with hundreds of millions of dollars of borrowed capital in the form of interest payments. And that's one of the problems that Mr. Kierans deals with.

The report deals with alternative ways of capturing a greater part of the wealth which is created in the province, and Mr. Kierans is very hard on second best alternatives and he goes through some of them. He discusses the mixed enterprise solution whereby government is able to, through equity participation, gain a portion of the wealth which otherwise would leave the province. His point here is that, and I'm quoting him, "Mixed enterprises would be a second best solution since a share of the surpluses or rents or profits above a normal return to capital would be given away for no functional purpose." We'll get into that, Mr. Chairman, in a moment.

The other point he raises with regard to mixed enterprises, and it's a point which Mr. Kierans raises again several times in the report and it's, I think, a very essential point to his whole argument, and that is with mixed enterprises where the government itself is not in a position to control the development itself, the developments itself, themselves, the enterprises, the mining companies, it's in their interest to develop very quickly, to explore as much as they can to get a control of as much of the resources as they can, and to extract as fast as they can from the province, that's in their interest. But, of course, Mr. Chairman, if it's in the government's interest, one of its interests is to conserve our resources for future generations, to develop resources as we need them or in terms of what would create the greatest returns to the people of Manitoba. It is often not in the interest of the people of Manitoba that resources are raided and exploited at the most rapid rate possible. And if the enterprises are mixed with the government participating and getting some of the equity, some of the profits, not all of them, not all the super profits but a portion of them -- one of the problems remains not only a problem of giving up a large fraction of the profits which that Mr. Kierans points out is not necessary to give up, but secondly that you lose control of the speed of development; that remains in the hands of the enterprise itself. And this raises all kinds of problems for governments which are concerned with conservation of resources and maximizing returns over a period of time, not necessarily all the returns being maximized for this generation of Manitobans but maximized for several generations of Manitobans..

The other point he has to make with regard to mixed enterprises is that -- I'm sorry -- with the other kind of second best solution is the income tax -- raising tax rates on the mining companies or royalties, or altering the tax to an output tax rather than to an income tax which is recognized as being superior, but he still argues that however this will improve the situation it will not sufficiently improve the situation, that is you are able to capture an increasing proportion of the wealth if you raise taxes, particularly taxes on output, but you're giving up wealth unnecessarily for reasons which Mr. Kierans discusses and which I will discuss in a moment. You are necessarily giving up wealth for no particular reason if you go to the second best solution of simply increasing taxes, which is what the Leader of the Liberal Party

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(MR. GONICK cont'd) was advocating, and this again, Mr. Chairman, and this is as equally important, this again would leave the decisions as to the pace of development in the hands of those who control the mining company who again have an interest in maximizing the returns today rather than over several generations.

So, Mr. Kierans is very harsh on the second best solutions and essentially dismisses them as minor improvements on a situation which is unacceptable. The solutions which he recommends to this government, solutions based on Crown corporations which I must confess, knowing Mr. Kierans was going to prepare this document I don't know if my colleagues were prepared for this document, I certainly wasn't, and hadn't known Mr. Kierans to be a particular advocate of Crown corporations. I hadn't known him to be an advocate of this in any other jurisdiction that he had been involved with, I had had arguments with him over this over the years. I can recall several arguments with him both through correspondence and face to face. So this must be a position which Professor Kierans has come to rather recently and for reasons which are easy to see, in view of the kind of research which he has been able to do and which many of us have been doing over a period of time and have come to these conclusions some time previous. They are almost inherent in the logic of the study that he has done and any logical man, which Professor Kierans is, I suspect would come to solutions which are close to the ones that he has come to.

So, Mr. Chairman, let us look at some of the reasons why he advocates the solutions which he does, which are in the form of Crown corporate activity. First of all, he is persuaded that in the area of exploration which the Government of Manitoba has now involved itself in, that there are many myths prevailing and we've heard many of them from the members opposite over the years whenever I have advocated a similar proposal. The arguments come forward that these mining companies have put up a tremendous amount of risk capital, that this is a very risky business, and is the government prepared to undertake such risks and could it and so on and so forth, and Mr. Kierans, being a member of ruling corporate groups over the years, can speak with much greater authority than I when he says that this is a myth which people involved in the corporate world themselves understand to be such in view of the pooling of explorations among companies, in view of the fact that exploration expenditures are ultimately paid for by the taxpayer through our tax systems, which operate with incentives, which allow them to deduct exploration costs from their income, and that the government itself does a great deal of exploration, the initial exploration through survey, and geological and geophysical information are available to mining companies for free, that the question of risk is much exaggerated with regard to exploration factors. He also points out that the government is in many respects in a better position to undertake exploration in view of the fact that just like mining companies can pool risks, government can even pool risks that much more effectively if governments are bigger than the mining companies, that is the successes will even to a greater degree . . .

MR. CHAIRMAN: The honourable member has five minutes.

MR. GONICK: The successes will even to a far greater degree outbalance the failures with government pooling.

Mr. Chairman, the point that Mr. Kierans raises with regard to exploration is a point which I recall raising last year in a private member's resolution, one which I myself proposed, that the people of Manitoba, despite the fact that they own the wealth in the form of resources, have no idea of the value of the minerals in the ground, that this information is a monopoly of the mining companies and that it is certainly not in the interests of the people that this information of the value of their own wealth is not available to them and, as the Member for Flin Flon was pointing out in his speech of a few days back, the companies will always claim in their reports and in their public statements that the resources are only available for the next ten or fifteen years and beyond that they don't have resources for mining purposes. And of course the answer to that is simply that if the people of Manitoba really knew the extent of the resources that are in the ground, then the public concern in the form of tax demands would be far different than what they are.

So, Mr. Chairman, we then go to the points that Professor Kierans raises with regard to Crown corporations, and here again he warns that the risks that emphasized by the industry which justify the kind of profits they're talking about, are greatly exaggerated, that there's no market risks for items like nickel because the demand for such primary metal is enormous

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(MR. GONICK cont'd) and there's dwindling world supplies, that the technology is publicly available, it's in the public domain, that therefore in the mining industry itself the -- it is certainly within the possibility of the Crown operating as effectively as the private industry.

So, Mr. Chairman, we then come to the policies advocated by Mr. Kierans -- (Interjection) -- If I take a few more minutes -- I've only got a few more minutes and I may require a few extra minutes to complete my remarks. The policies that Mr. Kierans advocates and which I think the government is required to respond to and to some degree the Minister already has, is that in the course of a ten-year period the government must place itself in the position to operate the mining industry for the people of Manitoba and make available to the people the entire wealth that is extracted. And, Mr. Chairman, I come to the debate which was taking place between the Minister and the Leader of the Liberal Party regarding this question, where the Minister of Mines and Resources argued to the Member from Wolseley that what he was talking about by increasing taxes was confiscation, was "you make we take" was that you take the risk and we take the profits.

Now I'm not going to in any way come to the defence of the Member for Wolseley because in this respect, as in almost any other respect, I disagree with him almost entirely in his economic policies. But I would suggest to the Minister of Mines that when you say, "you take the risk," I suggest that the mining industry, the risks that are taken are by and large borne by the taxpayer, that the taxpayer is paying the costs of the so-called risks that the private companies are arguing to justify their profits. One would say that "you make we take," what they're making, Mr. Chairman, are not normal profits which Mr. Kierans would give 15 percent normal profits, but they're making super profits well beyond what is normal and when you argue "you make we take," yet they're making, they're making profits and they're making profits on profits well beyond what is normal in this country.

And finally, Mr. Chairman, with regard to the question of our policies with regard to these mining companies to argue confiscation. Mr. Chairman, they have been confiscating, the mining companies have been confiscating the wealth of the people of Manitoba for years and years and I see no reason to apologize for a statement -- it's not one that the Member for Wolseley is making, it's the one that I'm going to make -- I would see no reason to apologize for the statement . . .

MR. CHAIRMAN: Order, please. Time allotted to the . . .

