

THE LEGISLATIVE ASSEMBLY OF MANITOBA
10:00 o'clock, Friday, May 23, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery, where we have 53 students of Grades 9 to 12 standing of the Baldur High School. These students are under the direction of Mr. Hawesh, Mr. Smith, Mr. Crowe and Mrs. Richmond. This school is located in the constituency of the Honourable Member for Rock Lake. On behalf of all the honourable members, I welcome you here this morning.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Introduction of Bills. The Honourable Member for Radisson.

INTRODUCTION OF BILLS

MR. HARRY SHAFRANSKY (Radisson) introduced Bill No. 55, an Act to incorporate La Centrale des Caisses Populaire du Manitoba Ltee.

MR. SPEAKER: Questions. The Honourable Leader of the Opposition.

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MR. SIDNEY SPIVAK, Q. C. (Leader of the Official Opposition) (River Heights): Mr. Speaker, I note the return of the Minister of Labour, and I gather he was involved with the Federal Government, or at a meeting dealing with the immigration's Green Paper. I wonder if he is in a position to make any comment to the House in connection with that.

MR. SPEAKER: Briefly. The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Yes, Mr. Speaker, I think that it's erroneous to say that our meeting dealt with the matters referred to in the Green Paper on immigration, that was tabled in the House of Commons by the Honourable Robert Andras. I assure my honourable friend and members that reference was made obliquely to the position paper. I'm sure members are aware of the fact that there has been set up a joint Senate House of Commons Committee, charged with the responsibility of touring Canada and obtaining from interested individuals and parties ideas and observations in respect of the Green Paper. To indicate further to my honourable friend, reference to the Green Paper - and I acknowledge that there were some references to that Paper, it dealt mainly within the field of Manpower as related to the general picture of immigration and not precisely to the subject matter of the Green Paper.

MR. SPIVAK: I wonder if the Minister of Labour is in a position to indicate whether in the discussions that took place, they dealt with, at least the meeting dealt with projections of employment and unemployment figures for the remaining part of this calendar year.

MR. PAULLEY: Not precisely, Mr. Speaker. I don't know whether my honourable friend is aware of the fact that on at least three occasions within the last year or so there have been meetings of Ministers of the respective provinces charged with Manpower and employment, which of course has a bearing on immigration as well, and we have been meeting solely as Ministers responsible for our respective provincial jurisdictions. Yesterday it was the first time that we had an opportunity of presenting to the Federal Minister of Manpower, some conclusions that the Provincial Ministers had arrived at for his consideration.

In anticipation of a possible further question from my honourable friend, Mr. Speaker, I do want to say that the sole purpose of the meeting, or the major purpose of the meeting, was for the Provincial Ministers to go over their conclusions to present them to the Federal Minister so that he may take them under consideration as they affect the federal authority.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I direct this question to the Minister of Agriculture. I would like to ask the Minister if any rendering plants in the Province of Manitoba have requested assistance from his department in regard to the transportation when picking up dead animals throughout the province?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Well, Mr. Speaker,

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(MR. USKIW cont'd) I am sure that the Member for Rock Lake would recollect that that has been a subject matter under consideration for several years going back to the late 1960s when my honourable friends opposite were in charge of responsibilities in this province. I believe I did indicate as late as about two weeks ago, that a decision had been arrived at and that the government was not going to subsidize the operation of a rendering plant in the picking up of dead animals, and that we would be looking at regulatory means to deal with that problem. So I think that is settled for the moment. However if there are new suggestions forthcoming I am sure the government is willing to engage in discussions with whoever wishes to propose some new idea in that respect.

Mr. Speaker, while I'm on my feet, I would like to address the Member for Rock Lake with respect to a question that he posed yesterday. I want to take exception, Mr. Speaker, to the fact that the member, not having given me notice before yesterday, the question of the plight of three cheese plants in this province who have been threatened to be closed down by the Federal Food and Drug authority, that notwithstanding the fact that the member hadn't given notice, he pursued the point with very erroneous information on the media yesterday evening after I had undertaken to check into the matter for him. I would like to advise him that the Food and Drug in fact have asked that certain improvements be undertaken with respect to three plants in Manitoba, and that the Provincial Department called in the managers of these plants to offer them assistance on how they might be able to do this. So my honourable friend should give us a little bit more credibility in the way he poses the question and the follow-up that he gives to those questions.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): Mr. Speaker, on the subject of rendering plants, I want to pose a related question to the Minister of Consumer and Corporate Affairs, but in his absence perhaps I can pose that question to the First Minister, and ask him if he can give the people of this province the assurance that what has been uncovered in the Province of Quebec is not happening in this province, and that the inspection of meat in this province is such that the situation that occurred in 1967 in Quebec could not happen here.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Well, Mr. Speaker, I for one assumed that it has never and will never happen here, but the Honourable Member for Morris will understand that my assurance as a layman is not worth very much in this regard. I just continue to assume that for reasons of ethics that go back a long long time and which are still very pervasive, that it will not happen here. We have in addition to that, certain, I believe, systematic inspection procedures under both federal authority and also our - I believe it's the Environmental Health, Industrial Health Laboratory inspection.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before I proceed, I'd like to indicate to the honourable members, we have 60 students of Grade 6 standing of the Niverville School under the direction of Mr. Wiebe. This school is located in the constituency of the Honourable Member for La Verendrye.

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MR. SPEAKER: The Honourable Member for Rock Lake.

MR. EINARSON: Yes, Mr. Speaker, in view of the comments made by the Minister of Agriculture, and the question I posed yesterday, was related to a letter sent from his department; the Minister indicated to me that he was not knowledgeable of that letter. And I think it was a fair comment. I'm not in a position to know whether the Minister or his department. . .

MR. SPEAKER: Question please.

MR. EINARSON: Mr. Speaker, I now ask the Minister, having knowledge of that latter, is his department going to establish a committee or a group in his department to take the place of the responsibility, which is the Federal Government, namely the Food and Drug Act, in regard to the dairy plants that I posed yesterday?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Speaker, I think the Member for Rock Lake should be aware that the Province of Manitoba also has regulations pertaining to health standards and control of the various dairy processing plants in this province, and has the authority to intercede if it is

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(MR. USKIW cont'd) deemed necessary. But with respect to the letter, I think the honourable member should appreciate the fact that the province merely offered assistance to the plants in order that they could conform with the demands of the Federal Food and Drug authority.

MR. EINARSON: Well, Mr. Speaker, and now I thank the Minister for the answer he just gave me. I wished he had given me that yesterday.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Speaker. I direct my question to the Minister in charge of the Communities Economic Development Fund, and ask the Minister where the fund will get capital moneys which could be used for the loaning and operations of that particular fund.

MR. SPEAKER: The Honourable Minister of Mines.

HON. SIDNEY GREEN, Q. C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, normally it would be out of the capital supply but it's maybe, and I'm not certain of this, that there is no capital supply being requested for that fund for this year, which, if there is no capital supply requested for that fund for this year, then it could still be granted out of general capital authority, although we would not do that knowing that it was needed. I'd have to check to see whether there was an appropriation for the CEDF this year.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): I have a question for the First Minister. Can the Minister indicate whether the provincial government has plans or intentions to build or construct a data control centre in the older or inner city part of Winnipeg?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, there are plans; whether the plans can be initiated as early as 1975, or whether they will wait until 1976, remains to be determined. The optimum location for the computer facility is felt to be somewhere in the general inner city area but that is a rather broad term. The 14 block area, the inner city renewal area, either will I suppose be adequate.

MR. AXWORTHY: A supplementary, Mr. Speaker. Does the construction of this computer centre imply that there will be a consolidation or merging of the different computer systems presently operated by the departments, Crown agencies, and universities that come under the jurisdiction of the Provincial Government?

MR. SCHREYER: Not with respect to the universities, Mr. Speaker, nor would the Health Services Data bank be involved either. There is legislation coming forward that the Honourable Member for Fort Rouge may be aware of which will involve the Government Computer Centre and any incremental computer capacity requirements of other Crown agencies. But it is not involving the university or the Health Data bank, nor for the moment is it involving Phoenix.

MR. AXWORTHY: A supplementary, Mr. Speaker. Does the First Minister intend to bring forward that legislation at this session of the Legislature, and can he indicate that in fact there will be added capital cost attached to this consolidation of computer services under the government?

MR. SCHREYER: I was of the impression, Mr. Speaker, that my colleague, the Minister responsible for the Manitoba Telephone System, had already brought forward for First Reading that particular bill. But in the event that he has not, it will be before us certainly next week for First Reading I should think.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, to the Member for La Verendrye. There is no additional capital authority requested for the CEDF this year.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, in the absence of the Attorney-General and the Minister for Corrections, I direct my question to the First Minister and ask him if the government is considering imposing a board and room charge at Headingley Jail for millionaires and other rich people that may go there for a short time stay from time to time?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, justice is blind as to the wealth of the accused or the wealth of the incarcerated.

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MR. CRAIK: Mr. Speaker, a supplementary. I wonder if reconsideration of this might not be in keeping with the government's ability to pay philosophy and principle.

MR. SCHREYER: Mr. Speaker, my honourable friend should read Voltaire.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I have a question for the Minister of Health and Social Development. Can the Minister indicate whether his department has completed the review of provincial child and family services which was mentioned in their last . . . --(Interjection)-- child and family services which was mentioned as being undertaken in the last report of the Department of Health and Social Development?

MR. SPEAKER: The Honourable Minister of Health.

HON. LAURENT L. DESJARDINS (Minister of Health and Social Development) (St. Boniface): Mr. Speaker, while discussing my estimates I have the information to the House that this report should be forthcoming in the middle of or the end of June, some time in June. And I must add that this is an in-House report.

ORDERS OF THE DAY - ORDERS FOR RETURN

MR. SPEAKER: Orders of the Day. Order for Return. Now that the Minister of Labour is back and I wonder if the two gentlemen have had a chance to confer on this Order for Return. The Honourable Minister of Labour.

MR. PAULLEY: Mr. Chairman, thanks very much, and I want to thank my honourable friend for recognizing the fact I have been away. However, I have just a moment ago received from my honourable friend an indication from him, without that consultation that he is desirous of proceeding with the Order for Return unchecked. Of course, in accordance with the rules of the House, this is the prerogative of any member of the House. It is the prerogative of the of the government to indicate refusal to accept the Order for Return. I would imagine, sir, as the presiding officer that you would want the formal introduction once again of the motion of my honourable friend at which time, on behalf of the government, I will give an indication as to acceptance or rejection.

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I moved the Order last week, and if it's required I shall do so again but . . .

MR. SPEAKER: The moving of the Motion is not necessary. The Motion is on the floor of the House. All that is necessary is for acceptance or rejection or transferral for debate. The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, that being the case . . . I wasn't sure and I didn't want to get into trouble. The Lord knows I get into that enough without getting into procedural hassles. I accept the fact that the Order for Return is before the House. I indicate, sir, that the government is not prepared to accept the Order, and that the subject matter therefore, I believe, is transferred for debate under Private Resolutions.

