

TIME: 8:00 p.m.

ADJOURNED DEBATES — SECOND READING

BILL 57 (Cont'd)

MR. SPEAKER: Before the Private Members' Hour, we were on Bill 57. The Honourable Member for St. Vital was on the floor.

MR. WALDING: Thank you, Mr. Speaker. In the few minutes before we adjourned at 4:30, I was attempting to explain to members that the Honourable Member for Fort Garry had used a very minor and innocuous amendment to an Act to make a really unfair and unreasonable attack upon the Manitoba Telephone System, upon its Board of Commissioners, and upon this bill itself and upon the Minister, and perhaps most importantly, upon the House itself. Many of the remarks that he made and the inferences that he left were really uncalled for under the circumstances.

The Honourable Member for Fort Garry had suggested, Mr. Speaker, that this little bill constituted some form of a plot or a telephonic conspiracy by the Manitoba Telephone System to get its arms around the telecommunications business in Manitoba, and he brought in several other aspect which I will attempt to deal with, Mr. Speaker.

I wonder if the Honourable Member for Fort Garry, in making the suggestions that he did, forgets that the Manitoba Telephone System executive is responsible to its Board of Commissioners, a majority of whom are consumers, members of the public. I wonder if he forgets also that the Manitoba Telephone System is answerable to a Minister of this House. I wonder if he forgets that the Manitoba Telephone System is also answerable to the Public Utilities Committee of this House. I wonder if he also forgets that the matter of communications in Manitoba can be discussed when the Minister's Estimates are before the House. Now, to suggest in those considerations that Manitoba Telephone System answers to no one is sheer nonsense, Mr. Speaker.

If the Honourable Member for Fort Garry in fact had some proper reason to believe that there were not sufficient checks or balances within the Act, whether there were possible and potential abuses, whether things could be done under that Act which were not envisioned by the Minister or by the Telephone System, the proper place to make those suggestions, Mr. Speaker, was at Committee when the bill was referred there, and not to raise a sort of a scare campaign in this House upon second reading.

The Honourable Member for Fort Garry makes the point that it is only the tariffs which the Manitoba Telephone System submits to the Public Utilities Board which can possibly be considered. He makes the suggestion that the Telephone System can simply by-pass the Public Utilities Board by not submitting those tariffs to the Public Utilities Board. That again is a matter of the utmost nonsense, Mr. Speaker. If the honourable member would read The Public Utilities Board Act, and if he would consider and read most carefully this bill, he would find that that possibility just does not exist. As was pointed out by the Minister, the Public Utilities Board is to act as that interface between the consumers and the Manitoba Telephone System. At the time that a hearing should take place before the Public Utilities Board, both Manitoba Telephone System, the public, the industry, the suppliers of such equipment may all make representation to the Public Utilities Board which would make its ruling in the normal and accepted manner. —(Interjection)— Well, when the Honourable Member for Wolseley says a *fait accompli*, he is just showing his ignorance, Mr. Speaker.

I would like to deal also with the remarks that the Honourable Member for Fort Garry made, which really show his lack of understanding, I believe, of the whole principle that is involved with the Manitoba Telephone System and its method of setting rates, and of the principles under which it has operated in the last sixty years that it has been in operation. And I will remind him, as I am sure that he knows, that the Manitoba Telephone System was formed following the nationalization of the telephone industry in this province by a Conservative government.

The Honourable Member for Fort Garry says, and I will quote, "It is responsible (this is the MTS) for providing its basic service at the lowest viable rate, and one must question the ethics — I can't question the legality, but I do seriously question the ethics — of operating a non-viable rate and moving arbitrarily into other activities in order to pick up the difference."

Well, Mr. Speaker, let me give the honourable member just a couple of figures, which is at the basis for all of Manitoba Telephone System's policies in the field of telecommunications and also in the field of its pricing. The black single-line telephone that the Honourable Member for Fort Garry probably has costs him about \$4.90 a month, the lowest in the country, and probably the lowest in the —(Interjection)—

MR. SPEAKER: Order please.

MR. WALDING: Mr. Speaker, if the Honourable Member for Wolseley would please keep quiet, he also might learn something and be a little wiser and a little more intelligent for it.

MR. SPEAKER: Order please. —(Interjection)— Order please.

MR. WALDING: I welcome these comments from members opposite, Mr. Speaker, because it shows their appalling ignorance of the whole procedure.

I was trying to explain to the Honourable Member for Fort Garry, who is listening, I must admit, in silence, that the telephone for which he pays \$4.90 needs an outlay in operating expenses by the Manitoba Telephone System of \$13.65. It follows from that, Mr. Speaker, that in order to give every Manitoban access to the Manitoba Telephone System and its emergency service and the opportunity to phone the doctor or the police or the fire, that the system endeavours to do so at the very lowest possible rate for Manitobans. In order to provide that service, the System has to spend \$13.65. In other words if the System were to operate with — what does the honourable member call it? — with viable rates, and without the subsidization that the Honourable Member for Wolseley would like to see, it would have to charge Manitobans a basic rent for that telephone service in excess of \$13.65.