MR. GONICK: I wonder if I could have a few . . .

MR. CHAIRMAN: Order.

MR. GONICK: Mr. Chairman, is there leave?

MR. CHAIRMAN: A leave has not been granted. The Honourable Member for Minnedosa.

MR. GONICK: Mr. Chairman, I think I do have leave.

MR. CHAIRMAN: Does the honourable member have leave? Order. I understand that the honourable member does not have leave. The Honourable Member for Minnedosa.

MR. DAVID R. BLAKE (Minnedosa): Thank you, Mr. Chairman. I must maybe give a word of apology to my colleague but my situation is such that I will be unable to be here tomorrow and I realize the time is running out on debate and I appreciate the opportunity to say a few words and I assure the member who is getting the floor next that I will only be a few moments.

I wanted to say a word while we're on the Estimates to the Minister in connection with the game laws and the practice of licensing, and I refer specifically to the elk season which I am sure he has been advised of already. I am an ardent sportsman, of course, and an ardent hunter, and hunt with a group of chaps who annually seek an elk licence and hunt elk around Riding Mountain National Park, and last year when the date was announced that the hunting licences would be available I -- (Interjection) -- No poaching, no -- I was going to be in Winnipeg and the locations were announced on where the licenses would be available at 8:00 o'clock on the morning of Monday, August 28th, or whatever the date was. I was going to be in the city on that date and I said unfortunately I won't be able to join you in the line-up at Brandon (or wherever they were going to go) so I would try and get my licence in Winnipeg, and I was fortunate enough, I was in the line-up at the Norquay Building here, and I was two hours, I think, in the line-up and there were many many hundreds of people behind me that

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(MR. BLAKE cont'd) I'm sure didn't get a licence, and I think the Minister is probably aware that it was a bit of an unfortunate set-up. There were maybe two girls selling licences. Some of my colleagues tried a week before to establish would it be possible to pick up a licence for one or two of their friends and they were told no, you can only pick up a licence for yourself, and I found when I was getting near the head of the line that there were fellows buying licences, two and three and four licences; all they required was to have the wildlife certificate and and they could buy licences for three or four people.

It was a most unfortunate set-up as far as the issuing of licences was concerned and, being a hunter, I realize that this year has been a rather a bad one. The weather was extraordinary and the elk did not come out of the park. Consequently I don't know how many were taken but I would say 50 or 100 was probably all the -- (Interjection) -- 210? That's high. I'm sorry I missed it but I know there weren't the number of elk taken that probably that game people would like to have taken for good game management. And I just wanted to bring this to his attention that I'm sure something will be done next year. Really I don't have a solution. I think probably the fairest way, if they want to have so many animals taken each year, would be to pick the licenses on a draw basis probably and take the game people and say well all right you've got a licence, five of you go in with this ranger, go into the park, get you animal, dress it properly and get out, and that finishes it. There's no people hanging around; it eliminates a lot of poaching; it eliminates wounded animals. I myself wounded an animal that got back into the park. I got the Ranger, as did several of my friends who hunt in my party. The ranger came and went with us into the park. We got a couple of the wounded ones but there were four or five got away that we didn't track down, they weren't hit hard enough, they weren't bleeding badly enough to carry on the search for any more than a half mile inside the park, and I'm sure there are many many animals being wounded, getting back in the park and dying and people say, well that's fine, the coyotes and the foxes have to be fed and nature takes its natural course and these animals aren't really lost because they provide food for the predators. But to me this is bad game management. I think the people that wanted to trap a number of elk and move them to another location had similarly bad experiences. They weren't trapping the animals to truck them out of there. I just wanted to bring this to his attention, that his people might be cognizant of the fact that really all is not well with this type of game management and I'm sure that it will be rectified in another season.

I said that I would only take a moment or two and I just wanted to touch on the Manitoba Development Corporation and I wondered that when the Minister speaks again if he might enlighten me on one or two aspects of the financial statement that has been handed down. There are some figures there that I just can't seem to get together and it's probably because I just don't understand the way the statements have been put together. But there are figures in there of \$11 million owing in this fiscal year and 13 million next year under Finance to the Development Corporation. I would like to know if these funds are going to be borrowed by the government to meet the demands of the Corporation and if they are, would they not be with the current estimates in . . .

MR. GREEN . . . just wonder if the member would let me interrupt him to tell him that the Chairman of the Manitoba Development Corporation will be appearing before the Standing Committee on Economic Development when details of the financial statement will be able to be inquired into. If the member is not a member of the committee he can still be there and ask questions of the Chairman. So, if he doesn't get satisfactory answers from myself, he'll still have an opportunity of discussing it with the chairman himself.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. BLAKE: He will be able to provide us with policy answers on . . .

MR. GREEN: . . . asking for answers on figures . . .

MR. BLAKE: Yes, the policy of providing the funds . . .

MR. GREEN: It's just that those details you'd probably get more from him. As to the policies of the Fund, probably this is the proper place to deal with those.

MR. BLAKE: So we understand that all of the corporations where the government has some equity in we'll be provided with financial statements on these companies, and I wondered if we might have them before the council meets, that we might have time to go over them.

MR. GREEN: Mr. Chairman, the details of that kind will be provided at the Committee on Economic Development. I'm not indicating that everything that the honourable member said

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(MR. GREEN cont'd) he wanted will be provided, but I expect that the honourable member will get the details that he's looking for.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. BLAKE: Thank you, Mr. Chairman. I realize that the Minister, and it's a new responsibility of his and I am not trying to corner him in any way. I'm trying to clarify some points that really aren't too familiar with me.

Another one would be, I would like to make a word of note of the Western Flyer, the subsidies to the Cities of Winnipeg and Brandon for the purchase of buses; and speaking for my constituents I am sure that they are really not overly happy with assisting Brandon and Winnipeg to buy buses and they would maybe like to have buses in their areas if there was some assistance provided by the general taxpayer of the province, and I just wondered when he replies if he might mention that. There's probably someone here that might answer that better than I, Mr. Minister. We could maybe direct that question to the Leader of the Liberal Party.

But to conclude my remarks, I would like to say that the Development Corporation, the direction that it has taken is certainly not in keeping with the intent of the Corporation when it was set up. We feel that it has become an instrument for the purpose of gathering equity in various companies for the government to provide public ownership for a number of companies, and we don't feel that this is the intent of the Corporation and we are concerned that if it continues in this direction that the taxpayers of Manitoba are going to be saddled with a much greater deficit than they have accumulated to date, and while we are getting answers to the Development Corporation's affairs, I am sure that we will be provided with a much clearer picture on the losses that have compiled a deficit of some \$22 million, because the average person in the country that is aware of loans provided by the Corporation is aware that the interest rate is around 10 percent and they say to me, now how can the Corporation charge people ten percent on their loans and accumulate such a loss of this magnitude of \$22 million in a very short time. It's these items that I hope that we can get the answers to and I thank you, Mr. Chairman, for giving me a moment to make remarks at this time.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Thank you, I couldn't hear the Chairman. Since it will be my first time that I'll be speaking in the Estimates of the Department of Natural Resources, I want to congratulate the Minister on his re-appointment. Certainly I think many of us were surprised to see him back in Cabinet that soon after what took place at the last session. I, for one, certainly was surprised because I thought there was more dissension than that. Apparently the dissension wasn't that deep. I have . . . (Interjection)

MR. CHAIRMAN: The Honourable Member for Lakeside will be recognized when he stands in his place.

MR. FROESE: I also wish to congratulate the people working in the Department. I certainly hope that we will have a good year ahead of us. At this time I certainly have no intention of moving a motion to cut the Minister's salary. After all he has worked for a good year now and he has worked hard, and I recognize him as one of the more capable and probably the ablest minister that the Premier has in his Cabinet. However, when it comes to policy we have large differences and I certainly would be remiss if I didn't comment on some of them. I was very interested in hearing the Minister mention tax integrity the other day. That was their system, the tax integrity system; they really had integrity in their taxes. This amazes me beyond even -- (Interjection) -- that's for sure because -- some of the members say it boggles the mind.