MR. SPEAKER: Right. Correct, not automatic but it's being requested.

MR. JORGENSON: It is not automatic. It is only requested or transferred for debate at the request of the mover of the Motion.

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

MR. G. JOHNSTON: Mr. Speaker, I would ask that this be put over to Private Members' Hour.

MR. SPEAKER: Thank you. The Order for Return, the Honourable Member for Fort Rouge. Page 2.

MR. AXWORTHY: Mr. Speaker, I move, seconded by the Member for Portage la Prairie, THAT an Order of the House do issue for a Return showing:

1. The amount of space leased by the Department of Public Works for all purposes as of April 1, 1974, the monthly rental payment for such space, and the amount of space occupied at that date.

2. The amount of space leased by the Department of Public Works for all government purposes as of April 1, 1975, the monthly rental payment for such space, and the amount of space occupied at that date.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Public Works.

ORDERS FOR RETURN

HON. RUSSELL DOERN (Minister of Public Works) (Elmwood): Mr. Speaker, we're prepared to accept the Order.

MOTION carried.

MR. SPEAKER: The Honourable House Leader.

GOVERNMENT BILLS - SECOND READINGS

MR. GREEN: Mr. Speaker, would you proceed to call Second Readings of Bills Nos. 42 and 43.

MR. SPEAKER: Thank you. Bill No. 42. The Honourable Minister of Health.

MR. DESJARDINS: Mr. Speaker, I'd like to move, seconded by the Honourable Minister of Urban Affairs that Bill No. 42, an Act to amend The Child . . .

MR. GREEN: Mr. Speaker . . .

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: I wonder if I can ask the Honourable Minister of Health to let me correct myself because the First Minister asked leave, and he would like to get under way the capital machinery, as far as it will go.

MR. SPEAKER: Is it agreed? Is the Honourable House Leader saying that we're going into Supply to discuss . . . The Honourable First Minister.

MR. SCHREYER: What is proposed, Mr. Speaker, is to see whether in the sequence of steps that we can forward the Capital Supply considerations a stage or two.

Accordingly, sir, I would move, seconded by the Honourable the Minister of Mines and Resources, that the resolution reported to Committee of Supply be now read a second time and concurred in.

MOTION presented.

MR. SPEAKER: The Honourable Minister for Riel.

MR. CRAIK: Well, Mr. Speaker, I'm somewhat at odds here as to the step in which we engage in the --(Interjection)--

MR. SPEAKER: Well what is happening is we're making a resolution to concur in a report from a committee, and now there will be a motion in respect to a bill. The Honourable First Minister. Just a minute, is the motion concurred in, that I just placed. Agreed.

MOTION carried.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I move, seconded by the Honourable the Minister of Labour, that you, sir, do now leave the Chair and the House resolve itself into a Committee to consider of Ways and Means for raising of the supply to be granted to Her Majesty.

MOTION presented and carried, and the House resolved itself into a Committee of Supply, with the Honourable Member for Logan in the Chair.

COMMITTEE OF WAYS AND MEANS - CAPITAL SUPPLY

MR. CHAIRMAN: Order please. The resolution before the House is, resolved that towards making good certain sums of money for capital purposes, the sum of \$544,280,800 be granted out of the Consolidated Fund - passed. Committee rise. Call in the Speaker.

Mr. Speaker, your Committee of Ways and Means has considered a certain resolution, recommends it to the House, and begs 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 Thompson, that the report of the committee be received.

MOTION presented and carried.

MR. ENNS: Explain.

MR. SPEAKER: If an explanation is needed, the honourable member wasn't listening when it took place. The Honourable First Minister.

MR. SCHREYER: Now, Mr. Speaker, if I may, I should just indicate that of the seven steps perhaps we can do at least four, so that the third step now, sir, is to move, seconded by the Honourable Minister of Industry and Commerce, that the resolution reported from Ways and Means be now read a second time and concurred in.

MOTION presented and carried.

INTRODUCTION OF BILLS

MR. SCHREYER introduced Bill No. 18, an Act to authorize the expenditure of moneys for capital purposes and authorize the borrowing of the same.

SECOND READING - BILL NO. 18 - MONEYS FOR CAPITAL PURPOSES

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I assume, Mr. Speaker, that it is here that . . .

I beg to move, seconded by the Honourable the Minister of Urban Affairs, that Bill No. 18 (having been distributed last evening), an Act to authorize the expenditure of moneys for capital purposes and authorize the borrowing of same be now read a second time.

MOTION presented.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I want to deal with the matter which I intended to deal with during the item by item examination of Capital Supply under the grants to Manitoba Forest Products Limited, or whatever the formal name is, ManFor. And being unable to do so at that time, Mr. Speaker, it appears that this is the place in which the question of ManFor and CFI should be dealt with, along with any other spots along the way. So far in the session we haven't dealt with this to the extent that we should probably do it as a result of the importance of the issue to the people of Manitoba. And I want to say from the outset that having some familiarity with the history of CFI and the series of events that have taken place at least since the time that I became interested, which was about 1967 through to the present time.

I think that a number of things have happened since the last session that deserve some discussion. Mr. Speaker, when the Commission of Inquiry wound up its hearings, they advertised for its final submissions and appearances before that commission for representation to be made by any party who felt so possessed to do so. So I took the trouble, Mr. Speaker, at the time to write out what I thought were a series of observations that were important from my point of view as a person who was a member of . . . first of all, a citizen of Manitoba, and secondly a member of a political party, to a certain extent which I felt was being vilified in the entire process of events that had taken place in the history of CFI. So I took the trouble to write to the Commission at the time and isolate a critical period of ten months in the series of events that took place from the time the government changed in 1969 until around April of 1970, a period of about 10 months where some very serious things happened, but which had not been questioned by the Commission at the time of its hearings, had not been questioned in depth but was a period where some important things happened.

Now since that time, I have to report that I was advised by the Commission that I would be notified at a suitable date when to appear before them for the second go-around at the hearings. So I replied to them saying that I would be very pleased to appear before them, would they please advise me on some of the specifics they might want to question because I had covered a large number of topics in my brief and would want to do some more research before appearing before them. Well I wasn't asked to go and appear before them. There was never any reply to that and subsequent to that, of course, the report has come out.

Now I give you this history simply because the issue has been important; I have followed it with a high degree of interest, and I don't think I have as full an understanding of all of the things that have happened as many people do in the Province of Manitoba. But some of the issues that have taken place, I have been particularly interested in. I was interested when I read the Commission's report to look at the rationalizations that went into different things that happened.

I came on the scene in 1967, after this project was under way, and for a period of about ten months I had a direct involvement in it from the forestry point of view. During that period of time, I spent a great deal of time trying to work out the forestry aspects with regard to this project, and also the Native Training programs were of prime importance. During that period of time, one of the key things that I had to do as Minister was to stop a program that was put under way by the Manitoba Development Fund and Arthur D. Little Company to set up a large scale bush operation primarily aimed at training of people, and to a certain extent which would have involved the Department of Mines and Resources, the Department of Education, and so on, but a very large scale operation which would supply product to the complex for pulping at a price which, I think, as I recall was pretty favourable to the complex, but an operation which was going to cost several millions of dollars to set up and almost an equal amount, or a

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(MR. CRAIK cont'd) similar amount, to operate every year. So having spent some time on it and looked at it and worked through it, I decided that the operation didn't have enough merits to justify that sort of an expenditure, and so I stopped it. Instead of that I set up the community operation which I felt was more in keeping with the lifestyle of Native people, and the first one was set up at Moose Lake to set up their own logging operation operated by the community - now we know the history of the Moose Lake Loggers in Manitoba - but that was set up as part of the original CFI project. Originally it worked quite well because the motivation was high by the Native people and it originally worked very well. --(Interjection)-- Well, Mr. Speaker, the Minister can answer. When I say worked very well, I'm not talking about a financial payout, because there's very few things that are undertaken of this nature that pay out in the first two or three years, Mr. Speaker, but it worked very well from the point of view, as I said, of the motivation of the people, the people's involvement, and the other matters and fell on to rougher times as time went by.

But anyway I was interested to read in the CFI Commission report that it was a terrible thing that had been done by myself, the Minister at the time, having you know changed the program around, and that really the bush operation program, and the original training program, really it was too bad it had been dropped. They didn't point out how many millions of dollars the decision had saved; the details went on and they didn't mention the fact that since the thing has changed over that there hasn't been any effort made to satisfy what they spotted as a problem at that time back in 1968 because of the decision. Then they went on to say that the Moose Lake operation at one stage was a - I've forgotten - a pale something or other in comparison to the other operation. But then somehow between there and the conclusions with no further rationalization, they come at the conclusion stage and say, one of the most damning things that happened is that the very fine program at Moose Lake has fallen on rough times, you know, and this goes on throughout that report. It's almost like one person wrote this chapter, and another person wrote that one, and another one wrote the conclusion. There is no sequence or logic in the progression of events.

Mr. Speaker, that's only one small example and it's certainly not even an important example in the history of the CFI operation, but it's one that didn't have quite the financial overtones of the others and probably is not a bad example of how all the treatment was done of all the issues with regard to CFI.

And thirdly, I have to tell you, you know, in all frankness, that for a former Member of the Conservative Government to appear before that Commission, you know, was like a skunk going to a garden party. That's about how you felt appearing before the CFI Commission. And we had a lawyer represent us part-time, and I say part-time because we couldn't afford to keep a lawyer there. I think that we collectively put together a total of \$10,000 as the Conservative Party, to get legal representation through those "X" years of hearings at the CFI Commission. We still haven't got the Return from the Order we placed in the first week of this session to find out how much money was spent by the government, representing not only the government of the NDP party in their representation before the Commission, but I can tell you that we pieced together \$10,000 to represent us over "X" months of hearings before the CFI Commission. So we didn't, Mr. Speaker, pretend to try and represent ourselves fully and completely during the full duration of the hearings. We couldn't in fact afford to buy the transcripts. We went down and bought transcripts as they came available. I can personally tell you of going down and paying 40-odd dollars in one whack to try and get the transcripts of a particular group of hearings that I particularly wanted to read. Now, if I had attempted to do that for the full session of the hearings, to get all the transcripts, I can tell you that we wouldn't have had enough money in our total budget, let alone to pay for legal advice, to even follow the proceedings of the hearings.

So there's been great fun had in this whole issue at the expense of the Conservative Party, who somehow everybody, particularly the government and even more so the Liberal Party, would like to hang on the Conservative Party for getting involved in this. But time is going to tell, Mr. Speaker, many of the truths of these whole series of events.