It was well recognized by Sir Rodmond Roblin over 60 years ago, Mr. Speaker, that to leave the small telephone companies of this province in private hands and let them charge viable rates, that there would be fairly low rates for the more populated areas, and for the rural areas and the more northern areas, would be paying rates far in excess of that. Sir Rodmond with admirable foresight, noted that the telephone service was a public utility. —(Interjection)— He was a Progressive Conservative, it's been pointed out to me. He realized that this very basic service to Manitobans should be provided at the very lowest possible rate, and that the Telephone System, being in the telecommunications business, should be allowed to use its revenues from other services in order to keep those rates down.

Now, if the Member for Wolseley would like to see no subsidization in the Telephone System, I would suggest that he campaign in this election, Mr. Speaker, on a personal platform of raising the telephone rental for his constituents up to something in the region of \$17.00 a month.

Mr. Speaker, it follows from this basic policy of attempting to keep down the basic connection rate to all Manitobans, that the Manitoba Telephone System must do all that it can to protect its investment, now running in excess of \$532 million, which investment is by the people of Manitoba, so as to keep that rate down. It is for this reason, Mr. Speaker, that this bill is introduced.

It is recognized, I think by anyone willing to give it a little bit of thought, that any extension telephone or any other device that any person might use is valueless until it is connected to the public switch network of the system. Therefore, when it is connected to a system, it is in fact — if you like taking advantage of that investment by the public in order to give us service. What the bill intends and attempts to do is to recover a little of that revenue that is due to the system in order for it to go into its general revenues, as well as the revenues from long distance charges and the vertical charges that Manitoba Telephone System makes on its own equipment in order to keep those rates down.

Also under this heading, the Member for Fort Garry mentioned cable television and related other devices. What the Member for Fort Garry probably doesn't realize or has neglected to inform the House, is that the contractual arrangement that the system presently has with the CATV operators would not be changed in the slightest degree by this particular bill. This bill would not allow the Telephone System to do anything that it is not able to do now, having to do with cable television, nor will it limit the Telephone System from entering into a further contractual arrangement with the CATV operators as it is presently planning to do in early negotiations it is presently dealing with.

Mr. Speaker, the Honourable Member for Fort Garry in claiming that he supports the principle of the bill, that it is motherhood, is really not being fair to the House to also claim at the same time that the system must work or should work only on a viable rate in that there should not be any subsidization of the rate. He cannot have it both ways and it is simply because of the figures that I quoted him before, the \$13.65 required to operate the system that MTS finds it necessary to protect the viability of its equipment and also the viability of its revenues.

I understand, Mr. Speaker, that there are one or two minor amendments coming forward, one of which the Honourable Member for Fort Garry has noted and that the Minister will be speaking of these when he closes the debate on the bill.

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

MR. GRAHAM: Thank you, Mr. Speaker.

MR. SPEAKER: Before the honourable member proceeds, I wonder if I may have a moment to indicate to the honourable members that we have a visitor in the loge to my left, Mr. Tom F. Lyons, the MLA for the Constituency of Vermilion-Viking from Alberta. On behalf of the members, we welcome you.

The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Speaker. Mr. Speaker, I listened with interest to the words of wisdom that we got from the Member for St. Vital with respect to the operations of the Manitoba Telephone System. And in particular, I think it was important that we now know that in Manitoba it costs \$13.65 for an ordinary black telephone. This is the only information that we have received, Mr. Speaker, from the speech that we got from the Member for St. Vital, who, I might add receives, I think, \$3,500 a year as the MLA who was appointed to the Telephone Board. —(Interjection)—

MR. SPEAKER: Order please.

MR. GRAHAM: Now that is a pretty good investment, a very good return that we, the Members of the Legislature, are getting for the representation that we have from this Chamber on that Board.

Mr. Speaker, I also have to say that that is much more than we get from the representative on the Hydro Board. However, that is a different matter and I will refer purely to the affairs of Manitoba Telephone. —(Interjections)—

MR. SPEAKER: Order please.

MR. GRAHAM: Mr. Speaker, there is one or two things that have occurred in the last few years with the Manitoba Telephone System that has never occurred in this province before. And that is where a public utility has been taken and used as a tool of a political party to forward the theories of that political party. And when we find that the political party, who is the responsibility for the government of this province, feel that they should control all the forms of information and the various methods of distributing information in this province, then they use the existing machinery that they have at their disposal. Rather than set up a complete brand new system, they say, "No, we will use the Manitoba Telephone System" for their computer programs. They will use that for their media control and in that way, Mr. Speaker, Manitoba Telephone has been used as it has never been used in the history of this province before — for political purpose. —(Interjections)—

MR. SPEAKER: Order please. —Interjections— Order.

