

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Tuesday, June 29, 1971

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements; Tabling of Reports; Introduction of Bills; Question Period. The Honourable Member for Lakeside.

ORAL QUESTION PERIOD

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, in the absence of the Honourable Minister of Mines and Natural Resources, perhaps the First Minister could entertain a question. Is it the intention of the government to call the Public Utilities Committee hearings, or to resume the hearings of Public Utilities Committee?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, the honourable member will notice that on his desk a notice has been circulated calling Public Utilities for the 8th of July at 10:00 a.m. to consider the annual report of the Telephone System.

MR. ENNS: I thank the Honourable Minister. I should have perhaps looked at my desk first before asking that question. A supplementary question. Will the Chairman of Manitoba Hydro be available to the members of the committee for questioning during that hearing?

MR. SCHREYER: Well, Mr. Speaker, if that can be arranged. It was my understanding on the basis of the four or five previous meetings that we held that there had been ample opportunity for questions.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): A further supplementary, Mr. Speaker. Could the First Minister advise whether that particular meeting will deal just with the annual report of the Manitoba Telephone System or whether it will be possible to introduce other topics.

MR. SCHREYER: Well, Mr. Speaker, that particular meeting is being called for the purpose that is stated in the notice. It may be that subsequent meetings of the committee may deal with other matters.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. J. R. FERGUSON (Gladstone): Thank you, Mr. Speaker. I'd like to direct my question to the First Minister, and ask him if he has directed the Minister of Agriculture to make a study and assessment of the serious crop damage and flooding that he viewed last Saturday?

MR. SCHREYER: Mr. Speaker, I thank the honourable member for the question. That area that appears to have significant crop damage due to flooding caused by severe rainstorms, the general area between Gladstone and Ste. Rose, has been of course closely inspected by field staff of the Departments of Agriculture, Mines and Natural Resources and last Saturday I arranged to have a personal inspection of the area. I can advise the honourable member that we hope to obtain more precise reports as to the nature and extent of damage, both with respect to crop loss and with respect to damages caused to municipal public works, culverts, roads and so on. The Minister of Agriculture certainly will be keeping closely in touch with these estimates and I suppose presenting a recommendation to Cabinet hopefully in the near future.

MR. SPEAKER: The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Speaker, on the same question, I wonder if the Honourable First Minister would consider my remarks on a similar situation in Renwer in my constituency that has a flooding problem also; would what I had to say yesterday be taken into consideration with a view to helping those people also?

MR. SCHREYER: Mr. Speaker, I would assume that the Member for Swan River would make known to the Minister of Agriculture in the case of crop damage, to the Minister of Mines and Resources in the case of drainage inadequacies, so on, make known the more precise nature of the problem, then the Ministers will have to study it and make any appropriate recommendation to Cabinet. In short then, Mr. Speaker, we await to hear further from the honourable member to see just what procedure to follow.

MR. BILTON: A supplementary, Mr. Speaker. Having spoken yesterday, and having given the Minister of Agriculture a copy of my brief, he indicated to me that he had no . . .

MR. SPEAKER: Order please. The honourable member is making a statement on a question period. The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I have a question for the Honourable First Minister. Has he received a letter of resignation from Dr. Morison, the Chairman of the Health Services Insurance Commission?

MR. SCHREYER: Mr. Speaker, there has been that speculation I readily admit, but as I've indicated already I am not in a position to confirm or deny that at this time.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, my question is to the Honourable First Minister. I would like to ask him whether on the basis of Mr. D. L. Campbell's letter of June 28th to the Public Utilities Committee consideration will be given to inviting Mr. Campbell to reappear before the Committee?

MR. SPEAKER: I should like to indicate that this matter is before a committee and it is not a proper question until that committee reports. The Honourable Minister of Agriculture, The Honourable First Minister.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, I'm not clear from your statement whether or not it is open to me to reply to the honourable member or not. If it's your view that it would be not in accordance with the rules to reply I of course will not reply, but if it's permissible to reply, I certainly would.

MR. SPEAKER: The procedure of this House is what I am the servant of and one of the rules that we abide by is that if there's something before a committee which has not reported that matter cannot be entertained in the discussion in the House. The Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): On the same point, Mr. Speaker, I'd like some clarification. The Public Utilities and Natural Resources Committee has been called for Thursday the 8th to consider the annual report of Manitoba Telephone System, so I would ask for some clarification either from you, Sir, or from the First Minister. If indeed the Public Utilities Committee has before it the annual report of Manitoba Hydro?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, if the Honourable Member for Portage is raising this as a point of order, I would speak to the point of order and say that the annual report of Manitoba Hydro was before the committee, it will have to come before the committee again in that there's been no motion to receive the report, or to adopt the report. So in that sense it is before the committee.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, on a matter of privilege. The Member for Swan River a moment ago indicated that I implied a disinterest in a problem put before me yesterday. I simply want to indicate to the member and to the House that indeed there is a great deal of disinterest when a problem is first put to me by a motion of grievance of the Honourable Member for Swan River. The problem was not put before me prior to the motion of grievance.

MR. SPEAKER: The Honourable Member for Swan River.

MR. BILTON: . . . the remarks of the Honourable Minister, I would ask him what his employees are doing in that area.

MR. SPEAKER: Order, please. The honourable member is not speaking on a . . . The Honourable Minister had a matter of privilege which I accepted. There is no rebuttal on the matter of privilege. If there's an explanation, would the Honourable Member for Swan River indicate this is what he's trying to do. The Honourable Member for Swan River.

MR. BILTON: Mr. Speaker, that is what I am endeavouring to do, and on that point of privilege I simply endeavour to outline to you, Sir, that there are employees of the department in the area twelve months of the year seeing a developing situation, and if they are not capable of reporting to the Minister a developing situation that I tried to outline yesterday, they shouldn't be there.

MR. SPEAKER: Order, please. I will not entertain a debate on this matter because it is a debatable situation. The Honourable Member for Lakeside.

MR. ENNS: I direct a question, Mr. Speaker, to the Honourable Minister of Urban Affairs. I wonder if he can confirm or deny that to date he has some 250 amendments with respect to Bill 36.

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance) (St. Johns): No, Mr. Speaker, I cannot confirm or deny it.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I'd like to direct another question to the Honourable First Minister and ask him if he is in a position to advise the House how many bills are still to be introduced in this session?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I think, Mr. Speaker, that the most accurate indication I could give would be approximately five.

MR. SPEAKER: Orders of the Day. The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. When may I expect a reply to my Address for Papers dated April 29th requesting copies of the report prepared by Dr. Tulchinsky?

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

HON. RENE E. TOUPIN (Minister of Health and Social Development) (Springfield): Mr. Speaker, I would like to be as specific as I possibly can, but it should be deposited in this House in the next few days.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable Minister of Agriculture. It relates to an Order for Return filed April 7th and it asked for certain information regarding the hail insurance crop experience last year. Can the Minister say when this information will be tabled?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Soon, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): Mr. Speaker, I wish to direct a question to the First Minister. Will it be safe to use our driver licences Thursday prior to the passing of Bill 31?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I think the answer to that is quite easy to give, but on the other hand I think that it's not desirable for anyone in a Cabinet position to give a legal opinion.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I have a question of the Honourable Minister of Health and Social Development. I wonder when we will get the report of the Ministerial delegation that went to Sweden of April 7th, Order for Return.

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

MR. TOUPIN: Mr. Speaker, saying soon is not good enough. It should be again, within the next few days.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): I'd like to direct my question to the Minister of Urban Affairs. When civic employees are hired for uni-city, would preference be given to those civic employees who are now members of the Canadian Union of Public Employees?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I'm rather disturbed to find that the honourable member is not familiar with the proposals or the bill itself which should clearly satisfy him that this government does not intend to impose rules on the new government, new regional governments of Greater Winnipeg, other than to carry on with the existing staff. But as to future staff concerned there is no desire to interfere with the autonomy of the new regional council.

MR. BARKMAN: A supplementary question, Mr. Speaker. Does the Minister know that representations to the effect are being made to non-union civic employees in some parts of Greater Winnipeg right now?

MR. CHERNIACK: Mr. Speaker, I do not know it and to the extent that the honourable member feels it's important that the government should know it, I'd appreciate his making whatever information he has available to me.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

MR. EARL MCKELLAR (Souris-Killarney): Mr. Speaker, I'd like to direct a question to the Minister of Municipal Affairs. Will the Advisory Board report be tabled in the House this session?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs) (Selkirk): Yes, it can be made available, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable Minister of Finance. When may I expect a reply to an Order for Return dated May 6th requesting information concerning special consultants and others employed under contracts by the government?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, it's interesting that today is the day the question is asked because this morning I was asked certain information by one of the staff involved in accumulating data of that Return which is an indication that it is being worked on. As to how long it will take, I don't know. It's a rather extensive report that has been requested, I imagine, and I do know is being worked on because as I say, I had occasion to deal with some part of it this morning.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I rise on a point of privilege. Yesterday when the Honourable the Leader of the Opposition was speaking to the Estimates of the Department of Industry and Commerce, in particular with reference to the history of the financing of Lake Winnipeg Navigation and the MS Lord Selkirk, a certain exchange took place between the Honourable Leader of the Opposition and myself. I feel that I used certain descriptive terms which in retrospect I would just as soon not leave on the record. I would still characterize the honourable gentleman's remarks as outrageous; however, I feel it was not justified on my part to describe them as despicable and so without any reservation at all, I withdraw the remarks, saying at the same time that what may seem to be - what I am convinced is outrageous, nevertheless, in the mind of the honourable gentleman opposite, he, I'm sure, genuinely believed what he was saying and so it remains in my mind as outrageous but not despicable.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, on the 22nd of this month, the Member for Birtle-Russell put a number of questions to which I have some answers. The first question dealt with the problem of crop insurance and whether it was compulsory for people that had loans through MACC to carry crop insurance, and the answer is no.

The second question was whether or not it is compulsory for a farmer who is in default or partial default on his 1970 payments with the MACC, whether it's compulsory for him to carry crop insurance, and the answer is it could be. There are provisions in the mortgage contract that allow for that to happen if it is deemed advisable.

A third question is whether or not assignment of earnings from hail insurance are demanded by the MACC; the answer is, no.

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, a question of the Minister of Agriculture. Regarding the dollar per acre acreage payments, would the Minister consider certain . . . is June 30th a deadline?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: No, I believe the Act provides . . . Mr. Speaker, the Act provides that payments would be completed by March 31st of next year.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. My question is for the Minister of Youth and Education. Could the Minister give me the latest tabulations on the number of students that have been employed through the efforts of the Student Placement Bureau?

MR. SPEAKER: The Honourable Minister of Youth and Education.

HON. SAUL A. MILLER (Minister of Youth and Education) (Seven Oaks): No, Mr. Speaker. We are not keeping a record until all the final results are in.

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, I have a question of the Minister of Tourism and Recreation. I wonder, would the Minister consider changing the check-out hours at Falcon Lake campsite from 2 p.m. to 5 p.m.

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

HON. PETER BURTONIAK (Minister of Tourism, Recreation and Cultural Affairs)

(MR. BURTNIK cont'd.) . . . . (Dauphin): Mr. Speaker, that is something that we have been looking into. However, there is a problem. I don't want to make a speech on this, Mr. Speaker, but I think that some clarification should be made here insofar as the check-out hours are concerned. I think that in some cases it may seem as a bit unfair; perhaps a later time of the day would be more appropriate but at the same time we also must consider the people that are coming in. When they do come in they don't come in late in the evening they come in the middle of the afternoon, so we have to consider both the visitors coming in and those that are going out. I realize that it's a contentious sort of a thing but I think we'll have to try and make the best of it as it is.

#### INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, if I may, I'd like to direct the attention of the honourable members to the gallery where we have 60 students, Grade 5 standing. These students are under the direction of Mesdames Toland and Lewis and Misses McLean and Inglis from the Weston School. This school is located in the constituency of the Honourable Member for Logan.

We also have 28 students, Grade 5 and 6 standing of the Seven Oaks School. These students are under the direction of Mr. E. Single. This school is located in the constituency of the Honourable Minister of Finance.

We have 12 students, Grade 3 standing of the Gladstone Elementary School. These students are under the direction of Mrs. Karp. This school is located in the constituency of the Honourable Member for Fort Rouge.

On behalf of all the honourable members of the Legislative Assembly I welcome you here today.