But I want to deal with what I think are some of the two or three major things that were important, that somehow seem to have gotten overlooked, and I would deal with two of them this morning.

MR. SPEAKER: The Honourable House Leader have a point of order?

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MR. GREEN: Mr. Speaker, yes, I do have a point of order. The point of order relates to relevance. We are dealing with Capital Supply in which there is some Capital Supply to the Manitoba Forestry Resources Limited. I do not believe, you know, and I'm not going to interfere with the member's speech if he wants to talk about some background to introduce the relevance of his subject, but we are dealing with Capital Supply to that organization and I do not think that that opens up as an issue everything that occurred before the Commission. Not that there is any reluctance on my part to debate that, Mr. Speaker, but that even makes the point of order stronger. Because if that becomes the debate on this issue, it will be a debate which is completely irrelevant to the motion.

MR. SPEAKER: The point is well taken. The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Speaker, first of all on the point of order, when the refinancing of ManFor was brought up and the First Minister dealt with it, it was agreed at that time that his speech on the whole Capital Supply was a pretty wide-ranging speech and covered many aspects other than ManFor. But at that time, it was agreed that the general discussion of CFI and ManFor would take place at a stage later in the Capital Supply.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: I'm sure that that may have occurred, but the First Minister would have been dealing with the capital restructuring and financing purposes for CFI, and the new schedule. But to open up as to what happened before the Commission and whether what was done four years ago was right or wrong is an entirely different issue, and it would not assume that you could then discuss anything under the heading CFI, and that's the order I . . . I have no objection to the capital structure financing and capital authority for CFI being discussed under this issue.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Speaker, that's essentially what I am coming to, and I don't know how you or the Minister, the House Leader, is going to divorce the major things I want to talk about, because in this particular case, which is still germane to the operation of the MDC or however the money goes to the ManFor or CFI or any other, is the issue of the control under which that money is sent or forwarded to those organizations. We've had a case made here by the government on several occasions now that they were bound in, in 1969, by irrevocable controls that were put on them by a former administration that they could not get out of, and that their legal advice that they got from the Richardson and Company, and themselves, decided that they could not do anything but get into the mess they got into in the period of a year following the change in government in 1969.

And I want to put on the record what I wrote to the Commission at the time, in which I felt in their initial hearings had not been dealt with.

MR. SPEAKER: Order please. The Honourable House Leader.

MR. GREEN: Mr. Speaker, on the same point of order, this is exactly the issue that I'm talking about. We're not talking about now controlling the moneys that are going to ManFor or how that is going to be dealt with, but whether it was properly controlled in 1969. Mr. Speaker, I am willing to debate that issue. I believe that the government's position in this connection has no sensitivity whatsoever. But it is not relevant to the motion before us and, if it becomes relevant, then everybody is going to get into a debate on that issue, and that would be completely out of order under the existing item.

MR. SPEAKER: Again I mention the point is well taken and I would ask the Honourable Member for Riel to stick with Bill No. 18, speak on the principles of Capital Supply on this issue at this time, and there will be an opportunity, I am sure, under a number of ways, where he can debate what happened in the past. The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Speaker, you know, I can't help but digress to get back to the point I want to make, and the point that I want to make is very germane to the expenditure of any capital money by this government. Now if you want to say I'm out of order, you're just going to have to say it, that that's what it is. I don't think I am. So if you want to rule me out of order, that's your jurisdiction. But I want to . . .

MR. SPEAKER: Order please. Before we get excited, the honourable member is supposedly, allegedly, throwing a challenge to me. There is no challenge on the floor because I haven't heard what he's going to say. I have ruled on what he has said up until now. If he doesn't digress and go to the bill that's before us, then naturally he will be out of order, but I have to hear him, and I don't need prompting from any side of the House. I still have to hear him. The Honourable Member for Riel.

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MR. CRAIK: Well I want to read to you, Mr. Speaker, two of the conditions, two of the conditions that are put on, in one aspect, the expenditure of money by the government.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I rise on the same point of order. The honourable member has indicated that he is going to ignore your ruling that this is not relevant to the motion, and indicates that he is going to continue, and has indicated that if he is out of order he is to be ruled out of order, and I am asking that you rule him out of order. --(Interjection)-- Mr. Speaker, the Honourable Leader of the Opposition says, "on what basis?" I've expressed my basis. He wasn't in the House. If he wants to see it, he can read it in Hansard.

MR. SPEAKER: Again, I suggest to the Honourable Member for Riel that I cannot see the relevancy of his letters of a previous year, or four or five years back, to the question at the present time, and I wish he would adhere to the bill before us. It's Bill 18 and I'm sure he knows what the principles of that bill are - Capital Supply for the present year. The Honourable Member for Morris.

MR. JORGENSON: Well, Mr. Speaker, when we are dealing with second reading of a bill, what we are dealing with is all of those items contained in Schedule "A" and Schedule "B". One of those items is the Manitoba Forestry Resources Industry, which is the CFI Complex, and anything related to CFI is a proper subject for debate in this Chamber at this particular point. I can't understand why the House Leader is objecting to a discussion on a subject that is properly before the House and contained in the terms of a bill that is before this Chamber.

MR. SPEAKER: Order please. Let me review the events that have taken place up until now. We are on Bill 18 and I can agree that matters that are pertaining to Bill 18 in principle can be discussed. What has occurred is that the Honourable Member for Riel was giving us a blow by blow description of what took place in respect to a Commission of Inquiry, which had no relationship to Capital Supply at the present time. It was strictly a relating of history of what he had been doing in the past previously before he became an Opposition member, and then as he became an Opposition member how he had written to the Commission. That is not relevant to Capital Supply. It's just history. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, just on a point of order. The Capital Bill refers to the Manitoba Development Corporation and there is a Capital Supply item of some \$32 million requested. I believe that that would entitle the members on this side, following the past procedures of this House, to discuss the matters of the Manitoba Development Corporation, one of which was the CFI Complex. And I believe that that, without question, would allow a discussion to take place . . .

MR. SPEAKER: Correct, but it does not allow for a rehash of a Commission of Inquiry which is unrelated to that. Development Corporation, yes; the Manitoba Forestry Complex at the present time, yes, Capital Supply for that; but not in respect to a Commission of Inquiry which has made its report, which has been tabled before this House and is now public knowledge, and there is no Capital Supply for that Commission of Inquiry. The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Speaker, what I am going to read to you is out of the Manitoba Development Corporation Act, and that item we're right on as far as Capital Supply is concerned. And I want to read you the portion in the Act that applies to the loaning of the money by the Manitoba Development Corporation to any organization regardless of who they are, including CFI.

Under Section 9(3), it reads: "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 purposes for which it was advanced, or is not being carefully and economically expended, or if the security depreciates in value, the Fund may refuse to make any further advance 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 at once repay the money borrowed with interest thereon at the rate agreed upon, and in default of payment the Fund shall have the like remedy for the recovery of the money as if the time for repayment thereof had fully arrived." That's No. 1 provision, Mr. Speaker - No. 1 provision. --(Interjection)-- Well, you know, the Commission's had a lot of things to say about different matters where they've already been proven wrong, you know, so . . .

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MR. SPEAKER: Order please.

MR. CRAIK: My first reference . . .

MR. SPEAKER: Order please. The Honourable Member for Riel, sit down please. Let us get one thing straight. There will be one meeting and one meeting only, and if the honourable members are not appreciative of the Chairman they have, they can elect another one, but we will not have three meetings or four meetings or five people speaking at once. It's impossible to hear, it's impossible to transcribe, and it makes no sense. Now I'd like to have the co-operation of all the members. The Honourable Member for Riel.

MR. CRAIK: Well I see a willingness on the part of the House Leader to discuss this matter providing we can discuss it on his terms, Mr. Speaker, but that's traditional for his approach to matters. If he doesn't want to talk about something, he finds some lame excuse for not discussing it at the time.

MR. SPEAKER: Would the honourable member stick to the subject.

MR. CRAIK: Well that's part of it. Mr. Speaker, the second part I want to read is an excerpt from the master Financing Agreement of the Manitoba Development Corporation with regard to the CFI, where it says under Schedule A: "All invoices must be certified by a representative of the consultants or a representative of the company in the form to be approved by the Fund as soon as the Fund receives invoices certified by the consultants and the companies after said moneys will be advanced." As soon as they receive invoices.

Mr. Speaker, an invoice implies that you have received something and you are charged for it. It's not a requisition, it's not an order for something, it's a bill that you are given for a product or a service that you have received. Receipt of goods, that's what an invoice is. This says the Fund pays out money in the master Financing Agreement with the invoices, when they receive the invoices. Now you can go on and find other documentation where those invoices legally had to be received and approved before moneys were advanced to the company.

Now let's look at the history of the payout, at what happened. Let's look what happened between July of 1969 and the period May 21 of 1970. At the time the government changed, there was \$14 million expended or committed. At the time that May rolled around, there was \$81 million. Now, the critical part here is in that 10-month period. Those provisions of spending the money I referred to in the MDC Act, and the payout procedures . . .

MR. SPEAKER: Order please. The Honourable House Leader on a point of order.

MR. GREEN: Yes, on the same point of order, Mr. Speaker. You have chastised us for speaking from our seats. We have tried to do it in the proper way. We have not been successful. We have asked you to rule; you have not ruled. You have not brought the honourable member to order. I am again asking that he be brought to order.

MR. SPEAKER: I again appeal to the Honourable Member for Riel to abide by the rules. I was hoping he would indicate the relevancy of his last remarks but they weren't there. I'm trying to be co-operative with all the members, but if they insist . . . As I said, I do need the co-operation of the honourable members. I cannot operate this Assembly by myself. The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, the main issue, the root issue here, is whether there is an adequacy in that provision in the MDC Act on the control of the expenditure of money.

MR. GREEN: (no microphone) . . . root issue whether Capital Supply . . . as indicated in Committee of Supply, details of what the Capital Supply is for, and if there are restrictions that have to be placed on how that money is issued, that is the subject for debate; the issuance of the Capital Supply is subject to debate. The . . . of what we are doing is subject to debate, but the honourable member is re-opening a debate on the question as to what happened in July of 1969 and May of 1970, which really opens again an issue as to what happened between 1965 and 1969 as to how the contract was gotten into, as to what the honourable members did, and you will re-debate that . . .

MR. SPEAKER: Order please. The honourable member has made his point and it's true. Would the Honourable Member for Riel - I ask him for the last time - stick to Bill 18 and the principles thereon and leave the Commission of Inquiry to another time for another debate. If not, I'll have to ask him not to continue. Now he can make up his mind. It's his choice. The Honourable Member for Riel.

MR. CRAIK: First of all, on the point of order, Mr. Speaker. We're not dealing with the money advanced to ManFor here specifically, we're dealing with second reading of this

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(MR. CRAIK cont'd) bill, Bill 18, that covers both Manitoba Development Corporation, \$32,500,000 and ManFor at \$5 million.