A MEMBER: You have to have a mind to be boggled with though, Jake.

MR. FROESE: When I take a look at the Kierans report, and I'm just sorry that I had planned on studying it over the weekend but going home on weekends you find that other people keep you busy and so occupied that you don't get your homework done, and so this also happened to me.

I listened with interest to what the Member for Crescentwood had to say but we find on page 11 of the report there is one sentence that says "Provinces settled for too little and give too much". Yes, I do agree that there are certain things in this report that I go along with but, I don't know, I put a big question mark around the statement here "Freedom in the Commons brings ruin to all". He discusses the tragedy of the Common, which is on page 10.

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(MR. FROESE cont'd)

Since I only have a very limited time at my disposal tonight I'll just go over some of the points very briefly and come back to them at some later date, but there on page 35 I find here that he mentions "the compelling economic reasons why Manitoba should take over the exploration of its own resources" and I'm particularly interested in the second recommendation here. It says, "Since present policy amounts to a give-away, it may not be important to know how much is given away, it may even be better not to know. However, a new policy must insist on full knowledge of the extent of Manitoba's resources before any negotiations with the private sector can be undertaken." Then it concludes with the sentence, "Secrecy does not make for good decisions."

I would certainly like to know, I would like to have an inventory of our total mining, minerals and so on, what have you, before we make decisions. How can you make intelligent decisions unless you know? This is something that I find the way things are at the present time we are completely at the mercy of the mining companies. -- (Interjection) -- No, I'm not necessarily joining but certainly I should have the information as a legislator here if we are going to pass taxation laws. We should not be blind to the situation, so -- because speaking of integrity of the tax system, on the other hand -- oh maybe I should mention one other item in the report before I deal with the matter of integrity, yes. They are recommending, there are ten recommendations here in which a transition, the ten-year transition period in which the resources could be returned back, and they mention a dollar an acre tax. I don't know whether this dollar an acre tax is the proper amount. Who knows? What should it be? Certainly I have taken issue in the past on the matter that where a person goes out and stakes a claim and then can't hold on to that claim indefinitely without producing anything, and yet the potential, the wealth is there, he pays no taxes and he sits pretty. -- (Interjection) -- The Minister says they haven't renewed those leases. I would like to know, and I asked the Member for Crescentwood when he spoke for what length of period are these leases still in effect. But then here we have large resources and a great resource and also a large potential, so large that we don't even know what they consist of and how much they are, and we have a tax system of taxing the mining companies and taxing our natural resources.

On the other hand, we find that a homeowner, if he happens not to pay his taxes for two years, if his taxes are in arrears, he is subject to losing his home, his life investment, because he was unable to pay his taxes for two years. This is the law. It's so ridiculous. How can you say this is integrity if you compare the two? That's nonsense. -- (Interjection) -- I only have a few minutes.

MR. GREEN: Remember what you did last time when you -- I just want to correct the misapprehension that the mining companies are required to pay the amount on the lease, or else the lease is subject to forfeiture as well.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: We are taxing potential in one instance and we're not taxing it in another. We're not taxing potential when it comes to the mining companies, they're scot-free. Yet what do we do when it comes to farm land, and might I bring members to the attention of the Metro additional zone, Municipal Association. What do we find here? We have a five-mile area around the Perimeter of the city where the land is frozen and cannot be used for any purpose other than what it is presently used for; and the unrighteousness of the whole system as it is presently constituted. We have probably a guy who has two acres. He is able to sell it in that area and sell it to a friend, and he builds a big home on it and therefore he can sell it at a terrific price. Yet his neighbour who has a 100-acre field is unable to sell because he cannot subdivide, he cannot sell it in lots, and therefore there's no takers. Yet when it comes to assessing, the assessment is made, not on the value of the big field, no it's on the small lot that was sold at an extra large price and this price is then applied on the assessment of the other guy's property; and the other guy, again he's unable to sell, and this has happened to older people who lived on that piece of land for their whole lifetime with the intention that when they came to their old age they would be disposing of their investment so that they would have something to live on. Now they find themselves in a position where they cannot make this sale or they're unable to sell it and it is frozen and at the same time they cannot even get enough rent from renting that property to pay the taxes. And this doesn't only apply to those particular people, this applies to other areas in the province,

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(MR. FROESE cont'd) it even applies to me, because I have a piece of property of 122 acres . . .

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

MR. GREEN: Mr. Chairman, for the last four or five minutes the honourable member has been discussing matters which don't fall within the jurisdiction of my department.

MR. CHAIRMAN: The point is well taken.

MR. FROESE: The Minister discussed taxation under his own Estimates. He talked about the integrity of the tax system that this government has. I'm just now explaining that the integrity in their tax system is unfounded. There is no integrity in their particular system.

A MEMBER: You're right on, Jake.

MR. FROESE: When the report discussed the ways and means of getting the resources back into the hands of the Crown, I certainly don't subscribe to confiscation not by any means, but -- (Interjection) -- oh, the Minister says they do, well I don't. Oh well. Well the Minister didn't like me to refer to another case where we have such poor taxation laws that confiscate the land of the farmers in this province, and this is the case, there is no doubt about it. And if I'm prohibited from speaking on that point at this time I will do so at a later time.

I would like to hear from the Minister on this CFI deal; he's been very quiet about it. What about the contracts that was signed by the government where we made ourselves responsible for re-seeding, for fire-fighting, for building roads, all these different services that we were supposed to provide; how much money have we spent have we spent on the last year from these services? Could you tell us? I certainly would like to know because not only have we lost money on the industry itself but here we're providing and bound to provide these services free to this Churchill Forest Industry. And I for one certainly would like to know what the situation is.

We know from the report that is before us that they have large losses, that the MDC has large losses for the past two years, \$22.8 million. This is a deficit that has been written off; we don't know how much there is in accruals that haven't been written off. I certainly would like to question the people that did the auditing and find out how much there is in accruals that should also have been written off -- (Interjection) -- The Member for Wolseley already mentioned that's more than the tax rebate, the amount that we are writing off here. Well, anyway, I have only five minutes left and I have so many other things to say and to question the Minister on.

I notice that B.C.'s new government is reducing the tax on liquified gas. What is this province going to do? This is one that is certainly reducing the pollution and I would like to hear from him, is that being considered in Manitoba? I think this is something that we should do and encourage -- (Interjection) -- liquified gas, definitely, reduce the tax on it. I think this is where they made a good step. He was already prejudging me because I was mentioning B.C. I certainly will refer to B.C. on more occasions than just this time, because I have their annual statement here and I find something very interesting in it.

Then I will also be reminding them of the bill that they passed in British Columbia where they not only froze the land like we did in the belt around Winnipeg, but they did it all over the province. All the land in B.C. is frozen. If you use it for a berry farm and you sell it the next owner has to use it for that purpose, he cannot change the purpose for what it is being used; and as a result the situation in B.C. will certainly deteriorate very fast. In fact I have a friend out there, when he got wind of this he sold his entire farm which was between 4 and 500 thousand dollars just to get out of it because he was in the berry farm business and he saw what was coming and he got out very fast.

A MEMBER: Where did he move to, Jake? Alberta. Where did he move to?

MR. FROESE: So I'll be discussing that particular bill and I have a copy of it now, when we deal with the other ministers' estimates.

A MEMBER: He didn't want to sell frozen berries.

MR. FROESE: Before I sit down, and I'll have to quit very fast, there are so many things mentioned in this report here that I would like to touch on and dwell on, especially on the matter of drainage and so on, ground water, the research that is being done and the financial assistance that has been provided under the ARDA. I think in past years we got a report of the ARDA programs. Are we going to get it again? I certainly would appreciate it. Likewise,

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(MR. FROESE cont'd) I would like to get a program, an outline of the amount of drainage, the drainage program for Manitoba that will be done or proposed for the next year. This has been of value to me in the past.