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, under our new rules of the House it's an obligation on the part of the House Leader to indicate the business of the House for proceeding days, or following days, and we're concerned this week because of the fact that Dominion Day falls on Thursday and there was some undertaking or consultation as to whether or not it might be possible, instead of returning to the business of the House on Friday, whether or not - because of the fact that members have been in session for some considerable period of time, whether or not we may have a short recess.

I have consulted with the various groups in the House, the Official Opposition, the Liberal Party representative, the Honourable Member for Rhineland; unfortunately I haven't had an opportunity of discussing with the Member for Churchill the proposition which I now make, but knowing that my honourable friend is one of those fellows who has a great heart, I'm sure that we can have his agreement. I would propose, Mr. Speaker, that the House meet tomorrow evening - and I believe that I have concurrence with, as I say, the lack of consultation of the Member for Churchill - so I would propose if we agree that notwithstanding our present rules which call for adjournment at 5:30 on Wednesday evening, that we meet tomorrow evening from 8 until 10 o'clock and then have Thursday and Friday off from the sessions and the business of the House. If I can have concurrence in this, Mr. Speaker, I would like the understanding that this will be the conduct of the House for the balance of the week; namely, notwithstanding our present rules we meet tomorrow evening from 8 until 10 and we have Thursday and Friday off and then return to the sessions on Monday.

Now I understand that negotiations had also been undertaken as a saw-off, if I may use that phrase, that we would meet next Friday evening, that is a week from Friday and also a week from Saturday. It could conceivably be that the motion that stands in the name of the Honourable Minister of Mines and Natural Resources for the speed-up, so-called, will be in effect at that time; this is my understanding and I would like concurrence by the respective parties in the House - agreement that we will meet tomorrow evening.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, the position that the Honourable Minister of Labour has put before the House, the proposition with respect to the sitting for the rest of the week is agreeable to this group.

I must suggest to him, however, that the discussions that we had undertaken outside the Chamber did not clarify or speak specifically with respect to the following weekend. I was

(MR. ENNS cont'd.) . . . . . given to understand, and it was under this basis that I spoke to take on the responsibility for my group that it was specifically with the sitting in mind tomorrow night and Friday and Saturday next. -- (Interjection) -- Well fine, I think that we are all in agreement that we wish to provide members with a much needed reasonable weekend and then get back to resume the business of the people of Manitoba as early as possible.

MR. SPEAKER: (Agreed) The Honourable Minister of Labour.

MR. PAULLEY: That having been agreed and I want to appreciate the co-operation of the members of the House, Mr. Speaker, I wonder if you would now call the adjourned debate on the resolution of the Honourable Minister of Mines and Natural Resources dealing with the conduct of the business of the House standing in the name of the Honourable Member for Fort Garry.

#### ORDERS OF THE DAY - GOVERNMENT RESOLUTIONS

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN; Mr. Speaker, I don't intend to be long on this resolution. I wish to put some criticism, some objection on the record from the point of view of the pressures that the late night hours in particular put upon members of this Assembly charged with conscientious scrutiny of the workload introduced into the Chamber by the government.

The purpose of the resolution obviously is to expedite the government and the public business, to make it possible for all those not only who serve in this Chamber in an elected capacity but those who serve the processes of government in a permanent capacity, to conclude the mechanical work of this particular session and get down to the detail of implementing much of the legislation that has been passed and to attending to the routine work of running the affairs of the province. In that respect the purposes of the resolution are just and certainly admirable; we have no quarrel with that approach or that kind of desire on the government's part; we share that desire in fact. The session has gone on for some time and certainly those both inside the Chamber and those related to the work that goes on inside the Chamber I'm sure are more than anxious to clean up the items on the Order Paper and be able to devote their time and attention, as I've said, to some of their other responsibilities. So in essence we subscribe to mechanics of this type that are aimed at expediting a log jam and a workload; but I must suggest in all fairness and candor, Mr. Speaker, that the workload both during the last session of the Legislature and the present one seems to some of us to have been rendered unnecessarily heavy by the government and we can't escape the conclusion that to a certain extent we're bludgeoned into a position of having to acquiesce in a speed-up resolution if we entertain any hope of getting out of the Chamber and back to our regular political and professional responsibilities before the end of the summer.

Last year the session featured the introduction of something in the neighbourhood of 150 bills, many of them requiring extremely lengthy scrutiny. This year there was some hope on parts of some of us in any event that the workload might be a little bit more reasonable, a little bit less arduous. It doesn't seem to be turning out that way; we're confronted at this point now with a count of bills numbering very close to the 100 mark, or at least if we can anticipate correctly those still remaining to come in, the workload will total something very close to the 100 mark in terms of bills, and that's a heavy load, Mr. Speaker, it's too heavy a load for reasonable men to expect reasonably that completion can be achieved in a reasonable amount of time. The session, as I've said, is nearly three months old now and on the basis of the work in front of us it could well become substantially older. It's easy to say that we should agree to speedier passage of some of the proposed legislation; that we should agree to taking less time to examine it, to criticize it and to challenge it, but when we do that we're derelict in our responsibilities as the Opposition, and in fact I think it can be argued that we are even derelict in our responsibilities to the government. The government - certainly there are some members of it who would be willing to recognize this point without argument; the government depends in our system on conscientious scrutiny and challenge by the Opposition to make sure that the legislation being written into the statute books of the province is fair, just, reasonable and necessary. We can't do that job when we have a workload of something between 100 and 150 bills in a length of time that would fit the category of reasonable length that the Province of Manitoba in the past has been used to; we can't do that kind of work in three months. The challenge to perform the responsible duties we have as an Opposition is a heavy one and it's our primary one and we cannot do that kind of work and bring that kind of attention to this kind of a program in three

(MR. SHERMAN cont'd.) . . . . months. Last summer it took five; this summer there's still some doubt as to how much time it will require.

Now on that basis I suggest, Mr. Speaker, that although we are perfectly in agreement with the concept of breaking log jams and expediting business, we are concerned about the amount of clear headed thinking and criticism that not only the Opposition but the government itself can bring to important legislation, and when we get into the kinds of extremely lengthy, extremely heavy workdays that are made possible in this Chamber under the speed-up motion, I think there are few in this Chamber who would not readily admit that their capacity, their mental capacity for handling the work in front of them and bringing the conscientious study to the work in front of them that's necessary, are not handicapped. I think everybody with, certainly only one or two singular exceptions, would agree that the length of workday introduced under the speed-up motion makes it extremely difficult, places an extremely heavy handicap on members to give the clear thinking attention, scrutiny and study to this important legislation on the Order Paper that's required, and this is really the nub of our objection. The fact is, the business is important, the speed-up motion puts a workload on all members that makes it extremely difficult to give the important work the clear attention, the careful attention that it requires.

I don't mind so much the length of the work week as such under the speed-up resolution. I don't even have any objection to the morning sittings, but like others -- I think there are others in this Chamber who have expressed the same reservations -- I think the evening sittings when they go beyond 10 p. m., and particularly when they go into the midnight period are very heavy and onerous indeed. I think they're harmful, they may even be harmful to the personal health of members, but notwithstanding that possibility, they're certainly harmful to the kind of clarity of mind that good legislation deserves. So I want to put that reservation on the record, Mr. Speaker. I would hope that -- (Interjection) -- I would hope -- well, my honourable friend, my honourable friend the Member for St. Boniface says that I should have said that to Roblin. That may be so; I was not in a position in the Chamber to make that kind of suggestion to the member to whom the Member for St. Boniface refers. I can assure him if I had been I would have made that suggestion. I think it's extremely difficult, I think it's extremely difficult for most of us, with the possible exception of the Member for St. Boniface who may have the capacity to do it, extremely difficult to bring the kind of attention necessary at midnight and one o'clock and 1:30 in the morning to legislation that that legislation deserves; and the fact that somebody subjected the Member for St. Boniface to it in the past is not necessarily any justification for subjecting him to it in the future, or the present. -- (Interjections) --

MR. SPEAKER: Order, please.

MR. SHERMAN: Well the Member for St. Boniface says he never complained. If he didn't, it's the only thing in my experience in this House that he hasn't complained about, Mr. Speaker. If he didn't complain about it, he must have been absent that particular day, because he doesn't have any particular qualms about objecting to those things that bother him, nor should he have. (Interjection) --

MR. SPEAKER: Order, please. Order, please. I should like to indicate if honourable members would address themselves during debate to the Chair and not to honourable members around the room, and to the topic before us, we'll get along much better. Secondly, interjections unless on points of order or matters of privilege shall be noted, and I must say I will not tolerate it because this is what creates heat in debates and I want no incidences, for the sake of the honourable members, for the decorum of this Chamber which I am sure they all desire. The Honourable Member for Fort Garry.

MR. SHERMAN: Well, Mr. Speaker, my main point is that I am afraid that the sittings that go on beyond ten o'clock at night are harmful to the business of the House and therefore the business of the public and the province. The sittings that take place in the daytime no matter how long they're required to go on during mornings and afternoons and no matter how many working days or weekend days of the week are another thing. But I think to go on beyond ten o'clock certainly with no prescribed limitation is a disservice to the people of Manitoba. I can't accept the resolution as it is worded because it leaves an open end to the business day in the Chamber, it eliminates the ten o'clock adjournment time and substitutes nothing in its place which opens up the opportunities for lengthy midnight sittings, and I suggest, Mr. Speaker, that that's a disservice to the Government, to the Opposition and to the people of the Province.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I will only say a few brief remarks in respect to this proposed resolution of the Honourable House Leader. I see the House Leader is not in his seat and we have the Acting House Leader, the Minister of Labour, and I am glad to see that he is in his seat because I think, I believe that he will be much more receptive than the Minister of Mines and Natural Resources would be, because I recollect quite well when the Minister was on this side of the House I think he was a most vociferous person objecting very strenuously to the government of the day when we had to sit say 'til midnight or past midnight. And I agreed with the Minister of Labour, I think he was correct.

In my own opinion I am inclined to believe I have no objections to starting to sit 9:30 in the morning, sitting on Saturdays; I have no objections to many parts of the resolution. I only have one objection and that is to dispense with the rules for sitting past the 10 o'clock adjournment. I know that when the members of the government were on this side of the House they objected very bitterly and I agreed with them at the time and I feel at the present time as well; not only that most people would not agree, I know that most of the constituents of any member would disagree of us sitting here at one o'clock or twelve-thirty or any time past midnight when we do start or we will start at nine-thirty in the morning.

So I appeal to the Minister of Labour, the Acting House Leader, because I know he is perhaps much more understanding and more objective and probably would be more co-operative than the Minister of Mines and Natural Resources and I hope that he will at least use some of his influence on his colleague the House Leader that we do not sit past ten o'clock. If we do sit past ten I don't think it should be past eleven o'clock. I wouldn't mind one hour longer but certainly we should not sit past eleven o'clock under no circumstances because not that we all object on this side -- I know all the members of the Opposition when they were on this side, or the members of the government now when they were in opposition this side, they really objected to this rule; and furthermore I feel that the people of Manitoba, all of our constituents when we do communicate and tell them that we have to sit past midnight they can't believe it, they say this is nonsense, they can't see that anyone would be so asinine to try and sit here not only from nine-thirty in the morning but sit past midnight. So I appeal to the Minister of Labour to use his influence because I know what he had to say when he was on this side. I know he is a very reasonable person and I hope that we can resolve this matter that we do not have to sit past ten but definitely not past eleven o'clock.

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

MR. ENNS: Mr. Speaker, I rise only to indicate to you, Sir, and to the Acting House Leader, I suppose, my support for the resolution as it stands.

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

MR. JACOB M. FROESE (Rhineland): Mr. Chairman, I beg to move seconded by the Honourable Member for Churchill, that debate be adjourned.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I wonder if I may make one or two observations from a personal involvement in past history as to this peculiar resolution that we have before us at the present time.

It is perfectly true, as many honourable members have pointed out, that in my years, all too many of course, on that side of the House I objected on a matter of principle to some degree in supporting this resolution. I did that for the very reasons that the Honourable Member for Fort Garry and the Honourable Member for Assiniboia have pointed out. However, notwithstanding those contributions, Mr. Speaker, if one would call them contributions to the debate on this particular motion, I finally always came to the conclusion that in order to expedite the business of the Assembly of the Province of Manitoba it was necessary for government to introduce this resolution and also it was necessary for the Opposition to agree.