MR. SPEAKER: Correct. And that's today, not five years ago. Today's values. The Honourable Member for Riel proceed.

MR. CRAIK: Well, okay. The main point I am trying to make, Mr. Speaker, is that with those provisions that I have read to you, there are provisions for the supply of invoices, the charges for money . . .

MR. SPEAKER: Order please.

MR. CRAIK: . . . in spite of those provisions that are in the Act . . .

MR. SPEAKER: The honourable member is going off the beat again. I ask him once more to stay with the Capital Supply of today in the bill. The Honourable Member for Riel.

MR. CRAIK: If I'm going to be thwarted for varying that fine amount on a bill that covers that extent of ground, and that's the whole operations of the Manitoba Development Corporation, the Manitoba Forestry Resources Ltd., there is no other provision in this Legislature, then, where I can deal with this topic more specifically, Mr. Speaker. That's essentially what's being said. This is the topic that deals primarily with the expenditure of capital moneys, capital money. It's a Capital Supply bill and it covers the Development Corporation; it covers Manitoba Forestry Resources Ltd. The problem we got into in CFI was the expenditure of capital moneys, Mr. Speaker.

Now I don't know where the topic is more germane than it is on this bill that covers both those topics. Now if you tell me I can't deal with it, I won't. Then that means as a member of the Legislature I have to do my work in the hallway.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I do not know now whether the ruling is now going to be debated ad infinitum, but he has been debating it. The honourable member wants to know where he can debate it. All the Estimates will be before the House, including the Manitoba Development Corporation, and that, Mr. Speaker, is the first time since I have been in the Legislature when the members are assured that they will have time to debate these questions under the Estimates. We are now dealing with Capital Supply on second reading.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, on the point of order. I have been listening carefully to the --(Interjections)-- I have a point of order, yes.

MR. SPEAKER: Order please. The Honourable Member for Brandon West state his point of order.

MR. MCGILL: My point of order is, Mr. Speaker, that the events which occurred in the history of this Manitoba Forestry Complex are directly related to the request for Capital Supply which the government is now asking us for. Those events are very much related to the need now for Capital Supply. I think it's important and reasonable and correct to debate those events and to recall those events in order to decide whether or not this is an appropriation that we support.

MR. SPEAKER: Order please. Order please. Let me state once again that I think we should stay within the confines of the bill, discuss the amount of Capital Supply, why or why not it should be passed. I am inclined to be as lenient as possible in respect to relevancy. If some areas have to be exposed of why things have been done wrongly in the past or rightly in the past, I have an inclination to allow a certain amount of that. But I will not allow a total digression into an Inquiry which is reported, which took place, and which now has a conclusion and all the contents are on the table of this House and are filed. I think that is not relevant, and therefore I am going to extend the Honourable Member for Riel's time by the amount that we have taken in discussing the procedures, and he's got now fifteen minutes left. The Honourable Member for Riel.

MR. CRAIK: Well, I think this is an incredible performance . . .

MR. SPEAKER: Order please. ORDER PLEASE. ORDER PLEASE. Would the honourable member sit down and have the courtesy to recall that a ruling was made and that it's not debatable. If he doesn't like it, he can challenge it. There are many procedures to carry on in this House, but there are no reflections upon the Chair whether I am in it or someone else is in it. And if he's not happy with the procedures of this House, there are ways and means of changing them, and I'm sure that other members of his caucus would agree with me on that.

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(MR. SPEAKER cont'd) But it is not parliamentary to criticize rulings that have been made and I would hope the honourable member would co-operate and maintain the decorum. The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Speaker, I would ask you to tell me concisely what your ruling is so that I can conform to it. If you're telling me that I can't digress into the history of a lack of application of the laws of the MDC, which will control \$32 million in this bill, if you're telling me I can't discuss those, then, Mr. Speaker, then there's no use of me continuing. I'd like a clarification if that's what you mean.

MR. SPEAKER: I believe I made my ruling. I believe I indicated that I was willing to allow some latitude, but I also indicated I was not going to allow a rehash of a Commission of Inquiry whose report has been tabled in this House. Now there may be references to it but I will not allow it to be dissected and be the main topic of debate, and unfortunately, that's what the honourable member has been doing. His debate has not been on Capital Supply but on the Report of the Commission of Inquiry, if he will recall his own words, and I will not allow that under this particular item. Now there are other times when he can do that, but not under this bill. The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, that's what was questioned in the final analysis, was my reference to the provisions in the master financing agreement between the MDF and the CFI. It wasn't my reference to the work of the Commission itself. I only referred to that in the initial stages of my submission here this morning. What I wanted to point out to the House was that the government has said that the provisions, as I've read to them, are inadequate. This is what the government has stated in this House.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: On a point of order, Mr. Chairman. That is exactly what is going to require me, if you let this continue, to spend the next 40 minutes, which I'm very happy to do, and the Member for St. Johns and other members, to now debate as to whether we were right in paying out or not right in paying out, and it becomes a debate, not on the Capital Supply Bill. That is my only objection. Not to the subject matter. On the subject matter we are ahead. But it is going to change the debate of Capital Supply to a debate on this issue, and if you let it continue, Mr. Chairman, then we will have a full debate on this issue on the Capital Supply item, and I submit that it will all be irrelevant, I submit that you have already ruled it such, and I submit that the honourable member is proceeding contrary to your ruling.

MR. SPEAKER: The point is well taken. The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Speaker, again I ask you for your ruling. Are you not going to allow me to refer . . . ? --(Interjections)--

SPEAKER'S RULING

MR. SPEAKER: Order please. Order please. Order please. I don't know what the Honourable Member from Riel expects me to do. I can't write his speech for him. I don't know what he wishes to say but I have set down guidelines, I've explained myself at least three or four times. Well, let me suggest that we take a recess of about an hour, and maybe by then the members will have made up their minds as to whether they want to have an Assembly debate or not. Because I am not going to sit here and be criticized from both sides and no one seems to take the matter to heart that we are on Bill 18. We're discussing Capital Supply and I think we should proceed. The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I say that it would have been my intention to speak on the payout procedures that were used, and if you're saying that I cannot speak on that, then, sir, we might as well bring it to a head. As much as I hate to do so, I must challenge your ruling.

MR. SPEAKER: I haven't said the honourable member can't discuss payout procedures, but if he wishes to challenge my ruling . . . Shall the ruling of the Chair be sustained?

A voice vote was taken and Mr. Speaker declared the motion carried.

MR. CRAIK: Ayes and nays, Mr. Speaker.

MR. SPEAKER: Call in the members. Order please. The Motion before the House is: shall the Ruling of the Chair be sustained?

SPEAKER'S RULING

A STANDING VOTE was taken, the result being as follows:

YEAS

Messrs.	Adam	Malinowski
	Bostrom	Miller
	Cherniack	Osland
	Derewianchuk	Paulley
	Desjardins	Petursson
	Dillen	Shafransky
	Doern	Toupin
	Evans	Turnbull
	Green	Uruski
	Jenkins	Uskiw
	Johannson	Walding

NAYS

Messrs.	Axworthy	Jorgenson
	Banman	McGill
	Bilton	McKellar
	Craik	McKenzie
	Einarson	Minaker
	Enns	Patrick
	Ferguson	Spivak
	Graham	

MR. CLERK: Yeas 22; Nays 15.

MR. SPEAKER: In my opinion the Ayes have it. I declare the Motion carried. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, I was paired with the Member for Flin Flon.

MR. SPEAKER: The Motion before the House is Bill No. 18. The Honourable House Leader.

MR. GREEN: Mr. Speaker, there is no rule with regard to pairing, but there is a custom, and if the honourable member wishes to make a statement I would have to say that if he is making a statement with regard to his pairing, the statement is irrelevant unless he states what he would have done.

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

MR. G. JOHNSTON: Well, Mr. Speaker, I thank the Honourable House Leader for offering me the opportunity to make a statement. I'm happy to say that I would . . .

MR. SPEAKER: Order please. That's beyond the rules. I'm sure what the Honourable House Leader meant was for the honourable member to commit himself to whether he would have been for or against the motion, and not a statement because otherwise we'd be getting away from the procedures. Does the Honourable Member for Portage wish to state? Very well. The motion before the House is . . . Order please. The motion before the House is Bill No. 18. Second reading thereof. The Honourable Leader of the Opposition.

. . . . continued on next page

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MR. SPIVAK: Mr. Speaker, contained in this bill is approval for capital borrowing for the Manitoba Development Corporation, and while I am appreciative of the fact that there is a Development Corporation Act which has been through second reading and will be back in the House after Law Amendments for third reading, nevertheless I think it's appropriate to talk in connection with the request for capital authority of some \$32 million and relate it to what has been a basic concern on the part of the members opposite on a number of issues in which the government has been involved. I say that, Mr. Speaker, because I think that the issue is a very clear one now and is developing into a focus that the people of Manitoba are going to be in a position to understand, and we will I think be in a position to receive some acknowledgment one way or the other that the voters of this province are going to be prepared to either accept the government's judgment, or the opposition's judgment, that the time has come for the government to stop in the interference of the business affairs of the province, and to stop using the vehicle of the Manitoba Development Corporation as that means.

And in the by-elections that will come there is no question in my mind that this will be an issue the voters will have to face, and without question this is one of the considerations that will be consideration to be given.

Now there are two examples, Mr. Speaker, which highlight the problem areas of the government involvement in business not only because it demonstrates very clearly the sheer incompetence of government to be able to manage but it also - and by that I mean the present government - it also demonstrates the political considerations which become a factor in the determinations of what should happen. The government has been trying to create the illusion and the impression constantly that somehow or other there have been economic considerations that the Board of the Directors of the Manitoba Development Fund have been concerned about, and that the political considerations are those of the government, that the guidelines that the Minister has set are the guidelines upon which the Board of Directors follow, and that to that extent political considerations are not a factor.

But, Mr. Speaker, if you examine whatever records we now have available, it's very clear that political considerations have been a factor, and they will continue to be a factor, particularly by a government who declares that it is involved in the affairs of the province and the business affairs on behalf of the public, and to a large extent is staking its political reputation on the achievements within those areas. When there is failings because the project either was not planned properly, or may not have been conceived properly, and may not have been a worthwhile project, how is a government going to admit a failure, how is a government going to admit to the public generally that their judgment was not correct because that admission in itself has certain political considerations that flow from it. So, Mr. Chairman, what we have is a constant attempt to create certain myths about what really is happening. To sort of suggest that in isolation a group of people who are appointed by the government, responsible to the government, who in effect do not account to the people of this province, and I say that very directly, who only account to the Minister of the Crown, and that's who all they account to as far as their actions are concerned, are obviously going to be concerned about, as they must be with respect to the political considerations and the impact of what they're doing, particularly in those business ventures which require far more capital than was possibly originally anticipated.