I notice there is mention made of the Pembina River and the studies thereon in the report. There is also mention made of the South branch, the Buffalo channel, and here it says the report will be completed in the following fiscal year, and this report is as of March 31, 1972. Therefore I would ask the Minister whether this report is not already available because we are nearing the end of the fiscal year and no doubt the study must have been finished or been completed by now.

There is reference made under the Water Supply Board section that investigations have been made on a number of points and three of them are on my riding namely the Gnadenthal, the New Bercthal and Sommerfeld water supply investigations. I certainly would like to hear from the Minister just what the situation is and whether there will be any progress made on these. That's on page 86 of the Manitoba Water Supply Board section. The investigations that have been made by the Water Supply Board.

Then I asked the Minister a question the other day in connection with the Pembina and there is also a section on the report dealing with this matter and it says here that there are cost-sharing agreements between Canada and the United States involved and I certainly would hope that he would at one time or another bring us up-to-date completely on these developments because last year the North Dakota government was going to go it alone and they had studies made, but apparently nothing has come out of it and now the -- or they're studies according to the last report I saw on the local paper was that it wasn't feasible and therefore they are coming back for a joint program with Manitoba and Canada in it. So I would like to hear from the Minister on this to get the latest information available and as to what degree we are interested in it, what degree . . .

MR. CHAIRMAN: Order, please. The hour being 9:00 o'clock, the last hour of every day is Private Members' Hour. Committee rise and report. Call in the speaker.

Mr. Speaker, the Committee of Supply has directed me to report progress and ask 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 St. Matthews that the report of the committee be received.

MOTION presented and passed.

. . . . Continued on next page.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: The last hour being Private Members' Hour, the first item is Private Members' Resolution on Monday evening. Resolution No. 3. The Honourable Leader of the Opposition.

ANNUAL PUBLICATION OF ACCOUNTS

MR. SPIVAK: Mr. Speaker, I move seconded by the Honourable Member for Lakeside, Whereas there has been a growth in government activities and increasing use of Crown Corporations and boards and commissions and the conduct of such activities; and Whereas the operation of boards, commissions and universities, Crown corporations and other arms and orders of government, now spend more than the government per se; and Whereas such expenditures is not included in the Public Accounts which are published annually; and Whereas payment such as wages, salaries, fees, contracts, etc., are ordinarily not disclosed and can become the subject of suspicion and concern; Therefore be it resolved that this Assembly consider the advisability of seeking the annual publication of complete accounts of universities, Crown corporations, the Manitoba Health Services Commission and all other boards, commissions or agencies under provincial administration which derive a major part of their funds from the public purse.

MOTION presented.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I rise to introduce this resolution which I hope and I suspect will cause a fair debate in this Assembly. I do so, Mr. Speaker, because I do not believe that the government on the opposite side will be prepared to accept the resolution and introduce this as government policy. But I do so, Mr. Speaker, because although we in this Assembly deal with various boards, commissions, university and other institutions in which we deal with the amounts of money to be voted for either on capital supply or by way of expenditure, we deal with them, Mr. Speaker, in aggregate amounts. And we are now dealing at a time where there is a question by the taxpayer of government spending in its totality and of the implications for the taxpayer who I believe today considers himself to be the forgotten man.

Mr. Speaker, in my presentation today as I deal in the 20 minutes that are allotted to me in introducing this resolution, I do so with the recognition that in the 1970s we now talk about taxation and the principle of ability to pay and I believe that that principle has to be complemented by an understanding of the taxpayer of the benefit that he is to receive. Mr. Speaker, with the public sector Crown corporation involvement being greater than the government administration itself, we now come to a situation in which there is no possibility of the taxpayer being able to assess the benefits he receives unless there is full accountability. Mr. Speaker, this has to be the principle of the 70s. The principle of the 70s has to be ability to pay but a recognition that there has to be accounting by government so the taxpayer can assess the benefits received. And, Mr. Speaker, I say this, I say this with full recognition that -- (Interjection) -- I beg your pardon. I say this with full recognition, Mr. Speaker, that governments are going to be put in the position of having to account and the government that fails to account will not survive an election.

Mr. Speaker, government is growing and the present government will not survive 1973. Government is growing, Mr. Speaker, and the public sector is growing. Spending by the provincial administration has risen from less than \$400 million in 1969-70 to well over \$600 million in 73-74. The public sector outside the traditional departments of government has also grown. This portion of the public sector consists of the enterprises or institutions owned or administered by the province or its agencies. In this category are agencies of the following types and I list them only as an example: public utilities, educational institutions, administrative boards and commissions, productive enterprises in the industrial and service fields. -- (Interjection) -- I am sorry I didn't hear the honourable member. . .

MR. CHERNIACK: Repeat your list.

MR. SPIVAK: Public utilities, educational institutions, administrative boards and commissions, productive enterprises in the industrial and service fields. Public sector agencies are becoming increasingly significant for two reasons: Existing agencies such as Hydro or the Health Services Insurance Corporation are spending more; and secondly, new agencies are being added to the host of Crown corporations and businesses we are now involved in. The Manitoba Public Insurance Corporation and the Mineral Resources Limited Corporation.

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(MR. SPIVAK cont'd)

As Members of the Legislature, we are responsible to the people of Manitoba for three things: The way public money is raised and spent. The way provincial laws are enforced; and the way in which departments, agencies, or appointees of the Crown discharge their duties.

Let there be no doubt, Mr. Speaker, that this House is ultimately responsible for the performance and operation of public sector agencies, and as the significance of these agencies increase do does our responsibility to the public for them.

This Assembly traditionally exercise control over the operations of government departments by scrutinizing their annual spending plans. The same opportunity for annual budgetary scrutiny must be created now for all public agencies. If this scrutiny is to take place, disclosure of the financial pictures of the public sector agencies must be brought up to the level of Public Accounts.

Two things are needed, Mr. Speaker: Complete and detailed disclosure of the financial condition and operation of each public sector agency. Secondly, the opportunity to scrutinize and debate this information.

The 1972 Throne Speech, Mr. Speaker, when talking about the Barber Report talked, and I quote "of the desire to have facts replace impressions". End of a quotation from the 1972 Throne Speech. This rule must be applied to all public sector agencies -- the desire to have facts replace impressions. Not just to the traditional departments and activities of government.

The 1969 Throne Speech contained a promise to strengthen the role of the committee system in order that, and I quote from that Throne Speech, "the elected Members can serve an expanded role in fact-finding and report evaluation". The presentation of factual reports and complete financial data would be a step, I suggest, toward fulfilling that promise. The 1969 Throne Speech also included the following promise, and I quote: "My government proposes therefore to strengthen the role of the Legislature in regard to the executive arm of government, and to increase public involvement in the affairs of government." That's the end of the quotation, Mr. Speaker. This promise should be applied not only to the executive arm, but also to the complete range of public sector agencies which are exerting an increasing influence on our society and economy.

On August 28th in 1969 the Premier admitted that the growth of government is accompanied by growing scope of citizen dissatisfaction. If the Legislature is to exercise its function of protecting the general public interest as well as the rights of specific individuals, it must hold every public sector agency accountable both financially and administratively.

On September 10th in 1969, the Premier told us and I quote: "We hope, at least in degree to open up the process of government to more public scrutiny." Now, Mr. Speaker, his answer and the answer of the New Democratic Party has been merely to make the Manitoba Development Corporation loans known, but what do we really know about the millions that are being spent? To continue to insist that certain major public sector agencies such as Hydro, the universities, the Manitoba Housing and Renewal Corporation, should be exempt from public scrutiny is intolerable as in fact is a closed-shop operation. The interesting aspect is that the Minister of Mines and Natural Resources says we've never done that. Mr. Speaker, let me again point out to the government, I am talking about a public account for the Manitoba Housing and Renewal Corporation. I am talking, Mr. Speaker, not of the aggregate amount that we are asked to vote on or to deal with, I am talking about Crown corporations producing records which give us a basis on which to evaluate fully the way in which that money is spent. Because ultimately, Mr. Speaker, we are asked to approve the spending of that money or approve the borrowing that is to take place on that money.