I recall on a few occasions I strenuously objected because the then government of the day kept us into Session until three o'clock in the morning and at nine o'clock or nine-thirty the same morning we were called back into Session. This was a rarity. I do want to say, Mr. Speaker, and I can be condemned for it or criticized for it, that in the position that I then held I was the character, if indeed there was a character in this Assembly in those days, that was responsible for us being here until three o'clock in the morning. And yes it may be, as my honourable friend from Sturgeon Creek says, a shame, but it is historic and it is true and I



(MR. PAULLEY cont'd.) . . . . . accepted that responsibility and I condemned the government at that particular time for allowing the then Leader of the New Democratic Party or the CCF Party as it may be to give vent to his views until three o'clock in the morning. But we all were equally prejudiced, Mr. Speaker, in that we had to stay and listen to the exhortations, the debate of the then Leader of the New Democratic Party or the CCF Party as the case may be. But the point is though, Mr. Speaker, in the final analysis it was always recognized, despite protestations by members in Opposition that the business of government had to go on, that we could stay here hour after hour after hour, day after day as the case may be, dealing with the conduct of business.

Mention was made a few moments ago, properly so, of the number of bills that we have before us still to be considered. I used to fault the government then, I fault the government today for that, but it has been, relatively speaking, a historic fact of the conduct of the business of the Province.

Now the Honourable Member for Assiniboia in his remarks, I would suggest, Mr. Speaker, was very reasonable and very correct when he said that I, as I sat on that side of the House used to ask the government to be reasonable as to sitting hours. He has asked me to use my good influence, if I have any influence on this side of the House, to see as much as I can that we don't go on until three o'clock in the morning. He mentioned he would be agreeable to eleven o'clock or maybe a little leeway there. I want to say to my honourable friend that as the senior member of this House, and I guess right now chronologically as well as otherwise I am the senior in the Assembly at this particular moment, that I don't want to sit around here, I don't -- pardon?

MR. SPEAKER: Order, please.

MR. PAULLEY: Well, the elder, yeah, the elder in the House. I don't want to sit here until three o'clock and I'm sure that if I can use my influence with the regular House Leader the Minister of Mines and Natural Resources to prevent us from doing so I certainly will use whatever influence particularly, after the contribution of my honourable friend, the Member for Assiniboia.

In capsule what I'm trying to say, Mr. Speaker, is that when I was on that side of the House as the Leader of our group I recognized the responsibility of government, I recognize that responsibility today. There were a couple of occasions, if I recall correctly, I proposed amendments to this resolution which were accepted at that time and the prime one as I recall it was that the resolution would not be put into effect until after the expiration of the 80 hours on Estimates. We have given that undertaking, we don't need an amendment accordingly. And also, also on a number of other occasions we did not even vote against the resolution because we realized the responsibility of government. That's when I was on that side of the House, and I suggest, Mr. Speaker, that is my attitude on this side of the House. So I appeal to all members to support the resolution and I want to indicate that if it is at all possible, Mr. Speaker, and I ask for the co-operation of Members of the House - I'm not objecting to the adjournment moved by the Honourable Member for Rhineland but I would like in order to expedite the business of this House on behalf of the House Leader and those of us on this side that the resolution pass at least by tomorrow. I want to thank all honourable members of the House for their contributions in this debate and ask them for their endorsement.

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

MR. SPEAKER: Before we proceed I should like to indicate to all honourable members that it has come to my attention that in respect to decorum of dress one of the honourable members is not suitably attired. I would like to indicate that the Rules Committee discussed this question and took it up and indicated no change and recommended such to this House. That recommendation was concurred in. Would the honourable member remove himself from the Chamber. The Honourable Minister of Finance. -- (Interjection) -- The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Winnipeg Centre in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: (e)--passed; 58--passed, 59(a)-- The Member for Fort Garry.

MR. SHERMAN: 58(e) is where I got up, Mr. Chairman. The Minister was in mid flight last night at the time that we went into Private Members' Hour I believe on 58(e), there are one or two remaining questions I wanted to ask him on the subject we were discussing, but I would give him the opportunity to continue his remarks on that subject if he wishes to; otherwise I just have one or two more questions on that subject.

MR. SPEAKER: The Leader of the Opposition was on his feet at the close of the hour, it wasn't the Minister. The Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, I wanted to ask the Minister to give the Committee any projections of operating costs this year for Lake Winnipeg Navigation as compared to operating costs, well, for each of the last two years. Would he be able to offer the House any comparison in operating costs for 1969, which is the first year, I believe, that the Company was in operation although I may be out by one year on that estimate, 1969 - 1970, and projected operating costs for 1971. I wanted to make the point that there have been substantial frills associated with the operations of Lake Winnipeg Navigation and the Lord Selkirk since its introduction into the economy in the life of Manitoba and I wonder if the Minister could advise the Committee as to the extent that some of those unnecessary frills have been eliminated. Is there an austerity approach being taken in the operation of the Company and in the operation of that particular vessel?

MR. CHAIRMAN: Order, please. The members' questions are broaching on repetition. This question has been asked in several different forms and a reply has been given in several different forms, so I'm wondering if there isn't something new to be added to the debate relative to this particular navigation company if we couldn't proceed. (e) - The Minister.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I'm not sure whether the Honourable Member from Fort Garry has completed all his questions on this particular topic. I prefer to hear them all before I get up. This is the last? That is, that's it, is it?

MR. SHERMAN: Mr. Chairman, yes, those are the last of my questions. If I just may say, Mr. Chairman, I don't mean to be running in juxtaposition to the position taken by the Chair. I have not to my satisfaction up to this point had the information in that particular area that I would be interested in obtaining, but these are all the questions I have on the subject.

MR. SPEAKER: Well, it wasn't a position, it was just a suggestion because the Leader of the Opposition had raised those various questions in his remarks and the questions themselves and the reply would be in Hansard. I'm just wondering if we couldn't proceed if the member was . . .

MR. SHERMAN: . . . the Minister seems to be disposed to say a word or two. I would be prepared to proceed but if he has a brief word or two to offer the committee, I'd like to hear it.

MR. CHAIRMAN: Well without repeating himself, the Minister of Industry and Commerce.

MR. EVANS: Thank you, Mr. Chairman. Well just a brief word or two. It's very difficult for one - I don't have all the statistics that I would like to have on it but the fact is that the Lake Winnipeg Navigation unfortunately, you know, unfortunately for all of us in this province, has not been a viable operation. I personally, in terms of the tourist industry I think it's a great asset to the people of Manitoba and I'm glad it's there and I want to see it continue to operate. You know, that's my personal feeling on it. But as an economic venture it hasn't been viable and this is of course the reason why it has now gone into voluntary receivership. The company itself has to be put into receivership. Now I would just say this - and it has lost money through these years. Now whether it's lost X amount or Y amount or Z amount is almost academic in a sense because you know, you have the asset now, the course of action should be utilize the asset to the best advantage of all concerned; the owners and the lenders and the people of this province.

I would say that we have, the Receiver has hired the Lakehead Shipping Company, a firm operating out of the Lakehead, I guess it's called Thunder Bay now, which has had considerable experience in running lake vessels, is known to be a very competent company and we are very confident that it will operate this vessel as efficiently as possible. We have indications, the

(MR. EVANS cont'd.) . . . Receiver has indications that it is being now operated very efficiently. Various improvements have been made in organization of staff, there have been improvements made in all departments of the operation of the vessel and I might add that instead of one lengthy trip per week it is now organized to take two trips per week. I know the Receiver and the Company, the management company are engaged in various programs . . .

MR. CHAIRMAN: Order, please. I'm sorry the Chair has listened to these questions and the same reply three times. I would suggest to honourable members that if there is nothing new to explore in this particular area that we proceed.

MR. EVANS: Well, Mr. Chairman, with all due respect, this is a new item. The members of this House have not been told of this management arrangement and that there are two trips per week instead of one trip - and that's quite significant, it's extremely significant. We're getting the co-operation of the Department of Tourism and Recreation, the Receiver is doing his utmost to make the best of the situation, and I think all members of the House, you know, should be happy with that approach. I'm convinced that we have the best management company that we could possibly get to operate it and we'll do our best.

MR. CHAIRMAN: The Member for Fort Garry.

MR. SHERMAN: Well I am satisfied with that, Mr. Chairman, but I must say that that's the first indication that we've received on this side of this new management capability and we're certainly pleased to hear of it.

MR. CHAIRMAN: (e)—passed; 58—passed, 59(a)— The Member for Rhineland.

MR. FROESE: Mr. Chairman, I wanted to make a few comments on the Development Corporation. We have the annual statement as of 1971, April is the date on this one, and I notice from the report that there's roughly \$111,000 written off mentioned for loans. I wonder if the Minister would be willing to disclose which loans those are and whether they were total write-offs or just partial write-offs, the monies that were written off against these loans. I noted that there is a reserve; however, the reserve certainly doesn't appear very large to me when we have \$125 million outstanding on loans roughly, and a little better than a million in reserves. Certainly the reserve isn't very large and when we have to write off 111,000 at one shot, this is taking roughly nine percent of that reserve in one year. Are we contributing sufficient monies to the reserves or should the reserves be built up at a faster rate? I would also like to know in connection with these write-offs at what point are loans being written off and whether the securities if there are any, whether they're being gone after or not. Just what action is being taken to exhaust all chances of recovery? Certainly I would like to know a little more in connection with the write-offs.

MR. CHAIRMAN: The Minister.

MR. EVANS: Well, Mr. Chairman, I don't have the particular report in front of me. I do not have that detailed information but I don't know whether it is that crucial to know exactly which account money was written off against. Because the fact of the matter is, the Manitoba Development Corporation is a lender of last resort. Often firms, companies, individuals come to the Manitoba Development Corporation for financial assistance when they have been rejected for various reasons by the ordinary commercial financial institutions and even in some cases, indeed in many cases, they've even been rejected by the federal lending agency, the Industrial Development Bank, so when they come to the Manitoba Development Corporation, they are coming to a high-risk lender, an organization that is devoted and is concerned with the economic development of Manitoba and an organization which is prepared to make a loan after due research by the staff and due consideration by the Board of Directors. And I must say, Mr. Chairman, that I would take this opportunity to thank our present Board of Directors of the Manitoba Development Corporation. We have a very competent Board, we have a full Board, we have people with great ability, great experience and they've been working very hard. So I say that, you know, firms and individuals come to the Manitoba Development Corporation, they make application, they may be a high risk but after due research by the staff, by due processing of the accounts officers, the financial officers, the loans officers and due consideration by the Board of Directors, the Loan Committee and then the Board of Directors, a loan may be made.

Now in the nature of a Development Corporation, if it is to be truly a development corporation it must be a high-risk lender; it must be prepared to lose a certain percentage of its money per year. If it weren't doing so then it would be indicative that it's not taking the venturesome posture that a Development Corporation truly should take.

As a matter of fact, Mr. Chairman, there are some development corporations in this

(MR. EVANS cont'd.) . . . . world, I think the one in the United Kingdom for an example, where you know - and I must look into this, you know, I think this is the case where they are required, where the development organization, the development corporation, the financial organization is required to lose a given percentage of the funds each year, and if it isn't losing that percentage then the authorities feel that there is something wrong with that development corporation. It indicates that it is not taking those risks that need to be taken in order to cause economic growth to occur. Therefore, I would say that any development corporation worth its salt - and I don't care which government's in power, I am making this as a generalization and I think it's an accurate observation -- any development corporation, any financial organization devoted to promoting development must be ready to lose money, and if they come out of a year with no bad loans then it would indicate that they aren't doing their job. It would indicate that they are being too cautious, too conservative. If all we've got - you know, if the government sets up a financial development organization and all it does is copy the existing commercial financial institutions and all it does is take a very cautious attitude that normally financial institutions take and all it does lend in those areas where the existing financial institutions lend, then there's no need for the government to set up such an organization as the Manitoba Development Corporation. There's no need for it; you know, why should we just set up one more financial institution. There's no need for that. All you're doing is setting up, you're creating redundancy in effect.