We had a bit of a dialogue yesterday which was, I think, very revealing, Mr. Chairman, because the Minister indicated at that time that he had not read the Stevenson-Kellogg Report, he admitted that he may read it, but he hadn't read it, and I find that interesting because that report itself, you know, is very revealing about the affairs of one major company involved in which the Manitoba Development Corporation is involved in, in which there will be substantial commitments. And one has to be concerned with the commitments that have already been made, with the bond commitments of some \$13 million that have been made by the government for the capital authority of the Special Municipal and Loan Fund, and the continuing requirements for cash to be able to basically meet the orders that have been undertaken so far. The difficulty we have is to understand the rationale, or at what point, the government will concern itself to a stage of understanding fully what has happened.

Mr. Chairman, I am satisfied that if an investigation, and I am not at this point suggesting it because I must tell you, Mr. Speaker, I think the time has come to forget about investigations with this government because they're not going to investigate themselves on anything.

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(MR. SPIVAK cont'd) We've had it on the Communities Economic Development Fund, we've had it on the crops, we've had it on Wabowden at this point where the whole issue was stonewalled by the government, and we have it on everything.

Mr. Speaker, there's another question, Mr. Speaker, there's another question. You know how many investigations can one conduct about a government's activities?

But I suggest, Mr. Chairman, that if one was to examine Western Flyer Coach and Flyer Industries from the involvement of the government, one would find contained in the minutes of the Board of Directors meetings a clear indication that it was never organized for profit. One would find, Mr. Speaker, that in the tendering that was undertaken, and in the organization that was undertaken, there was no concern at that time for profit because that was not its motive. And the difficulty, Mr. Chairman, is that part of the problem area that we have now comes and stems directly from that fact.

I suggest, Mr. Speaker, that as one examines Saunders, one would recognize that political considerations were a factor, and while there's an admission, you know, reluctantly, by the Minister of Mines and Natural Resources and the First Minister, that somehow or other hindsight would now indicate that they should not have proceeded in the way that they did, but with the best of intentions. The reality was that with an election in 1973, or 1972, to be faced by the government that there was no way in which public money would not be poured into that enterprise, whether it was good or not, for one reason and one reason only, because there were certain seats at stake, and one of them was the community in which that particular enterprise was being undertaken. The difficulty we have is that in the accounting procedures that take place here the government will use its resources and will attempt to try and prove that it is a commercial aspect that is the controlling factor, and in providing information will provide it consistent with that, and will essentially not be prepared to be exposed, will not be prepared to make that admission.

Now we have the government considering additional prospects, considering additional opportunities for them, and one must wonder where it will stop. That's why I say, Mr. Speaker, the time has - and I think it's fast coming, and I think the by-elections will be a factor in this - is coming as to whether the people of this province are going to be prepared for the constant interference and the constant waste and cost that has been demonstrated by Saunders and Flyer. They are going to then have to make a choice whether they want the government to continue or they want a change.

Now let's talk with respect to Saunders as to whether political considerations were or were not a factor. I'd like to if I may refer to the Hansard of the Standing Committee on Economic Development, and the answers that were given by the Chairman at that time. Page 34 of Hansard of March 27 the following question was put to Mr. Parsons by myself. "Did you not look at its receivership or liquidation possibilities at one stage"? talking about Saunders. "No, we never really looked at it." Next question, "It was never presented to the Board at all for consideration"? The Chairman, "No - I suppose when each board member is considering it he might." "No, no I meant in a formal way." Mr. Chairman, "No." A question by myself to the Chairman. "It was never considered by the Board? And there was no political consideration given to the continuation of the enterprise? It was done basically on an economic basis." The Chairman, "Yes, if it had got to a political then we would have done what we have done now, which is turn it back to the government for their consideration. Then if it was weighed by them that the social economic benefits were of value to keep it going, they would keep it going on that basis. But we didn't consider that."

All right, Mr. Speaker, I've already referred to minutes that were presented to me, and the Honourable Minister of Mines and Natural Resources may call this industrial sabotage, as he will call the Stevenson-Kellogg Report --(Interjection)--Well I must say this to the honourable . . . and I'm going to deal with the Stevenson-Kellogg report as well --(Interjection)--All right, well I must say to the individuals opposite I think that the motivation for the production of these minutes was simply that the information given to the committee was incorrect, and the information given to the committee was incorrect, and the posture of the government is correct, and I come back to the basic proposition. When a government has its political life staked on the achievements in the development sense, in the development world, and on the business enterprise it's undertaking, political considerations will be a factor, and it is foolish to suggest that it would not, and it is foolish for the people involved to try and posture that it

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(MR. SPIVAK cont'd) wasn't a consideration, and to say that it was somehow in other words done independently. And had these minutes not been produced the remarks of the Chairman would have stood and they would have been supported over the government's position.

A MEMBER: They stand.

MR. SPIVAK: Well I wonder if they really do stand.

A MEMBER: They do stand.

MR. SPIVAK: Oh they do. Well let's look at the minutes of Tuesday, February 1, 1972 of the Board of Directors of the Manitoba Development Corporation. When it was outlined by the President of a staging that would take place with respect to Saunders, and it involved the amount of money that was required, involved the production of three aircraft to be achieved by a certain date, financing which was much less financing than has already been put in, and at that time considerations had to be made on that date as to whether it should continue or not. The minutes state, and I quote, Mr. Speaker, "Due to economic and political factors it was deemed necessary to find solutions and maintain the operations of the company. After further discussions and the role playing it was decided that the following questions would have to be answered before a solution could be realized."

Well, Mr. Speaker, the minutes of the MDC itself said that political factors were deemed necessary, and were obviously considered. Yet their posture is that somehow or other that was not a consideration. The Chairman in his answer suggested that it was not a consideration. There was no political consideration given to the continuation of the enterprise. Now that was an answer to a specific question of liquidation and other matters, and that goes to another meeting of May 3, 1972. That meeting of the board dealt - and this was a year before the election - dealt with the possibilities that were available. Well, you know, the Honourable Minister of Mines and Natural Resources says you know and sort of sloughs that off. I say to him the political considerations were always a factor; I say to him that the \$5 million awarded after that was undertaken entirely on the basis of maintaining it and maintaining it well. --(Interjection)--Yes and I believe that if there was an investigation and people had to . . . Oh if the people had to swear to oaths --(Interjection)--

MR. SPEAKER: Order please.

MR. SPIVAK: . . . the minutes themselves. No. The minutes themselves.

MR. SPEAKER: Order please.

MR. SPIVAK: Well, Mr. Chairman, nobody believes me, but I can tell you now that nobody could believe the chairman, and I must tell you, Mr. Speaker, that no one can now believe the Minister of Mines and Natural Resources.--(Interjections)--Well, that would be a very good idea too. One of the problems we have is the continual education of the Minister of Health and Social Development, and that's been evolving over the last few years.

You know, Mr. Chairman, on May 3, 1972, the board was presented at that time because the projections that were forecast were not going to be reached, with the possibilities for Saunders; one was immediate liquidation which was \$546,000 - I'm sorry, immediate bankruptcy - the other was immediate liquidation which was \$1,413,000, that was the estimated cost; the other would have been winding down its operation over an eighth-month period, which would have been 3,200,000 cost. Now when we look at a \$30 million now, and we know it's going up every couple of weeks, you know, as soon as we find out those Orders-in-Council, we know that, you know, that was a much less cost than the cost that is going to have to be absorbed by the public at this point for the enterprise. The government on the opposite side and the Minister would like to suggest that there was no political considerations undertaken in this respect by the board. They would like to suggest, as the chairman would like to suggest, that it was only economic considerations, and commercial considerations, that were the factor. And that's his position, and it won't make any difference, Mr. Speaker, whether documentation is presented, cause that's going to be his position because it's got to be his position, because the problem of the government involvement in business, is that when they have to account properly for their actions, they will fuff it up as they've done on Autopac, and as they've attempted to do it here. They will go back on every word and undertaking that they've given, simply because they cannot face the public properly. They will do what they did in Autopac, and which is reduce the premium before an election, when in effect they knew that there was going to be a deficit; and they will manoeuvre and manipulate around and when exposed they will try every tactic to avoid the accountability which is part and parcel, Mr. Speaker, of a

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(MR. SPIVAK cont'd)government involvement in business activity, and the need for significant changes which we've discussed before and which I'll try and discuss again.

But dealing with this matter of May 3rd when the board was dealing with the possibilities of liquidation and bankruptcy, and was concerned at that time of where the government was going at that stage - and I must point out that the minutes indicate that Parsons was present at that meeting, although he did answer that they never did deal with the liquidation or receivership - that in the minutes itself, the minutes basically say: "Discussion then centered upon the political and commercial ramifications of decisions to be taken in connection with Saunders."

Now, those are the Minutes written for a Board of Directors' meeting. My belief is that the Minister probably did not know that; he probably did not see that in the minutes. But when I think the posture that a board answerable only to the Minister, not to this House, not in any way accounting for its actions, knowing that the political life of a government is involved in the commercial activities that it's undertaken as a declared policy, did become involved in commercial activities on behalf of the people, will of necessity consider the political ramifications, which are several: 1. The community involved; 2. The political considerations with respect to the government, particularly at that period of time, and, Mr. Speaker, that was within a sixth-month or possibly a year period before an election. Because I think there's enough evidence to indicate that the election, depending on the federal results, could have been in 1972 and not 1973.

So the problem we have, Mr. Speaker, is that the minutes clearly indicate the problem area of the government involvement in business. Not only has the recent experience with these, and with others, brought us to a point where the problems of management incompetence on the part of the government can be challenged by the actions that have been taking place, the posturing with respect to the way in which it's operated is also in question. We do not know the story, Mr. Chairman - I look at the Minister of Industry and Commerce, with respect to McKenzie Seed. You know, when that story is told and you see the - for him and for the others - I repeat what the Honourable Member for Riel said just at the end, "It is going to unfold. There is no way in which you're going to be able to prevent it; there is no way in which you're going to be able to stop it. Ultimately it's going to come out, and when it comes out it will be a very revealing thing." Revealing in many respects, not only because of his particular interference in the affairs of that company, you know, his direct interference, because as I have indicated before, he looked upon that as his own fiefdom; but the actual costs involved, some of the projects and some of the undertakings, and the ultimate commitments that the public are going to have to pay for this, because this becomes a very important thing. It involves him politically in his own constituency in the area in which he lives, it's of very direct importance to him and his political life is tied in to this operation. And he and the government really have access to blank cheques on the people's pocketbook, and they can write them without any question; they have a majority, they go through a procedure in the House, the Chairman can answer in any way he wants in terms of this thing, and if he answers incorrectly, nobody's going to do anything about it, and if the information is not correct, nobody here is concerned because we have to defend him because he's a civil servant in this respect, or has civil service status. What happens is a constant flow, a constant flow of money out, and really the record of what this will be is not known, nor will it be known for some time. But it's substantial, substantial in its implications for the people in terms of continuing losses for the next period of time, substantial in the actual losses that have been undertaken so far.