The major public sector agencies are integral parts of the provincial fiscal system for four reasons, Mr. Speaker: First, they are directly funded by the province; as an example, community colleges and universities. Secondly, there are borrowings that are guaranteed by the Crown, such as in the case of Hydro or the Manitoba Telephone System. Thirdly, they provide revenue to the Crown; as an example, the profits of the Liquor Commission or the interest charges receivable from various public utilities. And fourth, their activities are co-ordinated with provincial economic policies; as an example, Mr. Speaker, the use of the Manitoba Housing Renewal Corporation activity to help fight unemployment.

Mr. Speaker, in 1972 and 73, the estimated revenues from interest payments and other

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(MR. SPIVAK cont'd) charges were respectively: from the Manitoba Telephone System - \$3.1 million; from Hydro - 13.5 million; from the Manitoba Development Corporation - 11 million; from the Manitoba Agricultural Credit Corporation - 4 million; from other agencies - 7 million; from miscellaneous loans - 4.4 million; for a total of 36.8 million. This amounts to six percent of the provincial budget, enough to finance the combined operations of the Department of Agriculture, Urban Affairs and the Attorney-General for a year. The Liquor Commission profits produce a roughly equivalent amount.

On June 22nd of 1970 the Premier said, and I quote: "I think if there is anything that is more repugnant to me, I don't know it, than the idea of government acting with arrogance." Yet his persistent refusal to make Crown corporations accountable to this Assembly is both arrogant and deceitful. The continuous obstruction we have suffered in attempting to investigate hydro policy and planning activities is proof enough of this accusation.

The 1971 annual report of the Manitoba Public Insurance Corporation states, and I quote: "It is government policy that the corporation and the insurance plans administered by it, shall be completely self-sustaining and that there shall be no diversion of any of the funds of the corporation to any other government agency or department." Yet the Auditor's statement, Mr. Speaker, contains the following remarks: "Costs incurred by the Government of the Province of Manitoba are not included in the aforementioned amount. The development costs of the corporation and the province are in the process of being analyzed with a view to establishing appropriate sharing arrangements." Apparently a system of cross-subsidization with the Motor Vehicle Branch is being established. If we are ever to know how much public auto insurance costs and how it is being paid for we must have full disclosure of Autopac's financial and operational data.

Mr. Speaker, the following is a list of gross income or gross operating revenues of a number of major public sector agencies for the year 1971: The Manitoba Telephone System - 60.1 million; Hydro - 75.3 million; The Liquor Commission - 93.5 million; Agricultural Credit - 2.3 million; Public School Finance Board - 128.6 million; Health Services Commission - \$171.2 million; Brandon University - 3.5 million; The University of Winnipeg - 5.3 million; the Manitoba Development Corporation 12.3 million. For a total, Mr. Speaker, in 1971 of 605.2 million.

A MEMBER: And we don't examine those Estimates.

MR. SPIVAK: And these figures indicate that in the aggregate these major agencies are as significantly, economically and sociably as the traditional departments of government, because many of these agencies are controversial, they are also politically significant, another major reason for legislative scrutiny and control . . .

MR. SPEAKER: Order, please.

MR. SPIVAK: Mr. Speaker, in the fiscal year ending March 31st virtually equivalent to 1971 totals given above, the provincial government's expenditure estimates were only 517 million. So that, Mr. Speaker, we spent 605.2 million in Crown corporations and agencies whose public accounts we do not scrutinize and the administration for government was 517 million. Mr. Speaker, accountability is essential because public sector agencies have great - - (Interjection) - - Well, Mr. Speaker, my problem is that my requirement of the 20 minute limit and the Speaker already indicated that I had five minutes - - (Interjection) - - Well I'm sure that Hansard will indicate the correct figures. The accountability is essential, Mr. Speaker, because (a) public sector agencies have great size, spending power, economic and social impact; (b) The number and importance of public sector agencies has increased significantly under the New Democratic Party; (c) The New Democratic Party has tried to use public sector agencies to match spending programs and to implement policies which it would be afraid to submit to the Legislature.

And the best example, Mr. Speaker, is Lake Winnipeg regulation with the alleged comment by the Premier that it's only a ten or fifteen percent rise when on the basis of all the evidence and documents supported show that there is a \$77 million or 77 percent increase. Public sector agencies are intimately tied to the provincial fiscal system. This Assembly is ultimately responsible for the operation of that system and for that money it raises and spends. Public sector agencies should be businesslike and non-partisan. However, the NDP has succeeded in infiltrating many of these agencies with its policies and its people. Only complete legislative scrutiny can restore that proper balance. Accountability requires disclosure of all

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(MR. SPIVAK cont'd) financial and operational data of each public sector agency and the opportunity for legislative examination and debate of this data.

Mr. Speaker, as I said in the beginning, the accepted principle of taxation today is considered to be ability to pay. But, Mr. Speaker, spending is just as important as taxation in the area of raising money. The guiding principle must be the benefits received. And, Mr. Speaker, that principle and the principle of accountability must be a measure of good government. I suggest, Mr. Speaker, to the honourable members opposite, that a Progressive Conservative Government elected this year, which I will lead, will apply the ability to pay, matching it with the benefit received, plus full accountability; and, Mr. Speaker, we will provide full public accounts -- and I want to repeat to the other members opposite, full public accounts, Mr. Speaker, of the Crown corporations and the agencies referred to in the resolution. Mr. Speaker, I'm sure that there's a contribution to be made by the members opposite but certainly not by the Minister of Labour who unfortunately was waving his white hankie instead of his red hankie today.

Mr. Speaker, this resolution is an important one. It is only one step in several that must be now undertaken by governments all over this country because the taxpayers are not going to allow a structure to exist in which there is unlimited amount of money being asked to be taken for them for a variety of programs in which there is no measurement, no ability on the part of those who have been elected to be able to in fact do the checking that's required. Our whole parliamentary system is predicated on the assumption that the spending estimates and the raising of money will be examined once a year by the Legislature. That's the whole process of Estimates. Yet, Mr. Speaker, we have now reached the point where in the aggregate, the Crown corporations and agencies and boards and commissions that we deal with are in fact spending more money than the government administration itself, and yet we have very little information that is provided for us, certainly not the information in Public Accounts. There is no way in which we can make a measurement, there is no way that people involved in the various agencies are in a position to make a measurement as to the judgments that are being exercised and yet we are asked as Legislators to approve and pass these aggregate and massive amounts of money without frankly the knowledge or the understanding of the details of that.

Mr. Speaker, the question of accountability will be an issue not just in this election in 1973, the question of accountability is an issue in the decade of the 70s, it will be an issue in every government, in every legislature. Every government is going to have to face this. Whether the government likes it or not the question of the equivalent of Public Accounts for these agencies will have to be undertaken because the public will not continue to pay and pay and pay without the scrutiny that is required in this Legislative Chamber and in the committees that were supposed to work but have not -- as proposed by the First Minister in his first initial blush as Premier of this province.

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

MR. G. JOHNSTON: Mr. Speaker, the speech made by the Leader of the Conservative Party was very interesting, extremely interesting but I could hardly believe my ears. If it is the same person, this man, the Leader of the Conservative Party stood in this House in 1966 as Minister of Industry and Commerce and denied answers day after day after day to members on this side of the House about the operation of the Manitoba Development Corporation. I can hardly believe that this, this of all people will get up and make this kind of a speech. It's unbelievable, Mr. Speaker. It's unbelievable.

A MEMBER: Is nobody allowed to change.

MR. G. JOHNSTON: The Member for Sturgeon Creek said, Is nobody allowed to change. Well my goodness.

A MEMBER: My goodness is right.

MR. G. JOHNSTON: Should I enumerate some of the changes that have been made in the last two or three years by your leader?