Therefore, I would say that the Honourable Member from Rhineland should not be unduly concerned I can't give him a detailed answer to his question. I have no hesitation in providing that information for him or for any member of the House. The fact is that during the past year, in North America and in Canada we've experienced an economic recession. Unemployment has been at an undue, almost an all-time high, it's certainly been higher in Canada and even in Manitoba than it has been since the dirty '30s, since the depression of the 1930's, and therefore, I would say that it would be unusual if you didn't have companies in Manitoba which didn't experience economic difficulties. The fact of the matter is that there were many companies that experienced economic difficulties and obviously there were some companies which experienced difficulties that had obtained financing from the Manitoba Development Corporation, and if these companies cease to exist well there has to be a write-off. But you know, as I said, if every loan that was made was excellent, if there was absolutely no sign of any poor loans in the sense that somewhere along the line the borrowers couldn't pay back, it would indicate to everybody concerned, not only to the government, it should indicate that to the Opposition, it should indicate it to the business community and it should indicate it to the people at large, that that development corporation isn't truly being a development corporation. It's just being another financial institution; and who needs just another commercial lender. We want something special, we've got to have an organization that's ready to develop this province, an organization that, for instance, will do something in Winkler that you couldn't get a normal commercial organization to do.

The Development Corporation is known to have invested considerable funds in rural areas where you simply, for various reasons simply cannot get the existing commercial financial institutions to consider. If there's a surplus of funds, they'll go out of the large centres and then they'll look at the rural parts. Normally in this country, even with our banking system, if there's an easing of the money situation the monies usually flow into the dominant centres of Montreal, Toronto and so forth and then they spread into the smaller centres and then from there they spread into the rural parts of the province. And to overcome that, provinces in Canada to overcome that have set up their own lending institutions particularly to help rural economic development.

So I say again, Mr. Chairman, that without an aggressive venturesome provincial lending agency you wouldn't have a lot of jobs being created in various parts of this province and particularly in rural Manitoba. So I for one as the Minister responsible am not overly concerned about monies written off by the Manitoba Development Corporation.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, I don't know whether I would subscribe to all the principles stated by the Minister in connection with a Crown corporation. Certainly to make poor loans deliberately so that we will have losses, I certainly won't subscribe to that and hope never will. Certainly if that is the case then we'd be much better off to make outright grants and make sure that we have good loans. Give them grants but make good loans so that you would then assist

(MR. FROESE cont'd.) . . . . . better corporations or people who would make a go of it, and also that we would not be making a poor type of loan.

If the Minister would listen, I would like to know just how much equity the corporation must put up for a given loan. Is it 60 percent, 50, or what is the situation when making loans? What is the criteria by which you're gauging these? — (Interjection) — Well, this is the reason why because we're dealing with Crown corporations and I for one don't like to see government in business. Sooner or later there will be conflict of interest. This happens time after time.

Look at Air Canada. Why was it moved to Montreal? Because that's where you have the big labour unions and these were the organizations that had voting power, therefore this is why Air Canada was moved to Montreal. You will find this happen again and again with Crown corporations. I feel that we shouldn't have them in the first place, but if we have them, they should not be working at cross purposes with government, and government should exercise a certain amount of direction because I certainly can't see it any other way. For Crown corporations to be free to do as they please, I don't subscribe to that, because government should be held accountable for these corporations. I certainly can't subscribe to the fact that we set up Crown corporations and then let them have a free hand and yet be responsible. Never. I think this is a wrong concept to have.

This is the reason why I take the position that we should not be in business as a government, that we should not have Crown corporations of this type because we have to accept responsibility if we set them up, and if we do that, then certainly government must take responsibility and then they should exercise a certain amount of direction and control. This is why the matter of Hydro in Manitoba — surely enough, if you have these utilities, if they are Crown corporations, government, I think, must exercise some control because they in the last analysis will be held responsible and accountable.

Mr. Chairman, in connection with the answers given by the Minister, I certainly don't subscribe to the fact that we have to have poor loans in order that we have a good record of a Crown corporation. I don't subscribe to that and I certainly would like to hear from the Minister on the matter of when loans are issued, how much equity must they bring up, what is the relation here?

MR. CHAIRMAN: The Minister.

MR. EVANS: Well, Mr. Chairman, we could have a very lengthy and interesting discussion on the whole matter of the role of the . . .

MR. CHAIRMAN: If it is relevant.

MR. EVANS: . . . Manitoba Development Corporation. I don't want the honourable member to think that loan applications made to the Development Corporation are considered lightly and that we deliberately set out to lend money to all and sundry without all due process of investigation, process of economic and financial research. We do take all precautions necessary as any lender should. But at the same time, as I said, this is a development agency and it has to — you know, if it isn't prepared to put money into, say, some new type of industry, an industry that is a fledgling type of thing which may depend upon some new idea, some new apparatus or new technique of production — you know, where the existing institutions just wouldn't touch it — but we feel there may be an opportunity in Manitoba and here is an opportunity for us to expand, to give work to our people and to provide high incomes and so on.

You know, if we're not prepared to thoroughly examine these things and if we're not prepared to be venturesome, if we're not prepared to be entrepreneurial with a development organization, then I say you shouldn't have a development organization. A development organization, a development corporation by nature has to be venturesome; that's the name of the game. Now that doesn't mean to say that we're going out hoping that ten percent of the loans we make for example are going to turn sour or are going to be bad. We're not hoping for that, but I just say that any development organization worth its salt has to take a chance, has to be prepared to be dynamic and venturesome, and part of the price you pay for this is some loans that go bad and the monies have to be written off, but please remember to look at the other side, the jobs and the industries that you create that may never have been there otherwise.

Let me refer for a moment to the Small Loans Division. In this area in particular, Mr. Chairman, we are prepared to put monies into small fledgling enterprises. Sometimes it's just one man with an idea, but he has some ability; we think he may have some management skill and because of this we would be prepared to lend him a considerable, a relatively

(MR. EVANS cont'd.) . . . . . considerable amount of money. It still is a small loan, it may be under 30,000, but it's still relatively a considerable amount of money in a relative sense. In other words, he may have mostly to offer, he may have his ability, his expertise, his idea and that's it, but having examined the product, having examined the applicant as to his inherent ability, having examined the market, we may go out on the limb and give this man a \$10,000 loan.

The fact is that in the case of small loans, in rural Manitoba in particular we found - and this is something that the regional development corporations asked us for - we found that there were many towns in Manitoba who were crying out for particular types of service industries, whether it be auto body shop establishments, whether it be television repair, whether it be some type of retail outlet, we found - at least this is what the regional development corporations told us - that there were case after case, example after example of persons who were good tradesmen, skilled craftsmen who would set up a TV repair service, for example, but who could not get financed. They couldn't get financed anywhere in the province, or if they could get financed it was at such a high rate of interest that they couldn't possibly pay back the principal and interest, or that the length of term was so short and open to renegotiation after two years - and goodness knows what happens after the two years of renegotiations. Do you follow me? You know, you may get a loan for a particular rate of interest that may look rather reasonable, but then there's a clause in the contract which says that you must reconsider this after two years, and maybe after the end of two years you may be stuck with a bonus payment possibly or you may be stuck with a different level of interest, and therefore a person can't afford to take this opportunity, to take this chance.

Therefore, I'm very pleased that we are offering this program of small loans to service industries in rural Manitoba because I know there's a crying need for this. You can ask your own Pembina Valley Regional Development Corporation about this, ask the manager, ask the chairman, ask the board of directors, ask them whether or not they're happy that the Manitoba Development Corporation had instituted a small loans program for service industries, and you'll find now that there are many towns in Manitoba that are going to have a higher degree, a higher quality of service industries because they are now able, through the Manitoba Development Corporation, to obtain the adequate financing for this.

Now, in making such loans the staff, the loan committee and the board have to be very careful. They have to ensure that they're lending the money wisely, that the business can be viable, that you have a person of good character and that you have a person of ability, and that the town has some viability about it so that it will be sustained and perhaps grow, that it won't disappear or decline in a matter of years. You know, all of these are normal, financial precautions that should be taken and are taken, and at the same time the development corporation has to be ready to have faith in the rural towns, in the towns of Manitoba, and to have faith in some of these people who want to set up service industries for example.

And there will be extenuating circumstances, there will be cases where for some reason or other the business was not successful. Possibly the individual may become ill. You know, in the service industry a lot depends on that individual. He's a TV service man, he may be a very competent man, a very capable man, but if he becomes suddenly ill, unexpectedly so, then the business may flounder and you may have a bad loan, you may have a bad debt. Some precautions can be taken in this respect with regard to life insurance and so on, but at the same time, you know really, if you expect us to in a very substantial way help small business, small industry in the towns of this province, you've got to expect the development corporation to be prepared to have some faith in these people, have some faith in these towns and be prepared to take a chance, and in taking a chance, in taking a risk there's bound to be some losses and that's the fact of the matter.

And I repeat again, Mr. Chairman, therefore, that any developmental organization worth its salt should have some losses, because if it doesn't have some losses it will indicate that - to me at least and to many other people - that it's not doing its job as a developmental organization.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: We are dealing with a large corporation here which does not have to report to any Standing Committee of the House like the other utilities such as Hydro and Telephones, and I feel that this is the only time that we have where we can ask questions on this particular corporation. Certainly when we take a look at the report from the year '69 to 1970,

(MR. FROESE cont'd.) . . . . there was an increase of assets of \$70 million. Where did this \$70 million go, the increase in assets of \$70 million from the year '69-70? Did most of this money go to CFI? What is the case from '70-71? What are the assets of the Development Corporation as of March 31st of this year? I certainly would like to know because we would then have a better indication of how much money we're putting into this corporation and how much we're risking. I think we should have this.

Then, too, when we look at the Estimates, there's a million and a half allocated for the Development Corporation. Is all the money to subsidize the corporation, because we have the financial statement here, but I'm sure that this million and a half is not included in this report, that this million and a half must be subsidy. How much of this million and a half is devoted to interest that we're subsidizing these various loans? Could the Minister tell us the amount of subsidy on the interest of the loans outstanding?

Also, I would like to know the assets of the corporation as of this year end. Then, too, I would like to know from the Minister the amount of unused authorization from last year and how much will be at their disposal for operations this current year, the total amount available in this way. I feel that this information is needed; I feel that we have every right to ask for it because this is a corporation, a Crown corporation of the government. We have an audited statement here from Donald Currie and Co. of the year ending March 31, 1970, and we haven't got the latest statement and I would like to hear from the Minister on this score.

MR. CHAIRMAN: Before we proceed, I would ask the Minister -- there were some general questions asked by the Member for Rhineland and I would ask if in this million and a half dollars there is any expenditures relevant to the points that he has raised, because many of the questions in my view should have been raised on the Minister's Salary when we were speaking about the department in general. If it is necessary, I would ask for an itemization of this particular item because I find that the debate is getting very far-ranging and it's getting into the realm that should have been raised under the Minister's Salary. The Minister of Industry and Commerce.

MR. EVANS: Very briefly, Mr. Chairman -- just very directly, that item of 1.5 million, it's exactly 1,502,000, is Investment Servicing Charges. With regard to monies that may be unused from year to year, this is an inconsequential item because if money, Capital Supply that's voted is not utilized it's not wasted, it is simply put back into the books. -- (Interjection) -- Well, I haven't got that particular piece of information with me.

I would say this though with regard to your last question. We have been trying to speed up the reports. They've normally been, for many a year, a whole year behind. You may recall a few weeks ago I tabled a report as of March 31, 1970. I tabled that just a few weeks ago. We are working very hard to bring out, before this session is over so I may table it in this House, the report for the Manitoba Development Corporation for the year March 31, 1971, and that will be a first time I believe that the report has been released so quickly after the fiscal year end. And included in that report will be itemizations of loans made to specific companies and individuals, and also, if the members so desire, in the Legislative Committee on Economic Development to question the Chairman of the MDC with regard to various details, and particularly with regard to those companies in which the government may have some equity.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: I would take issue with the Chairman that the discussion on this is not relevant; it is very relevant.

I take it then that the total amount of one and a half million is a subsidy on loans. If that is the case, then actually the corporation has had large deficits in other words. If the million and a half subsidy had not been applied in 1969 we would have had a deficit of a million and four hundred thousand roughly. This last year the deficit would have been a million and a quarter roughly, so that this report doesn't say the whole story, and certainly when we're operating corporations of this type with losses to that extent, I think people don't get a true picture of the situation. I am sure that members, if they just take a look at the report and read that there is a net profit of 248,000, this is nonsense. This doesn't mean anything because that's not the fact. The fact is that we had a million and a quarter deficit and that we had losses, and that sooner or later, if the corporation doesn't improve, the taxpayers have to bring up these deficits which means the total amount of subsidy has to be raised by taxes, and that when we have industries spring up in Manitoba getting their money from the Development Corporation, that means that the public is paying the expenses and people, I am sure, are not

(MR. FROESE cont'd.) . . . . . aware of this fact.