Now we go to Flyer, because I've indicated a couple of things that the Minister says is not so, and I say to him, it is so. I said that he doesn't even know. The fact is that if the minutes of the Board of Flyer were open to public inspection, they would indicate that they were not organized for a profit, that that was never their motive. And the difficulty is, because that was not their purpose, that everything that happened flowed from that, and so what you had, is you had the lack of organization, you did not have proper cost control, you did not have proper organization, you had continual waste, you had commitments that were made on the basis of the best of intentions in which there is going to be substantial fiasco.

Now the First Minister mentions the fact that Volkswagen lost \$350 million, and there's no doubt, there's no doubt that private enterprise makes lots of mistakes, and there's no doubt that they pay the penalty for that.

MR. HARRY J. ENNS (Lakeside): Whose money did they lose?

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MR. SPIVAK: They have to answer to their shareholders --(Interjection)--They have to answer to their shareholders. But they don't have the access that the present government has; they don't have the ability to be able to alter, and change, or to be able to draw, you know, in an unlimited way, on the treasury or on the accounts of the people.

Now, you know, the Minister in dealing with the question of Saunders suggested - or of Flyers, suggested there was industrial sabotage. And, you know, I say to him, that I look at the Federal Government's position now with respect to Air Canada, and the examination that's now taking place as a result of the Royal Commission of Enquiry, and it's been rumoured, I believe, that a vice-president of Air Canada produced some of the information which resulted in the Opposition asking for and demanding, and now the enquiry is taking place. I assume that in the terms of the Minister that also is industrial sabotage.--(Interjection)--Oh, it isn't. Well, I want to go through the following information and then we'll determine whether the Minister believes this to be false. He said he hasn't read the report, and therefore I am now going to ask him whether he considers that their conclusions are false.

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

MR. GREEN: No, Mr. Chairman. I referred to one statement that the honourable member made that was proven to be false.

MR. SPIVAK: You know on that particular item, I should tell the Minister no one has produced the San Francisco contract. You know, I would wonder, you know --(Interjection)--

MR. SPEAKER: Order please. Let us not have a two-way conversation, it is not a debate. The Honourable Leader of the Opposition.

MR. SPIVAK: Dealing with the summary, Mr. Chairman, this is what the Stevenson-Kellogg report stated. I should point out that the report itself was sent to Mr. Parsons on July 29, 1974. It indicated that on May 30, 1974, they presented a proposal for a consulting program aimed at a rapid improvement of your production capability, and at the same time reduction in the cost of production. Those were essentially the terms of reference. The report says: "A year ago, Flyer Industries was facing the prospect of a new plant to be able to build four shells and one full bus a day in 1974. Today just one year later, you have a plant which has been operating for six months only, and production requirements that are almost totally different. By the year end you were still optimistic that a reasonable production level could be achieved, that you would become reasonably close to breaking even in your first full year of operation. Unfortunately the situation we now see is considerably worse than the possibility that we anticipated in our study in 1973." Again, Mr. Speaker, for the benefit of the Minister of Mines and Natural Resources, I doubt if Stevenson-Kellogg had access to the minutes of the Board of Directors of the Flyer Industries. "There is no single problem on which your attention can be focused. It begins with engineering and planning and runs through to the final production output and testing. In the process of resolving day-to-day problems the overall production plan was discarded and has not been replaced. You suffer from inadequate personnel with inadequate training and inadequate direction and inadequate controls."

Dealing with organization: "You're moving rapidly into a competitive industry in an area where skilled personnel are difficult to recruit. You have production commitments that do not allow much room for the usual start-up problems, and many additional unusual start-up problems you are facing. We believe that the role and relationship of the Board of Directors, the Manitoba Development Corporation Company officers, should be clearly understood by all, that is, the starting point when the purpose and objective of the organization have been decided. Our observations suggest that the policy-making function of the Board of Directors needs clarification. Communication with the board has probably been adequate and the board tends to be drawn into discussions of details and staffing operations that it should not have to face, nor can it properly equip with the day-to-day knowledge to handle. You are behind on practically all orders and frequently faced with renegotiation of delivery dates. When more cost history is available, sales policy should also include more realistic appraisal to estimates for pricing."

MR. GREEN: Hear, hear.

MR. SPIVAK: Well, hear hear. You know, the Minister says "hear, hear," but then he says, what the people want and what the people are asking for is for him to say "hear hear" and for every time a request for money is to be given, to be given, that's what they want.

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(MR. SPIVAK cont'd) Everyone wants the Minister to say "hear hear" - he's never read the report, he's not been interested in it at this point.

MR. GREEN: That's not so.

MR. SPIVAK: Well, Mr. Chairman, I will make a deduction, that for a Minister who is involved in, you know, answering for an enterprise that's in difficulty, and who has not looked at this report is, and I would say, and my conclusion is, that he isn't interested in it. -- (Interjection)-- Yes. And that's my conclusion, and I think I can draw that, and I think any, you know, intelligent person will draw that.--(Interjections)--

MR. SPEAKER: Order please.

MR. SPIVAK: Yes. But the interesting thing is that the Minister has stated that his position is different. The Minister has stated that we're in business enterprise and we're going to try and do our best, and we, you know, that's what the people want, the people really want him to say "hear hear," you know, when he hears the report. His problem is that he has the same problem that the Minister of Public Auto Insurance has. All he has to do is now try and answer and manoeuvre, you know, cover up, fuzz up, do anything, push it aside, yell, scream, whatever he can do so that the political timing will be such that the issue of the moment will be over with, and that's all there is to it. Because you see, he conceives of his position and responsibility, that all he has to do is somehow or other use his debating skills and his ingenuity to be able to manoeuvre in such a way, that all he can do is stand up and by doing that meet the arguments, and then that satisfies him. Because that's all that accountability really amounts to at this point, it doesn't amount to any more. He believes, legitimately, that the people are trying their best. Well, that's --(Interjection)--Yes, I think he does believe that, and I'm not suggesting that isn't the case - but the problem of the public enterprise is that if they're trying their best and the public enterprise is not organized properly, and does not have a capability of being able to realize the profit margin, or be able to be in a position to pay off the capital indebtedness, at one point somebody has to take some responsibility of what the implications really are, and how do you do that without information; and how do you do that without evaluation; and how do you do that without, you know, examination? But for a government that is committed as this government is into the involvement in the commercial affairs and cannot afford to be tied with a failure, and cannot afford the political consequences, there will be nothing but the kind of posturing that has happened and continues to happen on the part of the government.

There's another point that is a significant one because it relates to the way in which the problems of production . . . it says, "In the initial selling of their new line of buses, there tends to be an eagerness to serve the client and meet any changes he suggests; such changes however tend to cause serious difficulties in production and should be avoided where possible."

Dealing with engineering: "As we note in other sections of this report, some of the engineering drawings are totally inadequate, but in many cases they were acquired from outside the organization and were not a product of the engineering organization internally. In our view your personal department is totally inadequate to the needs of Flyer. At this point in time however we believe the situation should be changed and a Personnel Department of a larger scale developed."

Well here, Mr. Speaker, if you look at this - we go on and we want to say one other point - "The basic problem is low productivity and the ability to measure the productivity or efficiency level." And then we can go on an on and on.

What this really indicates, Mr. Speaker, is that the government allowed this company to continue to be organized, and to be committed to substantial undertakings, and allowed it to be undertaken without any real concern or knowledge of the organizational structure in which it's been operating. It's obvious from the report that in effect in almost every area in which management should be involved in organizing and in creating the production line to be able to build for at least quoted cost or profit, that none of this was undertaken, and the report is a damning indictment of what had happened.

Now this brings into focus the whole problem of how the government got into this development, why it continued to pour money into it, why it still continues to pour money in it, and whether it really at this point has any understanding of the nature of the changes that are taking place in this business, and the likely probabilities of new capital investments that will have to be undertaken. There were certain questions that were asked of the chairman, which I am quite

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(MR. SPIVAK cont'd) satisfied were not provided, you know, whose answers were not adequate. That may be simply because he himself was not equipped to deal with it, and that I can understand as well, but someone has to answer those questions. The shells should have been built with 700 man hours. I suggest to the Minister that the records will show, if they were examined, that it took approximately 2,000 hours and more. As a matter of fact, in the latter stage there was almost 4,000 man hours. That's why they were losing money and that's why they couldn't get themselves organized. I suggest as well that in the answers that the chairman has given, that there have been contradictory statements with respect to the capacity of its production, that the record of what really happened during that period of time is much less. If I'm correct, and I stand - and this I do not have the Hansard and I will be recalling it, my figures may be wrong on this, but I think I'm close to it - the original projections for last year were \$17 million, and if you were to take into account the time of the strike and deduct those months on a proportionate basis, there should have been \$13 million of sales. If I am correct, there was only about five, or less than \$6 million. Now, obviously, Mr. Speaker, if you're organized for \$17 million of sale and you're structured to be able to try and deliver that - and I'm suggesting that at that point you wouldn't have been delivering at a profit - then there's going to be a substantial loss if your sales are only five million when they should have been \$13 million, assuming everyone had left.

Now there are two things that happen, Mr. Speaker. The government would like to suggest that it was a management problem and that they had it partially corrected because the management left. Well, there's no question there's part of a management problem here, but both the skilled tradesmen and the management knew what was happening there. When that strike took place and when the lockout took place by the government, they left because they knew what was happening there. That's why they left. They left very clearly. And I know from the people who spoke to me, Mr. Chairman, the people who are the people both on the management side and on the production side, the ones who spoke to me, who understood what was happening there, who were working there, who left - they knew what was happening there but the government didn't. And the government, you know, simply takes its responsibility as in fact the representatives of the people, that it will work because they say it will work, because it has to work, because it must work, because it should work, because the people are entitled to profits.

And they take another position which I think is probably the most despicable thing about this whole thing, and I come back to it. The Minister who without question has tremendous strength within that caucus and who is in his own way a very formidable person, will stand up and will defend it and will take all the political flack on his shoulders, and that's all that's required. And that's his answer and that's his accountability. That's really all that's involved, his ability to withstand and to debate and to try and rebut, and that's the accountability, nothing else. Nothing else matters, nothing else is important, nothing else has to be done. That's why he hasn't looked at this report. That's why he is still anticipating that things will work out and he looks upon every challenge by this side on this matter and others as being, you know, a challenge to the NDP and as a challenge to him and therefore it has to be suspect and it should not be judged. And he talked about the one member of the MDC Board who had left, and talked about him in a general way. And I'd like to quote what Sidney Shreiber said in a report given to Stephen Riley of the Tribune. He was asked whether the MDC Board had been guilty of bad judgment, and he said and I quote: "Definitely. I have seen this time and time again, there is bad judgment everywhere when there is an endless source of money." That's one of the directors who I believe is still a supporter of the government who basically said the MDC Board had been guilty of bad judgment: "Definitely. I have seen this time and time again, there is bad judgment everywhere when there is an endless source of money."