I recall when I was first elected, Mr. Speaker, in 1962 and I took a stand against the Portage diversion and I was blamed heavily for playing local politics. But who about a year and a half or two years ago said, well the Portage diversion was a mistake, I guess? -- the now Leader of the Conservative Party, Mr. Speaker. While I'm speaking to the Member for Sturgeon Creek, may I remind him about when they make their trip north - is it this week or was it last week? Well let us suppose it is the coming week. I understand the Leader of the

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(MR. G. JOHNSTON cont'd) Conservative Party is going to go to South Indian Lake and is going to say, well had we been the government we would have been 35 feet under water at this moment but we made a mistake. He said that we made a mistake and they have changed it. Mr. Speaker, I repeat again, I can hardly believe that the Leader of the Conservative Party would make the speech that he's just made in the last 20 minutes.

May I refer members to the House to the annual report of the MDF, 1966-67. In it is a letter of transmittal addressed to the Honourable Sidney Spivak, Q. C., Minister, Department of Industry and Commerce and it goes on to say: "In accordance with the provisions of the business of the Manitoba Development Act I enclose my report for the fiscal year ending March 31, 1967 and a statement of the Manitoba Development Fund's accounts for this period which is signed and certified in the prescribed manner." Signed, Yours very truly, R. E. Gross, Chairman and General Manager."

Mr. Speaker, I can recall vividly, and I am sure other members who were here in 66, can recall when the questions were asked of the person who just finished making this rousing speech about full disclosure, about operations of the CFI complex, what were we told? We were told, trust us. Trust us, everything's in order. You have no right to ask these sort of questions. You're distorting the credibility of businessmen in the province by asking questions like that. And this person now says there should be full disclosure and he goes into various fields of provincial spending. Had any other member of his party made that speech I would say, hear, hear, but for the Leader of the Conservative Party to make that speech I find that my credibility is strained to believe that he means what he says at this time.

Well let us look at - and I'm certainly not holding out any plaudits to the present government but when they do something good, I admit that they do something good. And I refer members to the annual report of the MDC that has been tabled in the last month - March 31, 1972, Page 12: Loans Receivable and Equity Investments. Same on Page 13 and so on, and they list by name every company, shares outstanding, shares owned by the MDC, equity investments at cost, total loans receivable and equity investments.

A MEMBER: Never before.

MR. G. JOHNSTON: Mr. Speaker, I would call this disclosure of a sort, I would say it's a pretty good start for saying where the taxpayers spend their money and how their money is spent.

A MEMBER: Spivak wouldn't do it.

MR. G. JOHNSTON: And I give credit to the present government that in the report it says, we lost \$24 million, or \$22 million in the last year. Some of the loans were made and made with poor judgment either by this government or by the previous government, but at least they had the guts to put it down in the annual report, Mr. Speaker.

A MEMBER: Spivak wouldn't.

A MEMBER: Didn't lose money when I operated the Fund and you know it.

MR. G. JOHNSTON: Mr. Speaker, I was nearly running out of matters to talk about but the Member for Lakeside provided me with a little ammunition.

MR. SPEAKER: Order, please. Order! Order! I must remind the honourable members that they must keep quiet while another member is on the floor. Order, please.

MR. G. JOHNSTON: Mr. Speaker, I would hope that the Member for Lakeside would allow the CFI matter to come to rest within his own purview because it's not something that he should be proud about. He was the member of the administration that made the loan, that made the deal, that put in the Act that said we can't talk about it in this House. For him to interject in the manner that he did, I find that very surprising. I find it very surprising indeed. It's all very easy for someone who's in opposition to criticize and I must be the first one to say that one in opposition tends to be over critical, but a member in opposition has a right and a duty to stand up when he sees something that he doesn't like and he knows it isn't right to speak out against it. And while I applaud the spirit of the resolution, I certainly can't say the same thing about the mover and the seconder.

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

MR. CHERNIACK: Thank you, Mr. Speaker. I suppose I was somewhat incredulous as was the Member for Portage la Prairie to hear the introduction of this motion. For one thing I was amazed to find that it was of such a nature and such importance as would stimulate the Leader of the Party to prepare to come here and speak on this issue. How little he must have

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(MR. CHERNIACK cont'd) to do, to work with if this is the big issue that he has to bring before us in this year 1973. Of course it is part of the decade of the 70s. He keeps telling himself about the decade of the 70s because to him the decade of the 60s was such a dismal experience for him and his party that he'd rather be able to brush aside any reference to the decade of the 60s. But the Member for Portage la Prairie wasn't quite prepared to let the Leader of the Conservative Party fall back into the thought that he could make others think that there was no 1960s. But people's memory is not as short as he would like it to be, no matter how much he talks about 1970, the 1960s will continue to haunt the Conservative Party. And I suppose it will continue to haunt the Member for Sturgeon Creek who is about to get ready to speak on this issue too, and I think it's good that he does.

The Member for Sturgeon Creek recognizes the right, and I would say the necessity, of his leader to change his mind on this issue, on other issues. He is the one who said, can't a person change his mind, and of course the Leader of the Conservative Party has found it necessary to change minds, to change his principle on certain approaches of policy, to adapt himself so that he could try to face an election with what appears to be a re-invigorated party made up of the same old people who were in the party for some time in the background there . . .

A MEMBER: Same old tripe.

MR. CHERNIACK: Mind you, mind you I see that the Member for Fort Rouge is somewhat upset at what I said and I should set her aside from the rest. In the main, aside from her appearance which pleases most of us, she shows a certain amount of progressive approach which sometimes helps justify the title of Progressive Conservative. That I say cannot apply to the vast majority of the people that sit behind the Leader of the Opposition.

The Member from Portage la Prairie did make reference to the former Minister of Industry and Commerce in 1966, 67, the attitude he had. He didn't mention what stands out strongly in my mind, the speech that he gave us shortly after he became the Minister about not even asking questions or making statements that would in any way impinge on the credibility of the Department of Industry and Commerce and of the government because it is not healthy for Manitoba to have potential investors hear criticisms of Manitoba's and the government's operations. I don't remember the words, they should be deeply etched in his heard and his mind but I'm afraid I don't quite remember what he said but I'm sure that I gave the import.

But the other feeling of incredibility that I had in listening to the speech was the way he started in what seemed to be a positive approach, a helpful approach and then brought in examples which I thought were completely nonsensical. He ranted and raved about Lake Winnipeg regulations, about some \$77 million as if that discussion has been denied him, and the fact is that we're only into the session and already he is talking about failure to give information. As I recall it, I heard a comment in this House, in the last couple of weeks which made it clear to me that the additional moneys, the \$77 million, included additional programming of a very extensive nature. However, the Leader of the Conservative Party didn't hear it and one of the reasons is that he wasn't here, and another reason is that whoever was here didn't tell him or didn't think it worthy to tell him, because he would rather go around using these extravagant and not factual figures and be able to talk about it without getting the answers.

Let me remind the Leader of the Opposition that the figures may be correct but the basis for them is one that he does not correctly attribute. Therefore, I have to say again to him that he has had it explained on this side, but the point he was attempting to make - Mr. Speaker, do you note with his jumping around now and trying to interrupt he is trying to continue a debate on Lake Winnipeg regulations and that is not in the motion at all, but he brought in that red herring because it's one that he would like to continually bring in, it has nothing whatsoever to do with accountability.

The Hydro estimates have not brought here, Public Utilities Committee has not yet met, I don't know when they're going to meet. If the Leader of the Liberal Party will deign to attend meetings of the Public Utilities Commission, Committee rather, I would think that there will be the kind of information and discussion made that will give him the answers, but no he'd rather speak now and bring in that red herring in order to encourage himself in thinking that he's doing some great thing by bringing forward this resolution here.