I asked the Minister what the assets were of the corporation as of March 31st of this year. I think if nothing else we should have that information so that we'd have some idea as to the increase that is taking place here. I asked him before how much of the 70 million increase of the previous year, how much of this money went to CFI. Probably he can give us in general terms the specific amounts so that we'd have some general idea on this.

MR. CHAIRMAN: The Minister.

MR. EVANS: I don't know whether I follow all of the honourable member's questions and I've been trying to listen very closely. But I would repeat again that if you want to know the assets as of March 31, 1971, this will be made available within a matter of perhaps ten days, hopefully before the end of the session, and it will be an audited statement. I'm not in a position to give you the information because I have not seen that auditor's statement, but it will be a public document, it will be tabled in the House and you will have it for your records.

With regard to any losses, obviously the bulk of those losses - I can tell you that without looking at any figures - the bulk of the losses will relate to the CFI complex question, and that should be obvious because this has been the largest loan the Development Corporation has ever made. As you know, the four companies are in receivership, and one of the main reasons they went into receivership was default on the loans, default on the payments, and therefore default on payments of both principal and interest.

MR. CHAIRMAN: (The remainder of Resolution No. 58 and Resolution No. 59 were read and passed.) Resolution No. 60 —

. . . . . continued on next page



MR. PATRICK: Mr. Chairman, I wish to ask the Minister and perhaps he can tell the House now - I'm sure he has the information - what amount has been advanced to each of the four industries in connection with CFI, I mean the Churchill Forest Industries, River Sawmills, James Bertram and Industrial Mills, and I wonder if he can give us some report on it. I feel it's most important that we get some report in respect to the weekly payroll for each of the four firms and also how many persons are employed in each of the four firms concerned. I know that at one time the Minister did give a partial report to our Economic Development Committee of the House, this was a few months ago, so I'm sure that the Minister has a much more up-to-date report than what he gave us a few months ago to the Economic Development Committee at the House.

So I am interested in respect to the payroll. How many people does each firm employ and how much money has been advanced to each individual firm? What are the sales and what are the prospects? I think it's important to all the members of the House because I understand just quite recently one of the governments, the government of Great Britain has just this week announced that it intends to sell part of the steel corporation of that country, not the whole steel corporation but some assets of the steel corporation, and it is pointed out that the losses for this year alone in that corporation were over 244 million and they have run as high as almost half a billion dollars.

So I think it's very important that the Minister give us some report in respect to -- at least he can tell us exactly how much money has been advanced to each company, to each of the four firms; what is the amount of the weekly payroll; how many people each one employs; and what are the sales in dollars for each of the companies involved. I'm sure the Minister since our last report that he gave to the Economic Development Committee - and that was I believe March or February - so by now he has a much better indication and I would expect him to give us at least a much better detailed report in connection with the whole complex.

MR. CHAIRMAN: The Minister.

MR. EVANS: Well, Mr. Chairman, I am sorry I don't have the detailed figures with me. They do change - you know, figures on employees and sales levels and so forth change from week to week. I refer to employees in particular because one of the largest divisions of the complex is the wood lands division and of course that's a very seasonal thing, and in the summer of the year you don't have as many people employed in cutting timber as you do in the wintertime during freeze-up.

But I would say that the employees, since receivership, there have never been so many people employed in that complex and I did give out the figures. I don't have -- I can obtain the information as to exactly how many are employed at this time but I don't think it's that crucial. I can tell you that there is maximum utilization of the facilities. The Receiver and the General Manager, reporting to the Receiver, feels that the best avenue is to make maximum utilization of the assets and therefore there is maximum employment. For a period of time there was over 700, between 700 and 800 employees in total in the complex and I suspect this winter they'll be in that area again if not a few more.

I did indicate yesterday that we expect to have some expansion, particularly -- well it looks like there'll be more expansion in the wood division and perhaps in the lumber division, and so much so that the Town of The Pas and therefore the Province of Manitoba can look forward to an increased wage level being paid in that area. I think the figure we use would be as high as \$10 million in two years, so that in itself is encouraging. The fact is that the people in the area, the people in the province are being given employment. The bulk of the people are Manitobans; our policy is to utilize Manitobans. There's excellent relations with the union so that the wages paid are fair - at least everybody seems to be happy with them. Agreement has been reached with the Town of The Pas for the payment of taxes, at least this past year, and it's been announced \$75,000.00. All in all, the town of The Pas is doing quite well by a facility that is going full-steam ahead because this is the way we see as maximizing our economic position.

Now when you talk about sales, this is a situation that varies from period to period. Obviously - and it's no secret, it's in all the financial papers and journals and so on - the market for some kinds of pulp, some kinds of paper is rather depressed at the present time. That is something that is beyond our control. We can only hope that the market will firm up; we can only hope that the price level will rise. Therefore, the revenue from sales will depend upon a fluctuating price. I can only say this, that the management does have Price and Pierce,

(MR. EVANS cont'd.) . . . . . a worldwide marketing organization for pulp and paper, and they are getting substantial orders. I don't know of any problem in the build-up of inventory, at least none has been brought to my knowledge. But again I say, Mr. Chairman, I'm prepared to, in the near future, to get an up-to-date summary of all of these points and make that public, either just with a news release or the tabling of a statement here or letters to the members of the Committee, it matters not.

With regards to the loans to the four companies, the Premier of this province indicated the amount of loan I believe about a year ago, and substantially there is no change from that position. There have been two things of course that have occurred. One, since receivership, or at the time of receivership there was a freezing of accounts, there was several millions of dollars frozen in accounts and these are still frozen. The other fact is that in order for the manager or the Receiver to operate the plant he did need working capital. He didn't have access to these frozen funds, bank accounts, and therefore he did have to obtain some additional funds. Now the House Leader of the Liberal Party, the Honourable Member from Portage has asked for an Order for Return and that material will be filed for the information of the members. So the information you're requesting will be made available.

MR. CHAIRMAN: The Member for Assiniboia.

MR. PATRICK: Mr. Chairman, just a supplementary. At least I'm sure we can get a complete report at least on one operation and that is the River Sawmills. I believe it is operating almost to full capacity because it's one that I feel that they can market the lumber, whatever they're sawing, and they're operating at full capacity. So not only that we should know what has been advanced to them, but I think that we should have some kind of a statement from the Minister to see if the operation is a viable operation, if it's making a profit or it's not, because if all the other three -- from my own observation when we had the trip to The Pas, I thought that River Sawmills Limited, you know, was probably one of the ones that was operating to full potential. It was almost completed but the point is that buildings are not completed. You have a twelve acre building, the cement floors are not in and the siding on the outside is not in. Was all the money advanced or some held back, or how much more money will it require to finish it?

So I think that the Minister must give us a report indicating what will the CFI Complex cost, each one individually. I mean, how much will the Churchill Forest Industries, River Sawmills and Bertram -- and I know that one of the machine shops of James Bertram is not in operation so I know that -- but the other ones, surely the Minister can give us a detailed report on how much money has been advanced; how much more will be required to complete the operation. I'm not so sure that he can give us about the paper industrial mills but you certainly can give us a report, an operating report as far as the River Sawmills is concerned because I feel that's one that should be almost at maximum capacity right now in operation. So I hope that the Minister will be able to undertake, if he can't give us a report now, to undertake and give us that report sometimes during the session.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, before the Minister gets up to reply to the Member for Assiniboia, I would like to know just what are we supposed to get for this \$100,000? -- (Interjection) -- Oh, the enquiry itself is \$100,000. What does the government expect to get from this enquiry? Surely enough they must have a number of reports which contain projections as to how the industry will go or what can be expected of it, otherwise surely enough they wouldn't have put in the \$90 million, yet we find that they are now having an enquiry. What is this supposed to do? Will this enquiry be subject to the Evidence Act? Will members -- (Interjection) -- Pardon? Maybe the Minister can give us information in this connection. The Attorney-General is making some remarks but I couldn't understand what he said. So I certainly would like to hear from the Minister on this very thing, because if we're not going to get any value for it then we might as well not have it.

MR. CHAIRMAN: The Minister.

MR. EVANS: Thank you, Mr. Chairman. I reassure the Member for Assiniboia we'll make this information available in due course as I indicated.

As far as the Member from Rhineland is concerned, the enquiry is not an enquiry of economic viability and economic feasibility. It's not a research report of -- it's not an economic research report, it's to deal with the entire legality of the situation, to deal with every question, in fact there are many questions that we all have with respect to the way that the loan

(MR. EVANS cont'd.) . . . . was administered, with respect to participation by various companies and their actions and various individuals involved and so on. -- (Interjection) -- Yeah. As the Honourable the Attorney-General just reminds me, the terms, the official terms of the enquiry were made public and this is available - you can read back in the newspapers if you wish and you'll see a complete statement. The fact that the head of this commission is a former Chief Justice, Mr. Rhodes-Smith, would be a clue in itself that this is a legal enquiry, not an economic enquiry necessarily although there are economic consideration. But the honourable member can obtain that information by doing a little research in the library.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Could the Honourable Minister give us the number of the Order-in-Council when it was passed so that we could get a copy of it?

MR. CHAIRMAN: The Minister.

MR. EVANS: Well I don't know whether -- we can obtain the Order-in-Council in which it was passed, but the fact is that the details - you know, when the enquiry was set up there was a complete story on it in the paper; I think it was accurate and it gives you this information. If you want to look at the Order-in-Council, if you want to study the Order-in-Council we'll endeavour to get the Order-in-Council number and you can look it up in the usual manner.

MR. CHAIRMAN: Resolution 60--passed. This completes the Department of Industry and Commerce. The matter before the Committee is Resolution 77, Municipal Affairs. 77 (a) -- The Minister.

MR. PAWLEY: . . . should answer that were directed at me before I went on what the Honourable Member for Lakeside inferred was a joyride the last two weeks. Local Government Districts, a question was asked as to parts. Certainly insofar as the redrawing of any government districts are concerned, we're prepared to review them from time to time and certainly will in this case too as well as all other cases in connection with the entire question of boundaries.

The Honourable Member for Roblin had asked a question about what "Other Expenditures" represented under Local Government Districts, and of course Other Expenditures includes such office expenses as rental, stationery, other miscellaneous costs that arise from the functioning of the LGD offices in various districts.

MR. CHAIRMAN: The Member for La Verendrye.

MR. BARKMAN: Did you say 78?

MR. CHAIRMAN: 77 - Local Government Districts. (a)--passed; (b)--passed; 77--passed. 78 (a)-- The Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, on 78, Municipal Assessments, I believe there was a question put to the Minister the other day concerning the problem of people knowing what certain quarters were assessed at and I believe, I'm sure the Minister is aware of it, that there are some maps available with the assessment marks on them. I don't know how up-to-date they are but I think they should be more readily available perhaps to the local ag reps or municipal offices. I think they are a very handy thing to have around for sales and the like. Saskatchewan for example has had them distributed quite openly and freely and I like the idea very much.

While we're on assessments, I'm also quite concerned, Mr. Chairman, our assessment costs seem to continually still rise, and while I have all the respect in the world for the staff of the Assessment Branch, I think they've been doing a very good job, I can't see with the government handling the whole affair, which is perhaps also quite proper, but I can't see the rise of these costs, that they should totally fall on local municipalities since they are more or less controlled and governed by the province.

I wonder if the Minister cares, to come back to the question I just mentioned concerning having maps of a sort that assessments -- I realize the problem, they'd be outdated very quickly and what have you, but I think they should be something like our local highway maps. I think they should be made available because there is buying and selling going on and people like to know the values of lands around their own areas. Perhaps the Minister can elaborate on that.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: I don't think the honourable member is necessarily expecting a commitment on this matter, except I think that it is a valid suggestion that certainly we should examine as to whether or not it would be feasible to produce such maps and make them available to those

(MR. PAWLEY cont'd.) . . . . that would want them.

Just one further comment in connection with the assessment costs. The province this year is bearing some of the assessment costs that were not borne by the province in earlier years; namely, the costs of preparing equalized and balanced assessments in the total assessment costs and this will come to a figure - about \$99,100 will be borne by the province, about 10 percent of the total assessment cost which had not been done in previous years. The balance of course is recoverable from the municipalities.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Speaker, I was not in the House the other day when -- I was at another meeting in the Legislative Building when the Minister introduced his Estimates so I haven't had an opportunity to reply or to comment on this.