With regard to Saunders, Art Coulter told the same reporter, and I believe he is also a supporter of the government. "I think" (and he was talking about Saunders) "I think I would have been concerned if someone had told me that it would take \$20 million to get them where they are today." As far as I know, Art Coulter was present at the meeting on Wednesday, May 3rd, 1972 and he then stated "I would have been concerned if someone had told me it would take \$20 million to get them where they are today." Well, I wonder what he says about it at \$30 million, and I wonder how the government is going to be able to admit to themselves

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(MR. SPIVAK cont'd) that at \$30 million --(Interjection)-- Yes, more than 30. He's more concerned. --(Interjection)-- All right, there's no limit, he's more concerned. All right. Now is there a way in which we can deal with this, with the government committed as they are? Can we . . . --(interjection)--Naturally there's no limit - when the government changes, the limit will change.

You know, Mr. Speaker, are there ways in which the procedures can be changed so that in effect this House and the people will have a check and balance on the government with respect to what's happening? Can it be done? --(Interjection)--Well, I think, you know, if we recognize what is happening now, recognizing what is happening now, it is necessary for some attempt to be made. The procedures that we are now working under are not satisfactory, because all it means is that if we are in a position to be able to ask questions we will get answers; if those answers are untrue, we may or may not find them out. And when we do find them out and we produce them, we will then have the government in the position that it is in now, of trying to defend their own people and not being prepared to accept that anything really has been wrong; and not being prepared, Mr. Speaker, you know, to take the remedial course of action that should be taken. And we have again the political embarrassment that they must accept if there's failures. And, Mr. Chairman, that's why it's necessary for an addition to the accounting audit to be completed by the Provincial Auditor. It's necessary for a management audit to be undertaken independent and separately for the members of this Legislature, and it should be produced for every Crown corporation involved in the commercial activities. That management audit is necessary to be supplied as an audit to the board, to the government and to the Legislature: that is, an audit that will essentially provide for the people of the province some inspection of what has happened. And I visualize if that audit had been undertaken here, would have several years ago stopped the foolishness of projections that were given into the Legislature of expectations which realistically on the basis of the evidence that we have now - and there's more supporting evidence, Mr. Speaker, I want to suggest that - which would indicate that the government or the members who were coming before the committee had no reason to believe that the expectations that they were forecasting before the Legislature would in fact ever take place. Not only that, the management audit would be in a position to examine the projections that are given by management to the Board of the Crown corporations and would be in a position if the projections were not achieved, to be able to comment on them. So that we do not have a continual problem of each successive change that was requested with respect to, say, Saunders to be forwarded with the projections that were unrealistic, not met, then dealing with the next one. Someone would have to bring to the public attention that it was projected on a certain basis, that costs were projected on a certain basis, that the government support was projected on a certain basis, and if that was not achieved, Mr. Speaker, then someone has to answer properly . . . --(interjection)--Well, that's interesting. Is that the responsibility of Cabinet? Well, I wonder . . . I wonder if the Cabinet ever received those projections. Is the Cabinet now prepared . . . is the Minister now prepared --(Interjection)-- the Board received it but did the Cabinet receive it? Did the Cabinet receive in the case of Saunders a successive series of projections that were altered and changed over the last three years? --(Interjection)--Oh no, I'm not talking about those projections, I'm talking about much more detailed projections that were presented to the Board in terms of cash flow, of expectation. No no. What we received, Mr. Chairman, what we received was a general information of what . . . Oh yes. --(Interjection)--I say to the Minister that that's not so. --(Interjection)--Well, then . . .

MR. SPEAKER: Order please.

MR. SPIVAK: . . . most of it was incorrect. --(Interjection)--

MR. SPEAKER: Order please. Let me suggest to the honourable members that are interjecting, their ideas and their expressions are not on tape and consequently it's a one sided conversation which doesn't make sense. The Honourable Leader of the Opposition.

MR. SPIVAK: Well, I suggest that the kind of projections that I'm talking about are much more detailed than the general information given by the chairman. Surely at one point a Board of Directors in considering the full proposal that has to be dealt with, has to deal with the problems of employment, has to deal with the problem of wage rates, has to deal with problems of many other items - inventory control; has to deal with the problem of the way in which the matters are expedited, marketing problems, engineering problems and what have you. What I'm saying is, at different times the people who are involved in management present

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(MR. SPIVAK cont'd) to the Board a summary which the Board approves or the Board at least base its judgment on that, and from that cash flow then takes place. Now our problem at this point is that nobody has at this point brought to any public attention -and I doubt very much whether it's ever been brought to Cabinet attention - whether these have been met, why they had to be changed, why they had to be altered . . .--(Interjection)-- Oh no, no no no no. --(Interjection)--

Well, you see I'm suggesting to the Minister of Health and Social Development that if that management audit was allowed, if there was an opportunity for someone independently to evaluate, to evaluate what is presented to the board, then, Mr. Chairman, on the basis of that one then could then be in a spoition to know whether the prospects were correct or not. Now let me go back to the February 1st, 1972 meeting. The president outlined to the Board of the Fund the following projections - this is of February of '72, "U.S. certification projected July 1st, 1972," and I don't think that's been achieved yet eh? All right. "Production of three ST-27's per month by April 1973, requiring a labour force of 1,300 people." As far as I know nobody from the MDC has ever told that to the members of the Legislature. "Production of three ST-27's per month by April 1973, requiring a labour force of 1,300 people." --(Interjection)--Well, maybe so, but this was the presient's presentation to the Board of the Fund, in which he made certain representations, and on those certain representations certain cash flow was allowed to take place and obviously these projections were not realized and adjustments had to be made. And the adjustments are made, but no one knows on what basis they're made. They're made on expectation of what? On the same people coming back with renewed projections? Profit situation to be achieved in May of 1973 - that's approximately a year and three months from that date - and that was the projection made to the Manitoba Development Corporation upon which certain cash flow took place. "Production of three aircraft per month, an annual gross revenue of \$19 million and an annual profit of \$2,225,000 before taxes; additional financing of \$1,800,000 required by May 1973 for ST-27B. Phase 2 of ST-30 program was required, \$1,450,000, by May of 1973." Now the Minister says that that information in general was supplied to the committee.

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

MR. SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: My honourable friend is so concerned now. When he was the Minister responsible, he refused to give any information at all, at all to the public. And there was a big announcement that from a certain date - I think it was 1968 - that the Board would answer to the Cabinet, to the Cabinet only. Now I wonder why my honourable friend has changed his mind on this all of a sudden.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, you know, we're talking about a Crown enterprise now. We're talking about a Crown corporation which public money entered into the commercial field. And the question the Honourable Minister has asked, I'm quite prepared to debate with him. And I think, you know, there are a number of questions we asked him of how he changed his mind about a number of things. But I must say that - what I'm trying now to say to the Minister is that the format that we're working under was not working correctly. But you see, this was February 1st, 1972. Let's see what happened May 3rd, 1972 - almost three months afterwards. At that meeting of the Board, three months afterwards, after these projections were given upon which a certain cash flow was given and which answers were given in the Legislature supposedly based on this, the Board then have in the minutes, "In view of the urgency of the situation dealing with Saunders and the report that had just been received by the chairman a letter was allowed to be read on the financial data and in reviewing the financial material the chairman summarized the cost of various courses of action: immediate bankruptcy, immediate liquidation, wind down the company. The chairman then stated that the costs of involvement in the aircraft industry were high and to substantiate it tabled an article from the May 1st issue of the Toronto Globe and Mail."

Mr. Chairman, what happened here is that within a three month period, the board was met with the fact that the projections that had been undertaken could not be realized, that the cash flow that had been allowed - that is the cash flow to the company had been allowed, had been allowed on the projections that were not accurate and the problem we have in the accounting that has to take place, is how do we know that those first projections of February 1st, 1972,

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(MR. SPIVAK cont'd) were even correct. The government doesn't know whether it's correct or not. Who knows if it is correct? You have an auditor who gives an accounting audit - that's all he gives. Nobody checks up on what has happened. You know I know and the Minister knows what happens at board of directors meetings. They rely on the personnel who are in fact in management capacity, in this case the president, who presents the detailed information of expectations and who are answerable if they do not succeed. But the problem is it's not only answerable to the board, they have to be answerable as well to the people, because otherwise we get the constant problem that we have where the government will always, will always protect the situation because of the political consequences it means to himself and will not examine nor will have any of the detailed information that I've talked about. And that's why a management audit is important. Because a management audit would at least be in a position to certify essentially that the projections that have been given have either been reached or will likely be reached or have been changed for a number of reasons and they can list them, that the cash flow requirements will likely meet this, that there is reasonable expectation of this. And we need that now, independent of the Chairman of the Manitoba Development Corporation or the Minister or the Premier's statement. We don't need a statement \$30 million afterwards that maybe I was wrong in allowing myself to do that. Or we don't need a statement of the Minister or the First Minister with respect to Autopac that he was misled maybe by the civil servants, that he should have in fact not allowed the deficit to have continued on. You know, I mean that's hogwash.--(Interjection)-- No, he's admitting it after the election, he's admitting it after the fact --(Interjection)--and that's why, Mr. Chairman, I say to the Minister . . .

So, we come back to the basic problem. The government is a stubborn government. They're a government that really has no concern for the working middle-class poor of this province. They believe that they can tax and they can draw on the public purse, that the accountability that they now have is sufficient, that they can withstand the kinds of accounting that should take place, that inaccurate information could be produced, that financial difficulties could arise, and that their only concern at this point is that they not receive the political embarrassment that could come. And because they're motivated by that, because, as I suggest, they do not have the concern for the taxpayers of this province and for that working middle-class poor, who are paying the shot in this province, and that's been demonstrated over and over again, because they do not have that concern and because they believe that the procedures in this House and in the Legislature are so complex as to allow and to enable confusion to take place with respect to explanations, they essentially believe that they can follow through and continue on and that there is no way in which they will have to answer. They may admit that later on there will be a problem area but they're not prepared to admit it now and this will continue until somehow or other they are going to be able to adjust and to fuzz it up.

Now the problem, we have is, is there a way? Can we possibly influence them to change and alter the methods that have occurred? We considered several possibilities. We considered the possibility of the board of directors answering for themselves, before a committee. That would be a very interesting possibility, it has inherent dangers in it. But I believe that if the board ever answered itself before that committee, the answers would not have been the answers of the chairman by any means and, the answers themselves would have revealed in both these cases that in effect the political considerations were paramount after the initial stage when the commercial viability was really questioned. And that for the last few years that has in fact been the influence. But the danger is, and I recognize it, that if you were to allow that to take place, you then put the people in a position of being in a political arena, which it not the intent, and it would jeopardize the ability to be able to attract people. I understand those arguments and I am prepared to accept them.