And he pointed at the report of - the Manitoba Public Insurance Corporation Report where the Auditor said that they are trying to work out a proper formula, I believe was the word for the appropriate sharing of costs of government, and pointed out what anybody with the least bit

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(MR. CHERNIACK cont'd) of common sense would know is important to do. When government through the Motor Vehicle Branch is issuing licenses and insurance policies and the MPIC is operating its administration then clearly there has to be a separation calculated of the difference in costs. The Auditor said it's being done, so what is all the ranting and raving about - that it wasn't done? The fact is they were told that it's being done but he would rather again try and point out in some way that there is some moneys being passed either to the Insurance Corporation or to the government; he would like it both ways, he would like to see the Insurance Corporation paying government money so he could say to the auto owners, look at all your premiums being paid to pay for the administration of government; on the other hand he'd like to see the government pay moneys into the Insurance Corporation so he could say to the taxpayers, you see how you have to subsidize the Insurance Corporation. And when the Provincial Auditor says that the principle is that there should not be any diversion of funds either way and we are working towards it by attempting to calculate or arrive at the appropriate sharing of costs, the Leader of the Conservative Party finds it advisable for his purposes to put a doubt on the whole thing in this speech, again in the form of a red herring attacking that. And I think that it's completely phoney to have brought in that kind of examples as he has done.

Now I listened as carefully as I could, and I often have trouble following the Leader of the Conservative Party because either he reads or speaks so quickly but when he was reading a speech earlier I really didn't quite grasp all that he was talking about in relation to the costs, the interest that is being paid for moneys borrowed to finance certain operations. I didn't get the sense of it; maybe there was some sense to it but I didn't get it. But then to swing in and say that the refusal to make Crown corporations accountable is reprehensible.

Mr. Speaker, from long long before the Leader of the Conservative Party came into this Legislature, long long before I came into the Legislature there was existing a mechanism whereby questions could be asked and answers could be given, discussion could be had during Estimates, discussions could be had during Public Utility Committee meetings. These were available to all, Orders for Return could be filed. You know, Mr. Speaker, it just occurred to me at the moment, I may be away out, but I would venture to say that this government has accepted many more Orders for Return proportionately than did the previous government during its term. I remember time and again Orders for Return being refused often without debate by the previous government, and I sat here these last couple of weeks and I heard Order for Return after Order for Return accepted by the government; information requested which frankly, and with deference to you, Mr. Speaker, I thought was out of order. I don't think that the Opposition has a right to ask for information which is now public and they asked information which is contained in Orders-in-Council that are of public record. And this government apparently was quite prepared to give the information and assist the Opposition in doing their homework. So that I personally cannot say that I have had difficulty in finding out salaries paid to employees, to commissions, costs involved in that, I haven't had the problem. But maybe the Leader of the Opposition has not yet learned how to ask questions so as to get answers or where to go about to get the information that he needs.

So I have to criticize his approach; I have to criticize also the fact that in the report he made on the MPIC he quoted the Provincial Auditor and I think cast doubt on the Provincial Auditor's statement in what he said. I'm sure he had no intention of doing that, surely he wouldn't want to run down the integrity of the Provincial Auditor, and yet he was one of those in time gone by who talked about the Provincial Auditor being more accountable to the Legislature through the - what did he call him? - Auditor-General kind of approach. And yet when we came to Public Accounts Committee last year where the Provincial Auditor was sitting accountable and available for all questions to be asked and answered, where was the Opposition then to ask these kind of questions . . .

A MEMBER: We even made a member of opposition chairman of that committee.

MR. CHERNIACK: . . . that the Leader of the Conservative Party thinks are necessary? Where were they when these questions could have been asked at Public Utilities - I mean Public Accounts - and where I've been reminded the chairman of that committee is a member of the Opposition. So that it seems to me that it's kind of phoney to be making a big hullabaloo about the principles of the 70s, about this is the decade in which we have to have accountability. Baloney, Mr. Speaker, we've always had to have accountability and to pretend that there isn't any now is what I think is just absolutely - - (Interjection) - - well maybe I shouldn't give it

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(MR. CHERNIACK cont'd) the kind of description which it deserves. But accountability is something that has to do with an Opposition that knows how to ask the questions, I think that the Member for Portage la Prairie has made it clear that he has not been operating under a difficulty, nor do I think we operated under much of a difficulty when I was in opposition, except when it came to the department operated by the Leader of the Opposition; there we ran into a blank wall; there we could not find the slightest chink to get through to get some answers. But generally speaking I think there was accountability under the previous government and I think there's accountability now. Which doesn't mean that there can't be more, and frankly I don't see why there shouldn't be more. Although if you go back to the Public Insurance Corporation which is in competition with private industry in the extra insurance coverage, when you look at the mineral resources which I am sure is given accountability here but is still in competition with others - - I mean the Mineral Resources Exploration Company. If you go to say, Morden Fine Foods, I suppose the Leader of the Opposition would like public accounting of Morden Fine Foods, where they buy their product, how much they pay per pound or whatever it is, what contract they entered into. I suppose he would like all this open; and by all means, providing there is legislation that will require all their competitors to give the same kind of information, because surely if the people of Manitoba have an interest in a company which is operating on a competitive basis surely there ought to be some form in which information that they have should not be made available to their competitors. I don't think the CNR likes to tell the CPR all that it does in its operations, and I think that possibly the Leader of the Conservative Party would want to make some exceptions to this rule; to this proposal because of that. Mr. Speaker, he mentioned Public Utilities and they're as accountable as can be and can be kept in - obtaining the information in Public Utilities Committee, but if it is advisable for the public to know the salaries paid I suppose they're not public information.

As a matter of fact, Mr. Speaker, I had something to do with inducing Mr. Cass-Beggs to come to Manitoba, one of the successful accomplishments of my career in politics, and I found it advisable to try and know what is being paid to a chairman of a hydro operation, and I couldn't find out. I couldn't find out what B. C. pays, I couldn't find out what Saskatchewan pays, I couldn't find out what Ontario pays, but the world knew what Manitoba paid because it was right in the Order-in-Council. So that there is a good deal of information that is not available elsewhere. But that doesn't mean that we shouldn't have it, and you know I see nothing wrong with that, except for the manner in which the Leader of the Opposition made his presentation. If anybody plants seeds of suspicion then that speech was designed for that purpose. There is no question in my mind about that. And when he's talking about we're into the decades of the 70's then surely - he said when I will lead my party into government this year I will give that information. I have to tell him in real honesty that he has to do a lot more to convince the people of Manitoba to forget that which the Member of Sturgeon Creek would like them to forget, and that is the operation of the previous administration and how the present Leader who was a member of the previous Cabinet is now going to lead the people of Manitoba into the sunlight of knowledge. They won't believe that. But what they might well believe is the desire of all of us to get more information available. So it should be looked into and maybe it should be done at the meeting of the Public Accounts Committee when the Auditor is there and when the various agencies and commissions could be called before that committee to be asked, do you have any objections. Frankly I don't know of any.

I did ask a question today, I asked for an educated estimate of what it cost now to prepare the Public Accounts of this government; that is not only the printing and distribution but also the staff required to prepare it in the proper form; and the educated guess, which was only a guess, was a quarter of a million dollars. Well, I suppose that could be all right - - was it \$2.50 for every man, woman and child in Manitoba to make the information available. I also had a discussion of the educated guess of what it would cost to produce this information, I am sure honourable members would like to know when they come to deal with it, and I was told that that could run between an additional 250 to 500,000 dollars. Maybe that's all right.

MR. CHAIRMAN: The Honourable Leader of the Liberal Party.

MR. ASPER: I wonder if the Minister would care to correct his figure on cost - sorry, the former Minister, the Member from St. Johns, as to it costing \$2.50 for every Manitoban. Would you like to correct that?

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MR. CHERNIACK: I appreciate very much the honourable member's quick arithmetic which reduced the \$2.50 to about 25¢. Yes, of course. -- (Interjection) -- No, no, I appreciate it very much. No, I don't believe that it's money ill spent, I think it's properly spent, but I think members should know that what I was told might be the cost of carrying out the whole proposal before us today could cost an additional between 250,000 and half a million because the books of these various corporations might have to be changed, the system might have to be changed in order to have it all available in the same manner as is presented for Public Accounts.