One of my main concerns of the department has to do with assessment. I have spoken on this matter in previous years and the Minister is well aware of my views on this whole matter. I feel that we need a change in the formula, in the criteria on which assessment of farm land is made in Manitoba. Too much emphasis is placed on the value of farm land that is sold, and I feel that this is not a proper gauge because there is very little land moving and selling and has been in the last couple of years because of depressed conditions and the slack in the economy, so that only certain parts of land will move, some choice properties that are ideal for some special crops or where a neighbour is interested in a parcel in close proximity and some estates that are cleaned up. These are about the only pieces of land that are moving and, as a result, you probably touch much higher prices than you normally would and I think this is the case. So when the prices are used of the land sales in a municipality, this is not an accurate gauge, this is not a reliable gauge on which to base the property value, because I'm sure that other parcels have been advertised for much higher for the last couple of years but there was no movement, there was no sale for them and they came down to almost half the price and yet they weren't sold. There were no buyers, yet on the record as far as the Land Titles Office are concerned, where they go to find out what prices were paid, they just show these high figures because those were the only parcels moving and they used those figures for assessment purposes and the formula and the criteria that they applied. This I feel is very unfair; this is very unsatisfactory.

Then too, another point, the government will go according to certain soil classifications, but this is not really enough either because I think we should take and consider productivity, and when we speak of productivity we have to include the cost of production - and this can vary greatly in Manitoba. From the northwestern part of the province to the Red River Valley there is a difference of 50 percent. The recent report put out by Dr. Craddock of the University of Manitoba on inter-regional costs of production of western Canada points this out, and he has graphs and tables to show this, where it costs \$1.44 to produce a bushel of wheat in the Red River Valley it costs 95 cents to a dollar in northwestern Manitoba. This is a terrific difference and yet no consideration is given to that when it comes to assessment. It's not even considered. All they consider is soil classifications, and this doesn't tell the answer at all.

I feel that these are areas that should be taken into consideration; these are items that should be applied when assessments are made, because we have assessments in northwestern Manitoba where the yield was 21.5 average over ten - and I think it's a ten-year period that Dr. Craddock uses - the cost of production is between 95 cents and a dollar. In the Red River Valley you have a 23.5 yield, per acre yield, and the cost is \$1.44. So when you take a look at the assessment, the assessment is way down in northwestern Manitoba compared to what assessment is in the Red River Valley.

I feel, and I'm sure that we're assessed too heavily on the crop land, farm land in southern Manitoba, and as a result we pay an unfair part of the costs of education in Manitoba. The municipalities in my riding naturally are still on the multi-district division and where you, as a result of that, pay a general levy to the province. This runs I think close to ten mills, and when you see the assessment increase like it did in '66-67, when they assessed Rhineland and Stanley municipalities and doubled the assessment, increased it 100 percent, that means that the government takes that much more money from that area for purposes of education under the general levy. This means that these people get that much less in grants because these monies are deducted from the grants that are being earned.

Therefore, we were not only penalized under what this government did, or the previous government did, but further penalized now with the per student, \$18.00 per student grant that

(MR. FROESE cont'd.) . . . . was made available to the unitary divisions this year. This was another penalty that was placed on them; and in addition we have this penalty of assessment. I feel that this is grossly unfair and I feel that a change must be made in the assessment formula of farm lands in Manitoba which is more realistic, which is more to fact and which would be one that would be fair to all the farmers in Manitoba. I certainly would like to hear from the Minister on this very point because we're spending money for assessment every year, and as the Member for La Verendrye pointed out, the costs are increasing. Surely enough, let's have a fair way of assessing farm lands.

Another point that I should probably raise in this connection is that in various school divisions where you have more than one municipality, you may have some towns, villages and the rural municipality, the farm land is assessed at this high rate and yet you do not assess the properties in towns and villages accordingly. And this is the case, because you reassessed one town in my home area with very very little increase - I'm sure there actually should have been a much greater increase - but you increase the disparity within the division as well and this is another sore for some of our rural councils in Manitoba.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: I wonder if the honourable member could give me the name of the village that he mentioned had been reassessed, or assessment added very little.

MR. FROESE: I wouldn't hesitate to do so, but then he might feel that they should go in there and assess it at a higher rate and I wouldn't want to have that happen, because I feel that the farm land assessment should be decreased, not have the other increased.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: Mr. Chairman, the Minister of Finance is in an awful hurry here for some reason or other. How can I answer the lengthy and detailed analysis by the Honourable Member for Rhineland in sixty seconds? The Honourable Minister of Finance should know better.

The Honourable Member for Rhineland is basically in error I think in one very important area, in that he does suggest that the high values for farm lands in the period 1967 and 1968 are taken into account and thus inflating the assessment that is actually arrived at in any given instance and then equates those values to suggest that it has caused a tremendous increase as a result of the reassessments in the municipalities within his constituency in the year 1966 when the reassessment took place, namely the municipalities of Stanley and Rhineland.

The method that is used to reassess in Stanley and Rhineland is the same procedure that is adopted in all other municipalities in the province; namely, that various soil classifications are taken, they're identified and equated as according to the soils map for the Province of Manitoba and then indexed. The soil types then are equated as to the values which those particular lands and those soil types have brought on the open market during the years 1960 to 1965, so that in the case of Stanley and Rhineland where the reassessment occurred in 1966, the sale values in 1960 to 1965, the base period, were used. I wish to advise the Honourable Member for Rhineland that the high value years 1967 and 1968 were not taken into consideration in that reassessment or any reassessing since that period, so he need not fear about that. -- (Interjection) - Well, let me say if there is a reassessment occur in Rhineland or Stanley the practice of the Municipal Assessment Branch would be still to use that base period 1960 to 1965, excluding the years 1967 or 1968 which were the high years.

Now in computing the value, the level of assessment is calculated at 40 percent of the market value. This is the general rule that is followed in rural municipalities within the province, and I would like to take that general rule and refer to the municipalities that the honourable member is concerned about. In Stanley there were 12 sales reported in 1970, if he's referring to sales. The assessment bears a ratio, a relationship of 29.99 of sales in the year 1970 in Stanley municipality. This compares to an assessment ratio of 36.07 for the period 1962 to April 1966, so that in fact the assessment has not, contrary to what the honourable member has suggested, has not been increasing at a rate in proportion to any increased land values for the year 1970.

In the case of R.M. of Rhineland there were 19 sales in 1970, in which the assessment, or a ratio of 35.73 percent. This relates to a ratio of 40.53 percent for the period 1962 to April 1966, so we have the same situation in the R.M. of Rhineland as in the R.M. of Stanley, in that despite the fact that values did go up the relationship of assessment to land value actually decreased, contrary to what has been the understanding of the Honourable Member for Rhineland.

(MR. PAWLEY cont'd.) . . . . -- (Interjection) -- I haven't, but I can obtain same.

Just for the information of the honourable member as well, sales assessment ratios have been computed from sales occurring between 1962 and 1970 for areas within his constituency. You know, it's strange and very interesting how I had some sort of premonition that the honourable member was going to discuss assessment in his constituency, and through the night I realized that maybe I had better try to get some data together for the honourable member, because of all the members across the way I felt confident that the honourable member was going to attempt to nail me on this question of assessment, and unlike automobile insurance I don't feel nearly as confident on this assessment question.

Sales assessment ratios - R. M. of Rhineland, 32.5; R. M. of Stanley, 30.5; Town of Altona, 40.3 - and keeping in mind the comments that the honourable member had said about villages and towns bearing a preferred assessment ratio to the farms and area - Town of Morden, 41.1; Town of Winkler, 41.6; Village of Gretna, 40.6; Village of Plum Coulee, 38.5. So let me suggest to the honourable member that his complaint should be directed primarily and basically at the whole question of the method of payment of education within provinces.

Last week in his area in Altona I indicated, and I again repeat, that we will continue to have problems insofar as payments by agricultural people for education as long as we base the payment of education on the basis of land value, land cost; that education should be paid by means of other ability-to-pay taxes. I was very interested to ascertain that in the honourable member's own area, which is I think a bastion of a lot of free enterprise thinking, there was pretty well overwhelming agreement that ability-to-pay taxation was the only means of properly and fairly and equitably paying for the cost of education and welfare. So I do think that we cannot confuse the two basic issues here of assessment and taxation, two distinct problems. You must zero in on this question of taxation, and I would say to you that if you were critical of the government for not proceeding along certain taxation lines you'd be probably on a much firmer ground than you are in contending that there are certain problems relating to assessment.

One other very basic problem in Rhineland and Stanley is - and I think the honourable member himself acknowledged this in his comments - that there is still the multi-district school method of conducting the delivery of education within that area. I think the honourable member would do a service to the people within his area, and I'm sure that he would want to in the near future, to attempt to persuade them to depart or to leave behind this method of delivery of education, the multi-district form of education, and proceed to the method of delivering education through the administrative function that is utilized throughout the balance of the province in the main. I'm sure that the honourable member recognizes that this is one of the serious problems that is facing his constituents in regard to payment of education.

MR. CHAIRMAN: The Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Chairman. When we're dealing with the Department of Municipal Affairs, I was very brief the time before and I neglected to bring to the Minister's attention a copy of a resolution which was passed at a meeting last January of the Rural Municipalities of Boulton, Russell, Rosser, Shellmouth and Silver Creek, the Town of Russell and the Villages of Binscarth and Rosburn. The essence of the resolution, and in the interest of brevity I will not spend the full time reading the whole thing, but they recommend that the welfare assistance should be decreased for recipients who are able to work as an incentive to work and so that they would be encouraged to help themselves. They also recommend that if a job is found for a welfare recipient who is able to work, that recipient's assistance should be discontinued. They also recommend that if a person is able to work but doesn't, he should only get the minimum of assistance and if a job . . .

MR. CHAIRMAN: Order, please. We're on Municipal Assessments and I was trying to relate what the member was saying, but I . . . The Member for Rhineland.

MR. FROESE: Yes, Mr. Chairman, I certainly want to come back to the Minister and his reply. I don't accept it in the terms that he placed it. Certainly the assessment was increased in 1966 and the formula that was being used certainly had much more to do on land values than he wants to admit. I'm sure that this was the prime reason. Why would we have increases of 100 percent in assessment on farm lands if that wasn't the case, and I'm sure that it was the case.

Now on the other point, why do we pay money, expense for research at the University of Manitoba on doing a study like Dr. Craddock has done when we don't want to use it? Here he points out the cost of production, and surely productivity should be applied in an assessment formula, and he adds a very substantial report. I think it's a very good one and I've looked at

(MR. FROESE cont'd.) . . . . it and read large portions of it, especially the portion dealing with the matter of production for the Red River Valley and parts of northwestern Manitoba and Saskatchewan, because there is such a vast difference between the cost of production, and this should be taken into consideration when we deal with assessment. He comes back and says soil classification. Soil classification doesn't do that, because we have to take productivity in account, not necessarily soil classification because that doesn't really say that. I pointed out the difference, what it cost to produce the wheat from the Red River Valley, \$1.44; northwestern Manitoba 95 cents. So certainly there should be some way of adjustment, in adjusting the situation so that one area of Manitoba would not be that much harder hit, especially in the farm community, than another.

The matter of the ability-to-pay principle was brought to his attention first by the Union of Saskatchewan Municipalities representative who spoke at the Annual Convention here in Manitoba, and this has been a subject of discussion by the Union of Manitoba Municipalities. Certainly this is one of great interest to me and I would like to see that ability-to-pay principle applied in education. We have this government priding itself with bringing in this principle on Medicare. My goodness, we've never heard the end of it, and yet here we have the cost of education put on farm land. They know it's not a proper way of assessing this cost on farm land and having the farmers pay for it regardless of whether they have a crop, regardless of whether they have a net income - and the net income was \$800 which is very very low last year - and yet these are the people that we are calling on to pay the shot for education in Manitoba. This is wrong. We should apply the principle of ability to pay and let those people who earn much more money as a result of having a free education in Manitoba and a largely paid for, publicly paid for education as far as university is concerned, have these people pay their proper portion of the education costs in this province. They are getting away almost scott-free and I feel that these people should pay a proper portion of the cost of education in this province, and the only way to go about it is to remove it, remove the cost of education from farm land and property to the extent that we have it today. Certainly I am sure the Minister can't disagree, because if they agree to the principle of ability to pay on one count they should at least be consistent so that they would want to make it apply on another.