So what we've been trying to do is look for that alternative which will give us the protection, because I suggest that these companies are not accounting properly for their actions. That they're not accounting by the chairman standing up - and particularly when the chairman tells us information that's incorrect or information about projections that are only partial answers and does not want to, and of necessity does not want to, put himself in a position of showing the company to be in an embarrassing position. And notwithstanding the fact that the Minister will say that the chairman has come forward properly, I suggest to him he has not.

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(MR. SPIVAK cont'd) I suggest to him that the time has come for him to start looking at the minutes of many of the meetings to find out whether in fact the information had been supplied. --(Interjection)--No, I'm not asking the Minister to take that responsibility all the time, but at what point is going to take some responsibility to assume or at least to be able to judge and to evaluate. I can say this much, that the Minister cannot at all speak with candor with respect to the Manitoba Development Corporation because he doesn't know very much about it. He doesn't. He knows very little about these enterprises. He really does.

MR. GREEN: Ask the Board members that . . . for a full day.

MR. SPIVAK: You meet every year for a full day . . . two years. In that full day you understand --(Interjection)-- and you meet with management? You meet with management? --(Interjection)-- You meet with the board? --(Interjection)-- No. So you don't meet with management, you don't meet with production, you don't meet with engineering --(Interjection)-- that's their responsibility. And all the projections that they have given to you, have they been met?

MR. GREEN: No.

MR. SPIVAK: How close have they been met? --(Interjection)-- And you don't feel at this point . . . I realize, Mr. Speaker.

MR. SPEAKER: Would you gentlemen kindly take your differences outside if you can't conduct yourselves as parliamentarians. I know the Honourable Leader of the Opposition has unlimited time but this kind of a two-way conversation can go on for forty days and it's not fair to the rest of the members of the House. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I recognize that the procedures are rather unusual.

MR. SPEAKER: They are, and I wish the honourable member would conduct himself like a parliamentarian.

MR. SPIVAK: Well I will conduct myself like a parliamentarian, but I have to suggest to you, Mr. Speaker, that the little dialogue that took place is very revealing. I think it's very revealing. It reveals that the Minister meets with the board once a year, twice a year. Mr. Chairman, I do not want to in any way be admonished by you but I think both he and I will try and respect the rules. But in any case he obviously meets with them briefly, because I think that a day or two is a very brief meeting with them. He's given information by them which information is supplied by management. And the problem we have at this point is, you know, how you become sensitive, or how do you become aware, or how do you understand and perceive that the projections that are contemplated are made based on enthusiasm rather than on reality, that the facts and figures are not accurate. How do you determine that? How do you know that there should be the continuation? Is it because it's a public enterprise that it is continually entitled to a flow of money from the treasury? Does that in itself warrant money to be given? Is it because the enterprise itself is one in which the political life of the government may be involved, that it's entitled to money, you know, without any question. You see the difficulty we have in this whole procedure, the difficulty we have in this whole procedure is that at one point someone has to say that someone has been foolish in these ventures because the information supplied to the House has been inaccurate, the projections have not been met and yet the continual cash flow goes, and at what point does the government take the responsibility.

Now I'm saying, Mr. Speaker, that in the kind of money that's required and the capital sums that we have to vote for and the ability of the government to be able to commit that capital fund without any accounting to this House, it accounts for the dollar but it doesn't account for what is happening with that money. Because of that fact, that there has to be a change, and that change is a very important one, and that change is necessary, and that's why I go back to the management audit and I go back to the kinds of things that I visualize it would contain. It would in fact examine the projections of management to the board, it would make its comments as to whether those projections have in fact been met, whether there was any reliable basis for those projections to be given in the first place; it would then indicate directly what the probabilities would be so that management would have it as part of the information, the Cabinet would have it and, that report to the Legislature would give us the basis of understanding, and we would not have to be put in the position of asking the chairman questions which are, by their very implication, by the very question, have political implications which puts him into a vulnerability, and puts him into a very serious vulnerability, in which his answer can in fact be of jeopardy, not to the company but to the government, not to the company concerned or the board but to the Premier or to the Ministers who made statements with respect to that. That's the difficulty we have at the point in the procedure that we're

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(MR. SPIVAK cont'd) going through. There is no question.

Why would the chairman basically suggest that they did not deal with receivership and liquidation when the report showed that they did? Now why would he suggest that? Because if in fact he answered that, that they did deal with the receivership and liquidation and that it happened a year before, that would be pretty embarrassing I would think to the government. Why did he say that political considerations weren't given? --(Interjection)-- Well, no, I don't know his answers. Political considerations were a factor, they were written into the minutes, those minutes were prepared by the secretary, I believe, of the Manitoba Development Corporation, political considerations were part of this and it would be foolish to suggest it wasn't.

But the difficulty we have in the procedures that are being followed through is that we either have to have someone produce the document, someone produce the minutes which will give us the information and then on that basis we then can question the government.

Now again I am trying to trace the whole history of Saunders and Flyer. I want to suggest to the Minister that it would be important for him, if he still believes the statement that he's made, to examine both the board of directors meeting of Flyer and to discuss with the management before and with some of the principals before as to whether they were organized at all for a profit. Because you see if they weren't organized for a profit, and a management audit would have indicated that, then much of this discussion could have taken place several years ago and I think the public could have been saved a lot of money. Now the government's stuck, they've got orders, we've got to fulfill them, and in the course of fulfilling those orders we're going to lose a substantial amount of money. Now naturally the government, we hope, will lose as little money as possible but we're going to lose a lot of money and the question is whether we should have been into this in the first place.

It goes back even to the whole question of Mr. Ault - I just bring this because I think this is important as well. Mr. Ault had a very unusual contract, a very unusual contract. Mr. Ault, and . . . the Minister was not the Minister involved, I believe the Minister of Industry and Commerce was involved at that point. --(Interjection)-- Yes, Mr. Ault was a wheeler dealer who impressed the Minister of Industry and Commerce, if I'm correct, I think he was very impressed with him and basically he projected for the company a number of things which ultimately were not achieved and ultimately he had to change the original contract with him and then ultimately he was either retired or fired. No one really knows the story. That's a political question, that's a question we can talk about, that's not the issue. The issue has to be, again, with the kinds of things that he talked about to the board, the kinds of projection he made, the information that was supplied, the accuracy of the information, the actions that were taken based on that, what results occurred and what changes and alterations should have taken place. And a management audit would have brought that out. Would have brought it out to the government's attention, would have brought it out to the Legislature's attention. And by doing that I believe it would have provided us with an opportunity to make an assessment which was a real assessment as to what was happening without in any way jeopardizing the company but with the possibility of at least protecting the moneys of the people.

We have other situations with respect to Saunders, and I want to say this as well. If a management audit had taken place and the board itself knew that a management audit was - I'm talking about Flyer's board - knew that a management audit was taking place and knew that they were going to have to be answerable for what was going to take place, money would have been stopped at a much earlier stage, and probably at this point we would have saved \$15 million, maybe \$20 million. There is no doubt that the \$5 million that was awarded after May 3rd was strictly a political decision, no question about that. It was based on any kind of reasonable expectation or projection, was based on sheer political considerations. And, you know, the member talked about the members of the board the other day and talked about the business enterprise of some in their political affiliation and he was very selective in the kinds of members of the board that he talked about.

If one goes back to the board of February 1, 1972, they were never people who I would consider would be considered friendly to the government and who would be friendly to the New Democratic Party and who would I believe --(Interjection)-- Well, but the point is that the political considerations that were made, the political considerations that were made at that time were influenced by the people who were on the board and they influenced that decision and

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(MR. SPIVAK cont'd) they did not have to account - my point being is that the board does not have to account. What do they have to account? They account to the Minister, then the chairman comes here and he gives us some certain statements and those statements of reasonable expectation on his part are the answers. And then a balance sheet comes a year later. They're not accounting, they are not accounting for their actions. And if in fact they are sympathetic to the government and that they do not have, you know, the integrity that Sidney Shreiber did of quitting that board --(Interjection)-- Well he quit the board because of the policy, he wasn't prepared to go along with it. --(Interjection)-- Well, you know, the fact is that he quit the board, he's made statements with respect to Saunders.

I'm saying that there's no check on the board and I'm saying that a management audit would be a check. I'm saying that a management audit would produce for them, for the government and for ourselves, a record, an indicator that there is some reasonable expectation for what is taking place, and on that basis at least commercial judgments could be made. But what happens is the commercial judgments are intertwined with the political considerations. And that's been reflected in the minutes of the board, it's reflected in the actions of the board. If the members of the board had to be presented to a committee and were to give evidence, there would be, I believe, sufficient evidence to prove and support that position, that political considerations were a factor, and have been a factor, and as a result we would not have what I consider is the myth about what has happened.

Now I said to the Minister of Mines and Natural Resources, the government's going to be in power for a couple of years, there are changes that can be made. He can accept these changes, he can reject them. He can say that these are political considerations on our part and that's all there is to it. But I'm offering them as a very serious way of trying to overcome a very real problem and I say that that management audit is a consideration that should be seriously viewed by the government and implemented. But having said that the problem we have right now is how does a government account properly for what it's done. In the case of Autopac we're going to see changes, changes from all the commitments that were made in this House. We're going to have gasoline tax when in effect realistically it was promised that we would never be subsidized. --(Interjection)-- Oh, that's not a subsidy. Well I think it is a subsidy.

Mr. Speaker, I realize it's 12:30. I'd like to make one point and then I'll conclude my remarks at this point. Unless changes take place there is a fantastic danger with a NDP Government given the unlimited . . . Yes, with a NDP Government given an unlimited access to the public purse and the morality that surrounds them in the way in which they deal with public affairs.

Now the problem is that with everything they talk about, they talk about reform and they use rhetoric and tokenism as a means of trying to establish that their position is much better than others. But in reality it is not. In reality upon close examination it is very much a sham and a myth. And the problem we've had right from the very beginning is that what they do is they will confuse and they will try a whole series of procedures to be able to fuzz it up so that it will not be understood by the people. And the problem we have, and I will conclude, Mr. Speaker, the problem we have, unless those changes are made, the public will be bearing a fantastic loss, an additional loss to what we have lost already, an additional burden. That's why I say, Mr. Speaker, that insofar as these by-elections are concerned, the government's involvement in the business affairs and the way it's conducted itself is very much an issue with the people.

MR. SPEAKER: I recognize the Honourable Minister of Health but the hour being 12:30, I am now leaving the Chair, to return at 2:30.