But you know, it's all right, it's all right to talk about scrutinizing debating; you know the trouble is, Mr. Speaker, that the use of that book, our present Public Accounts is not that extensive. Oh, people look through it see if they can find a prominent name, they just love to find the name of somebody that is known to them; be it Conservative, be it New Democratic, say oh see look, he got a deal there. It may be helpful in that way; it may be helpful for them to have that breakdown, but it's very seldom referred to in this House; seldom do I see somebody produce the Public Accounts and say, we are going to give you, having scrutinized it we are now able to give you a much better approach to the problem before us than we had before. It's not done, I haven't seen it done; neither on this side when we were in opposition or on the other side. But the fact that it's accountable is good, I think it might be worthwhile knowing - oh, who owns all the property that is leased by the province, or its commissions or agencies, all the purchases made, rental rates, yet we never had any trouble when we were in opposition. I put in an Order for Return once asking for the names of all the landlords of all the buildings rented by government and its agencies. The answer came through; it took a while but it came; it's not as if I had trouble getting it.

Maybe the Leader of the Opposition just wants his homework done for him rather than doing his own research. It may be that. It may be that he feels inadequate for his job and feels that this would be helpful to him. You know, I think that since they say that a good strong opposition makes good government then I think on this side we ought to encourage the government to make the Leader of the Opposition a little more capable of carrying on the job of being in the Opposition, I wouldn't want to deny him that opportunity.

So that I would suggest that we ought to go into this question, we ought to see the extent to which we could enlarge on the public information of government operations, but surely not to damage or harm any of the operations in that they may be in a competitive position, because I would think that even the free enterprising former Minister of Industry and Commerce wouldn't want the competition to have the information about industries in which government is interested; he wouldn't want to give them that opportunity any more than the statement I received today -- have others received the statement of the Royal Bank of Canada? It arrived in this building today. There's nothing there you can read into anything that's happening there. I frankly don't know what they get paid there, whether they're directors or officers, whatever. I suppose if I were a shareholder I could go to a meeting and ask the questions but so can the shareholders across the way get that kind of information.

But the Leader of the Opposition has not even mentioned the fact that there might be some information that ought not to be made so readily available. Instead of that all he did was use his speech and the resolution as a device to make it appear as if there was a lack of disclosure of information. And let me repeat, there never was any kind of disclosure in previous governments to the extent that there is in this one, but there's more required I think it should be said in the specific rather than the broad tarbrush approach that is the style of the Leader of the Opposition. That gets him off the hook completely. He's not being irresponsible, because he is not saying anything specific; the other adage being he looks good to himself in the mirror when he speaks such as he does because he thinks it convinces the people of Manitoba that they are not getting proper information. That is absolutely false. They are getting the information they are entitled to; if there is some way - I'm finishing - if there is some way in which they can get additional information by all means let's discuss that! But not on the basis of the speech made by the Leader of the Conservative Party.

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Thank you, Mr. Speaker. You know, the resolution that has been put in front of us at the present time obviously has disturbed the government. It has disturbed the government on the basis, and it disturbed the Member from St. Johns very much when I said somebody could change, somebody - if you want to put it that

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(MR. J. FRANK JOHNSTON cont'd) way - could be a party that's man enough to change, a party that is man enough to look at the problems of Manitoba, at the present time.

Mr. Speaker, all of the design of the approach to this resolution by the Opposition is basically the design that we have heard through this whole session, Sir, and that is, you know, whatever somebody else did, you know that's okay; every time the government is criticized somebody else did the same thing or you did it before. Which basically says when you take that type of an attitude, if you say well you did it before you must have thought you're doing all right now because that's the excuse you're using for doing it. You know, it's really, really quite amazing to me that we now have a government in the Province of Manitoba who is not facing the facts of what should be happening now, . . .

A MEMBER: Hear, Hear.

MR. J. FRANK JOHNSTON: . . . and instead while doing things wrong just completely refer to what somebody else did or whatever they did in Ontario. Now it's been pretty obviously pointed out by my leader' speech that there is an awful lot of money being spent in this province that's not accountable to the people. It is very surprising to me that the Member from Portage la Prairie should bring up the Liberal Party when their leader at the present time is wanting accountability from all members or Ministers in this House, yet he's rather surprised that we would ask for accountability on corporations at the present time. Of course, we have a strong policy, a firm policy in the Official Opposition; we are not quite like the Liberal Party who goes down the river with one foot on each side not knowing which way to jump. We have noticed that very much. But the point that this resolution brings out is that this present government, the spending is higher than it has ever been in Manitoba, and there should be disclosure to the public of Manitoba as to what is going on.

And now we get the Member from St. Johns speaking to the resolution, who uses the red herring that somebody speaks too fast; and then every time the Provincial Auditor is mentioned he gets up with very great dignity as if we have taken a stroke at him - you know, that's another red herring that we hear of in speeches all the time. But, Mr. Speaker, you know the resolution points out the different places; the Member from St. Johns says we shouldn't have pointed out where the money is being spent; we should have stood up and said the money's just being spent and not saying where, not pointing out where the money was going, not pointing out the corporations, not pointing out anything. You know, Mr. Speaker, I didn't ever hear the Leader when he was speaking, talking about the salaries of department heads or anything of that nature. I really expect that he was asking for disclosure of basically everything, the things that go on in these large government corporations.

You know, Mr. Speaker, when somebody, when we talked in the - pardon me, the Member from Portage la Prairie brought up where loans have been made. Isn't that amazing? You make a loan, and I hope the Minister of Mines and Natural Resources was right when he said there will be profit and loss statements provided on these companies. Here again it's all very nice to brag about what you did with the public's money, yet when somebody gets up with a resolution that asks you for accountability on where the public money is going, and I would say that the accountability for profit and loss on the companies that we have loaned money to is all part of public knowledge, and when people aren't rushing to do this, when people aren't rushing to put it in front of the public so they can brag about it, obviously what they're doing stinks, you know, that basically, you know, smells. That's not nearly as bad as the Member for Flin Flon uses at times. But the thing is, the thing is - you know, in any place, anywhere you go somebody has a good product, somebody has done a good job, somebody wants to advertise it and talk about it. But not this government at the present time. -- (Interjection) -- Yes, you're modest and you have reason not to talk about it. The government at the present time does start to go into hiding continually because obviously they have something I would say to hide. Spending is very high and what have you.

Mr. Speaker, Mr. Speaker, the Member from St. Johns didn't mention CFI, I didn't bring it up, I just said there should be disclosure; I think there always should be disclosure. The Member from Portage la Prairie brought up, you know about disclosure; he didn't think that it was proper for a party to have a policy just because somebody had a policy a few years ago. You know, anybody with any common sense evaluates, thinks things over and if he has to change he should be man enough to do it. But, you know, in CFI, you know, all you have to

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(MR. J. FRANK JOHNSTON cont'd) do is read the Act, the section that says 8(3):
"If at any time in the opinion of the board any money loaned under this Act has not been or is not being applied for the purpose for which it was advanced; or is not being carefully or economically expended, or if the security depreciates in value, the corporation may refuse to make any further advances and may call in the whole amount then advanced and all interest thereon and declare that amount and interest to be immediately due and payable, whereupon the borrower shall" - shall, Mr. Speaker - "at once repay the moneys borrowed with interest thereon at the rate agreed upon, and in default of payment the corporation has the like remedy for the recovery of the moneys as if the time for repayment thereof has fully arrived."

MR. SPEAKER: Order, please.

MR. J. FRANK JOHNSTON: Now, Mr. Speaker, they spent eight million . . .

MR. SPEAKER: Order, please. Order, please. Order, please. ORDER! ORDER!
Order, please. Gentlemen, we'll all have an opportunity to continue this the next time. The hour being 10 o'clock the House is now adjourned and stands adjourned until 2:30 tomorrow afternoon.