MR. CHAIRMAN: The Member for La Verendrye.

MR. BARKMAN: I thought maybe the Minister would want to answer, come back. I can't help but mention at this point - and I don't think it is a very popular statement that I am going to make at this time - but even though the Committee on Municipal Affairs could not see fit at that time that buildings should be assessed separately, I think I must bring up the point so that the Minister at least knows that I haven't forgotten about the whole matter. And I really do believe that buildings should be assessed separately. I know many arguments can be found this way on either side, but I think - I'm not against family corporation farming and perhaps some of these people in this Assembly are against large corporation farming. I think here's another reason why absolutely these people should not get away with not paying their fair share of taxes. I can readily and easily agree with the Member for Rhineland to remove education costs from farm taxes, I can easily agree with that, but in the meantime as long as we have this system I don't really think it's fair.

I've often given the example, just about two miles out of the town of Steinbach a resident there is assessed at about \$2,000 and I believe they're paying around two hundred and some odd dollars in taxes. Just across are large buildings, probably worth approximately \$300,000 or \$400,000, and they're paying less taxes on that property than this fellow living just opposite who has only perhaps an acre of two, and these of course have -- I believe they have 160 acres. I wish to stay on record that if councils are honest, and I think they are, and if Provincial Assessors do their job as they have in the past, I don't see where any taxpayer, as long as the taxation is set up as it is today, I don't see why they should be paying more, and at least those people, as long as we have the present system, those people that own large properties will be paying a fair share. I could not resist, Mr. Chairman, I thought this should go on record. While the committee could not see fit to recommend this type of taxation at the time, I think we should keep it in mind and I see the Minister is ready to get up so . . .

MR. CHAIRMAN: The Minister.

MR. PAWLEY: Mr. Chairman, I don't know whether or not there has been a misunderstanding between the Honourable Member for La Verendrye and myself dealing with the matter of assessment of farm buildings that are used by a non-family farm corporate industry. He

(MR. PAWLEY cont'd.) . . . . makes reference to the building here at Steinbach worth \$300,000 to \$400,000. The committee did in fact recommend, the Municipal Affairs Committee did recommend - and I would commend the Member for Pembina on this because he did initiate much of this thinking - did recommend that that exemption for non-family farm industries be removed and it is still my hope to bring legislation into the House this Session to follow along with that removal of exemption.

MR. CHAIRMAN: The Member for La Verendrye.

MR. BARKMAN: I wish to add to that that I was also thinking of quite a few farmers that have buildings to the tune of a hundred, private farmers for that matter, 100 to 150 thousand dollars, and I think they should be paying more taxes if they own these buildings. As I said before, this is not a popular statement but I think it's only fair as long as the type of taxation that we have today carries on. And I'm not only referring to the corporation or family corporation, I am referring to individual farmers. In my opinion, if they have 100 or 150 thousand dollars worth of buildings and the next farmer has only 5 to 10 or 15 thousand dollars worth of buildings, I don't think the taxes should be quite equal.

MR. GEORGE HENDERSON (Pembina): Mr. Chairman, my question is the Minister related assessment to about 40 percent of the value, or the sale value of property. Now what is the position of the Minister where an individual would sell that property for the 40 percent when it is really only supposed to be, when you're assessing him on 100 percent.

The assessment is placed, you say it's 40 percent of the sale value, and the man complains about his assessment and he says he would sell at what it's assessed for, and then the municipality won't take it or a council. What's your position on this?

MR. CHAIRMAN: The Minister.

MR. PAWLEY: In answer to the honourable member's question, as I indicated before, the value that is obtained for purposes of the reassessment is based upon the period 1960 to 1965 and that relationship should be 40 percent of the value. Now what happens if a person, say that the land is worth \$100 and the assessment is \$40, sells the land for \$40 rather than its market value of \$100, then all that I can say is that the party hasn't sold it for its value as according to its relationship to other farms within the area based upon the same soil classification or productivity. I just don't know why that type of situation should occur, where somebody would sell their land for straight assessment. The records of the Assessment Branch will indicate that this hasn't been the case, that if anything, as I indicated in the instance of Stanley and Rhineland, the farm lands have been sold for a value much in excess of the 100-40 ratio; it has been closer to 30-100. Where the party sells it for assessed value, I don't think there is too much that can be done about it except he hasn't received his value.

MR. CHAIRMAN: The Member for Pembina.

MR. HENDERSON: I was referring more to, shall we say, like residences in smaller towns where there isn't the resale value, where the person may have been an old age pensioner and died. He thought possibly it was not too bad a home but he didn't have the waterworks in and the beneficiaries find out that it is assessed for maybe six or seven hundred dollars. They try to sell it and nobody wants it, yet the taxes are still based on that value.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: If you have an example of an instance like that, it's an unfortunate example where there's been a person on fixed income that has received the assessment notice year after year and they haven't objected, they haven't gone to the Court of Revision to object to their assessment. It clearly indicates that it should have been based upon what the property brought at the time of their death through the sale to the estate. There's nothing that can be done by way of law in instances like that because it would be making the assessment process retroactive after the person had failed to make his appeal, or her appeal within the period allotted under the Municipal Act, the 14 day period to the Court of Revision. So there isn't anything that can be done, and I'm afraid of a maze of confusion if we did say that we would go back three, four, five years because the property ended up not bringing what it was supposed to according to what it had been assessed for and because the person had failed to make appropriate appeals to the Court of Revision. This, mind you, was some of the thinking behind the bill that we are proposing for tax deferral for farm lands within the peripheral area. It would have brought in a new principle insofar as those areas are concerned, but outside of that there would be no change.

MR. CHAIRMAN: The Member for Rhineland.



MR. FROESE: Just one brief comment in connection with the ratios that the Minister mentioned between rural municipalities and towns. I just wonder on what basis the town properties are assessed, noting that the uni-city bill up for discussion sets out I think that land be assessed at 100 percent, buildings at half - 50 percent or something like that. I am just wondering the fairness of setting this out in the bill itself, when later on adjustment should be made in the assessment formula across the province, whether it is quite fair to have it in that bill at this time. I would like to hear the Minister on this, in connection with assessing town properties, the basis for those assessments.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: Towns and villages within the rural municipalities are assessed on the same ratio as those within the city, the 40 percent ratio.

MR. CHAIRMAN: (Resolutions 78 to 80 were read and passed.) Resolution No. 81 -- The Member for Birtle-Russell.

MR. GRAHAM: On Section 81, Mr. Chairman, in the interests of brevity I'll just table this Resolution for the Minister's perusal.

MR. CHAIRMAN: The Member for Charleswood.

MR. MOUG: I just have a question on 81 (c), Grants to Municipalities, Mr. Chairman. I see there's an increase to \$3,289,000 which is an increase over last year of \$299,000, and I would think that this department has dropped Greater Winnipeg because the Urban Affairs Department has a grant in there for \$1,750,000 which makes an increase in the overall of over \$2,000,000. I was wondering if the Minister could explain that.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: The Honourable Member for Charleswood is just a little premature, because the effect of the Greater Winnipeg reorganization of course doesn't enter into payment out of this year's grants-in-lieu. There is no change in that respect, the change will come about next year when there will be additional money paid out because of the unification of Greater Winnipeg when the unification takes place. The increase is simply because of the increasing value of government buildings in places like Brandon, The Pas, Selkirk, Portage, and the contribution to those areas as well as Fort Garry. The unification impact won't come about until next year in that respect insofar as the Estimates are concerned.

MR. CHAIRMAN: The Member for Charleswood.

MR. MOUG: There's still, Mr. Chairman, in this one budget which goes to March of '72, there is still an increase of \$2,000,000 because the Urban Affairs Department has \$1,750,000 and you have an increase of \$299,000. It's still in this one budget and I imagine it's going to be spent within this fiscal year.

MR. CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the honourable member is referring to an item which we have already passed, the Resolution under the Ministry of Urban Affairs, and I don't think you would permit me to expand on it very much, but may I indicate that the amount shown there - I don't have my material with me because we've already dealt with it - it in the anticipation that we will be able to start making monies available during the fiscal year of the Municipal Government rather than the fiscal year of the Provincial Government. Therefore, we have taken into account the months of January, February and March of 1972 as possibly being available during their fiscal year which is a calendar year. Now we hope to be able to do that and that is why we have asked for provision for that money, so the honourable member is quite right, that you will find that for the Greater Winnipeg portion there is really 15 months' worth, if you want to call it that, the 12 months which is in the Municipal Affairs budget and three months, which would be the last three months of our fiscal year but the first three months of the municipal fiscal year, and we hope to be in a position to prepay for that purpose. Now we don't know if we will be, but we did provide for the funds for that purpose. If it's not spent, then of course it falls into the Surplus.

MR. CHAIRMAN: The Member for Charleswood.

MR. MOUG: By the way the Minister of Urban Affairs explained it, Mr. Chairman, the Municipal Affairs budget is set up to pay during the calendar year of 1971, and if he pays his money between the end of March '71 and the end of December '71, I would suggest that the Urban Affairs Minister will be doing the same thing out of his department as he will not be paying previous to March when the next budget will come out of Urban Affairs, therefore this \$1,750,000 shouldn't be on the Urban Affairs for the simple reason that if the Municipal Affairs

(MR. MOUG cont'd.) . . . . don't disperse their money previous to the end of March, and it doesn't appear -- they do it somewhere between March and December, it would seem only logical that the Urban Affairs Department do that as well.

MR. CHERNIACK: Mr. Chairman, I'll continue as long as you permit me to, but frankly I don't think you should let me go too long because we've dealt with Urban Affairs. However, let's make this clear. The item, which I think is germane to the point we're at now, is the Municipal Affairs amount which is for a full 12 month period. The 12 month period provided in the Municipal Affairs budget is January 1, '71 to December 31, '71, but it is paid in the fiscal year of the government, so that the full 12-month provision in the Municipal Affairs budget is for the current calendar year, not for nine months, it's for the full calendar year for this year. One can theorize that in past budgets - going back I don't know how many years - there should have been the first three months in one governmental fiscal year and the other nine and then the three for the following calendar year in the current budget estimate supply bill, but I think the honourable member now understands that -- he doesn't understand? -- let me just repeat. Municipal Affairs is for the calendar year, is charged to the fiscal year. The urban resolution which we've already passed provided for the first three months of the calendar year of 1972, which is the last three months of the fiscal year for this government, the current year. I said that it is hoped that we will be able to work out a formula whereby we will be able to pay advances to the regional council in the correct months, in January, February, March. Now I don't guarantee we'll do it, but we're going to try to do it and if we do we have to have the authority for it. If we don't work out a formula whereby we find we can't do it then it will lapse and will thereupon have to be recorded for the following year in next year's Current Supply.

MR. CHAIRMAN: (Resolution No. 81, sections (a) to (d) were read and passed.) (e)-- The Member for Fort Garry.

MR. SHERMAN: On 81, Mr. Chairman, I'm sorry, I was up for 81 (e), the Winter Works Program which calls for a relatively whopping outlay of \$4 million. I wonder if the Minister could advise the House what that \$4 million will be spent on.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: Of course, Mr. Chairman, that involves the monies that were expended in regard to the PEP, provincial employment program monies that was passed under the authority of the bill that we passed through this House quite recently which dealt with various programs to the municipalities, to the Hospital Commission for projects within local areas to create labour input to move people off unemployment and I think there was some itemization of the various projects earlier in the House when we dealt with the bill.

MR. CHAIRMAN: The Member from Fort Garry.

MR. SHERMAN: Mr. Chairman, it's headed or categorized as a "Winter Works Program". Presumably it pertains to the year we just entered on April 1st of this year, so we haven't been into a winter works' period yet, and I would appreciate some clarification on that point. Does it apply to winter works' projects that will be undertaken next winter or to continuing programs that got under way at the start of this fiscal year?

MR. CHAIRMAN: The Minister.

MR. PAWLEY: The winter works' projects that were commenced just prior to the beginning of this fiscal year, the monies paid out during this fiscal year to the municipalities and other groups. They do not relate to any winter works' program for next year but only that which has already taken place, monies of which are being paid out now to municipalities upon completion of their projects.

MR. CHAIRMAN: The Member from Fort Garry.

MR. SHERMAN: Has all the \$4 million been paid out up to this point?

MR. PAWLEY: No, the entire sum has not been paid out. Some projects are not yet quite completed; other projects are still in the process of being audited by various auditors prior to the payment of the final 10 percent; 90 percent was paid to the municipalities before audit; the remaining 10 percent was paid after audit, so a substantial sum has not been paid out as of this present date. The amount that will be paid out will be somewhere in the neighborhood of \$3 1/2 million; this will be to the Hospital Commission, to the Municipalities and to Reserves for the various projects that were carried out in those three areas, but the monies have not all been paid out yet. The full four million I expect may not be paid out when all the billings are in.

MR. CHAIRMAN: May I remind honourable members when this bill was debated in the House that the House Leader pointed out that an audited statement would subsequently be filed. The Member for Rhineland. I'm sorry, the Member for Fort Garry.

MR. SHERMAN: One final question for clarification. The Minister is suggesting to the committee, that the best educated estimate that he can make up to this point would indicate that at least 3 1/2 million of that four million will be paid out. Is that correct?

MR. PAWLEY: In that neighborhood. Until all the monies have been paid out we can't be certain as to the exact sum, but in that area 3 1/2 million will be definitely paid out. I expect that not all this four million will in fact be paid out.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Were there any monies of this program spent in the previous fiscal year -- were any monies spent in the previous fiscal year, let's say in March of this year or February, or is this the total program that is before us?

MR. PAWLEY: I don't believe that any of these monies were paid out prior to the commencement of this fiscal year.

MR. CHAIRMAN: The Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, I wish to touch on the same principle, audit under Municipal Assessment. Here again we find the municipalities find themselves with costs increasing as far as auditing costs are concerned and really they have no choice as to who their auditors are going to be - and perhaps this is correct, I'm not going to argue that point - but since the costs of auditing continually seems to rise, I wonder if not the same principle should be adhered to as in the Municipal Assessments.

The other two points I'd like to bring up. We've talked quite a bit in the House this year about municipal purchases and I'd like to see this government go on record to keep on encouraging that municipalities buy as much as possible by tendering. I know their own association is very concerned that while it isn't always possible to accept the lowest tender, I think the principle should be kept and there should be an explanation from municipalities when and if they do take a tender that is not the lowest.

The other point I wish to ask the Minister, Mr. Chairman, is on the point of the collecting of taxes. I think he's aware, and we all are aware that quite a few municipalities have run into trouble, the last year more so than before, especially some of the rural municipalities and some have even reported the largest number of tax sales ever before, some municipalities I'm sure that we're all concerned about this, but I wonder if the Minister could give us a general breakdown of taxes collected. That is all I had to say at this time, Mr. Chairman.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: I can't give the honourable member the specific information that I think he is seeking; possibly I could provide it later as to what the exact percentage of taxes collected to this date is in our R.M.s.

MR. CHAIRMAN: (e)--passed, 81 . . . The Member for Pembina.

MR. HENDERSON: I'd like to ask the Minister since we have to accept the audit and we have to pay for it, what are the secretaries bonded for now in these municipalities, because I can remember an incident a few years ago when a municipality lost money. They have an audit every year but the auditor wasn't doing his job even though he charged the municipality for it and the municipality lost considerable money. So now municipal secretaries are bonded but for how much? And don't you believe that if we have to accept the municipal audit and we have to pay them that they should guarantee their work?

MR. PAWLEY: I can provide some information for the Honourable Member for La Verendrye. It is not up to date but possibly it can throw some light on some of the questions which he posed. R.M.s for 1969 as compared to the end of 1970 collections as percentage of imposition: 97.55, 1969; 1970, 87.91. Local Government Districts: 1969 the figure was 101; 1970, 89.05. Villages: 95.60, 1969; 1970, 90.37; and towns: 1969, 99.28; 1970, 92.53; and cities: 1969, 102.89; 1970, 98.02. I will attempt to obtain further information up to date if the honourable member wishes; and to the Honourable Member from Pembina, I will try to obtain that information for you.

MR. CHAIRMAN: The Member for Roblin.

MR. MCKENZIE: Mr. Chairman, on the same subject matter. I've evidence of the auditors, as an example, living in Dauphin, drive out to Ethelbert, charge the mileage and go back, they charge mileage both ways. Rather than completing the audit in Ethelbert, as an

(MR. MCKENZIE cont'd.) . . . . example, they commute back and forth from Dauphin. Is that the policy of the department?

MR. CHAIRMAN: The Member for Pembina.

MR. HENDERSON: Since the Minister's going to get this information for me, what I am referring to is where you have to accept the auditors, the municipal secretary isn't bonded high enough and where the loss is considerable more -- supposing a secretary doesn't do his job properly or there's fraud, why should the municipality have to accept that loss when they have to accept the municipal audit and then even have to pay for the reaudit to get straightened out?

MR. CHAIRMAN: The Minister.

MR. PAWLEY: First, to the Honourable Member for Pembina, the bond that is required is \$250,000 which is obtained through the Minister himself; each municipal Secretary-Treasurer must have a bond to that extent, so that there is protection through that sum insofar as the municipalities are concerned.

To the Honourable Member for Roblin, he's outlined a case which he feels is one of some abuse in which unnecessary travelling expenses are built up by the auditors doing auditing work within his vicinity. The auditors are all appointed of course privately; they're private auditors, they're not government auditors, but they are appointed by the government and each of them do a number of municipalities each year that have been allocated to them. Generally they've been the same auditors over a period of years and they have built up experience and qualification on municipal work.

If the honourable member knows of any instance in which he feels there has been abuse in which auditors have charged travelling time when they ought to have avoided it with justification then I would like to have that information; I could certainly look into it and advise him personally.

MR. CHAIRMAN: The Member for Souris-Killarney.

MR. MCKELLAR: . . . on this subject. The auditing has been a concern of the municipalities in my area, six township municipalities being assessed around \$1,000 for auditing. I realize they get a full audit once a year and a partial audit I think halfway through, but their concern, they say that this, you know, they feel in their own minds this is a little too high. But the same problem in our area has always been brought up. Because of the fact there's no registry in our town and they have to come from Brandon. I don't know if they go back to Brandon at noon or not, but 20 miles, they have to pay you know, from the time they leave Brandon till the time they get back to Brandon, \$7.50 an hour used to be the fee, plus mileage, and \$1,000 in their pay seemed to be a lot of money . . . municipalities. I don't know how the rest of them, but I think they're all, you know, up around that figure, for about \$170,000 budget which includes the school tax and in my opinion that is fairly high. I don't know how you're going to eliminate it though because it's necessary that we have our municipalities audited by chartered accountants, it's very important I think it's done and I guess their figure is such -- I don't know, could you tell me is that the figure they charge now for all the municipalities, \$7.50 an hour or is it a higher figure?

MR. CHAIRMAN: The Minister.

MR. PAWLEY: The fees that the appointed auditors charge are as a result of a procedure or an outline of fees for work that was prescribed from recommendations of an Audit Advisory Committee. The Audit Advisory Committee was made up of input from the province and from the municipal organizations. I believe it was 1969, we passed in the fall of that year certain changes which streamlined, as a result of recommendations from that committee, some of the auditing procedures and it is my understanding that some auditing costs have been reduced. But certainly the municipal people through the organizations have input into the procedures and those procedures carried with the approval of the municipal organizations themselves.

I do know that insofar as smaller municipalities I've had some of them complain to me that they feel a village of 1,000 that the auditing fees for instance are much too high when they can be eight and nine hundred dollars. It's a matter I think that the Audit Advisory Committee has to keep a running look at as to whether or not these costs cannot be properly trimmed and yet at the same time maintain proper safeguard for the ratepayers within that municipality to ensure that there's no abuse of funds.

I'm interested in these comments that auditors are building up costs for travelling back and forth to a hotel room 20-25 miles distant from the municipality which they're auditing, because certainly I would see no need for that, I see no reason that if an auditor has to stay

(MR. PAWLEY cont'd.) . . . . overnight to carry on his work the next day that he shouldn't stay within the hotel in the towns mentioned; certainly there is accommodation in those local areas and I see no reason - they should be building up unnecessary expense accounts travelling back and forth. And again, I just repeat, as I did to the Honourable Member for Roblin, where there's instances of unreasonable expense accounts that you know of, certainly advise me.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, I was rather interested in the remarks by the Member for Pembina. If I understood correctly, they were unable to collect under the bond and yet they were required to come back to the same auditors to have the auditing done? Is that correct? That they were unable to collect under the bond and yet they're required under Act to go back to have the same auditor perform the services again, even though it was unsatisfactory before?

MR. CHAIRMAN: The Member for Pembina.

MR. HENDERSON: Mr. Chairman, maybe I could answer that because maybe - the Minister wasn't clear on it; it happened before he was Minister. But there was a time when our municipality had a secretary that got into trouble - it was fraud - and we had to accept the municipal audit and they charged us for it. I think our municipal secretary at that time was only bonded for 7,000. Now I might be wrong on that but it wasn't near enough to cover the loss. It went on over a couple of years. I think it was in the neighbourhood of \$47,000 our municipalities lost. Not only did we have to have the same auditors come out and reaudit it but they had the nerve to charge us for the other auditing. There was quite a bill and there was quite a bit of trouble about it. Now I think if we have to accept these auditors and they're supposed to do the job, if it slips by a couple of years and the municipality loses more, I think the auditors should be responsible for it somewhere.

MR. CHAIRMAN: The Minister.

MR. PAWLEY: I'm certainly not going to disagree with those comments because where a professional man is supposed to do work and he fails to do it properly and there is damage done then certainly he shouldn't be charging a second time over when he should have accounted for that damage the first time over.

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: There is definitely a change in the Act needed under those circumstances, that certainly they shouldn't be required to go back to the same firm of auditors or the same auditors who didn't do a job in the first place. Surely enough, if they can't collect under their bond, then we shouldn't require them to use the firm that didn't make a job.

MR. CHAIRMAN: 81--passed. 82--passed. 83--The Member for Rhineland.

MR. FROESE: One item under Resolution No. 82, the Housing Renewal. Here again, I find there is an item of \$1,200,000 and I take this is a subsidy too, that this is money that is applied on interest, a subsidy; and yet at the same time I look at the statement and I find that there are bonds held by Manitoba Hydro 5 percent, 5 1/4 percent; Manitoba Telephone System 5 1/2 percent. Large amounts of money. Are we requiring our utilities such as hydro and telephone to subsidize urban renewal housing in Manitoba? Is this a policy of this government that we're requiring our utilities to subsidize low rental housing and the Housing Renewal Corporation? I would like to hear from the Minister on this.

MR. CHAIRMAN: 82. The Member for Rhineland.

MR. FROESE: Certainly the interest rate is much much higher, that when Manitoba Hydro and Telephone go out to lend money or to borrow money for their purposes, they have to pay 8 1/2 to 9 percent. Yet here we find that the Hydro Board and the Telephone System acquired bonds to provide funds for the Housing Renewal Corporation for interest rates of 5 1/2 and 5 percent. Surely enough there must be some explanation, otherwise . . .

MR. CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, this is complete nonsense. Obviously there is an explanation. Was the honourable member reading from -- well what report was he reading from? And may I just know what he is showing, is that a liability owing to Hydro?

MR. FROESE: Sinking Fund investments.

MR. CHERNIACK: Sinking Fund investments of who? Whose Sinking Fund investment?

MR. FROESE: Manitoba Hydro Electric Board . . .

MR. CHERNIACK: Well then what it means as I understand it is that the Housing Renewal Corporation having surplus funds on hand and being provident with its money has

(MR. CHERNIACK cont'd.) . . . . invested its money in securities which are on the market, and certainly when you have an old Hydro issue that may be paying 5 percent, you buy it at the current market which is substantially less than par. Now if the Honourable Member for Rhineland doesn't know that, then I don't know why he stands up and talks financial matters all these years. Obviously that is the case and there is no special debenture issued by Hydro or Telephone System or anybody else at a reduced rate for Housing Corporation or any other Crown corporation.

MR. CHAIRMAN: 82--passed, 83--passed. This completes the Department of Municipal Affairs. The Minister of Labour.

MR. PAULLEY: Mr. Chairman, I now suggest that as we are at the hour of 5:25 that you may leave the Chair and that at 8:00 o'clock we go into the Estimates of the Department of Health and Social Development.

MR. CHAIRMAN: It's 5:30, I'm leaving the Chair to return at 8:00 o'clock.