MR. GRAHAM: Mr. Speaker, the fundamental purpose of any public utility should be to provide the service that they are best equipped to perform at a price that is amenable with the province. In this particular case, we are now finding that the longestablished purpose of telephone may — and I say may, Mr. Speaker — because we have not seen the financial statements. We do not know what the costs are going to be and what can be transferred from one segment to another. So I say it just may be that some of the costs of these other services that have now been thrust upon Manitoba Telephone, may in fact be augmented by the additional charge to those that are only concerned with the fundamental purpose of telephone, and that is to provide telephone service.

We don't know until we have the opportunity to take a full look into the detailed operation of the Manitoba Telephone, whether or not these things are actually occurring. But we do know that Manitoba Telephones, under this present government, has had additional responsibilities thrust on them, responsibilities which I personally, Mr. Speaker, cannot believe that the personnel in Manitoba Telephone really want. I think they had a genuine desire, as good servants of the people of Manitoba, to provide the cheapest telephone service possible to the people of Manitoba. Now I think that in fact may possibly be jeopardized.

So, Mr. Speaker, I have to, at this time, express some concern. I know, Mr. Speaker, that when Manitoba Telephone appeared before the Public Utilities Board the comments that were levelled at Manitoba Telephone at that particular time were not of a very complementary nature. The service that is expected of Manitoba Telephone, and in particular the rural service, has had to be delayed in order to meet the priorities that have been thrust on it by this government. The multi-party line service has suffered because this government has put other priorities first. I know, Mr. Speaker, as one who has tried to use the rural party line service that in many cases you had to give up in disgust and resort to other means of communication because of the utilization of the multi-line service.

So, Mr. Speaker, when we talk about bringing in other aspects into the service, bringing in additional responsibilities — and I'm sure there will also be rate changes and service charges for that — are we really going to accomplish some of the top priorities that have been requested of Manitoba Telephone by the Public Utilities Board and in fact by members of this Chamber. So I suspect, Mr. Speaker, that what is going to happen is that Manitoba Telephone will do what this Legislature tells it to do but the real priorities that exist for improved service in Manitoba will suffer and will be shifted back, because you cannot expect all things from all people at one time. You have to establish a set of priorities and the real concerns for an improved telephone service in this province may in fact be shifted back because of other priorities that have been . . . And I say, Mr. Speaker, quite frankly I suggest they are political in that respect. So I have to express my concern at this time about the proposals that are being put forward in this bill.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: I wonder if my honourable friend would permit a question. Is he aware of the fact that when his political party . . . —(Interjection)— That's right, that's right because my honourable friend, the Member for Swan River, because of his age possibly is so forgetful that it is necessary for me to raise this particular question to my honourable friend.

My question to my honourable friend is: Is he not aware of the fact that when the Conservative government was in power in the Province of Manitoba the conduct of the affairs of the Manitoba Telephone System was not under scrutiny by a committee of the House to consider as to whether they were operating in proper conduct or not? My memory has not failed me, Mr. Speaker, after twenty-four years. My question to my honourable friend, the member who has just taken his seat: Is he knowledgeable or otherwise of the fact that prior to this government, with its open government

policy introduced, that his administration — or his fellow travellers — did not require Manitoba Telephone Commission to come before a committee of the Legislature to account for their operation of their department and the utilities?

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

MR. GRAHAM: Mr. Speaker, I'm fully aware that while the Minister's memory may not have failed him, his judgment has.

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

MR. WALDING: Mr. Speaker, I wonder if the last member would submit to a question? When the honourable member in his opening remarks mentioned that the government was using the Telephone System for political purposes he used the words "media control". I wonder if he would explain the meaning of that, please.

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

MR. GRAHAM: Perhaps I should have used the word "communication".

MR. WALDING: Did the honourable member say, "communication control?" Would he explain the meaning of that please?

MR. GRAHAM: Well, Mr. Speaker, if this Chamber should choose to put the Member for St. Vital on that committee and he can't understand what the meaning of communication is, I think he should probably be removed.

MR. WALDING: Mr. Speaker, I thank the honourable member for his non-answer.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. WILSON: Thank you, Mr. Speaker. I couldn't let this bill go by without looking in my envelope and finding some very interesting things that come forward.

MR. SPEAKER: Order please.

MR. WILSON: I think when one stands up like the Member for St. Vital does, who is well paid for his job, and tries to twist things around by saying that if it wasn't for his committee that the fee should be \$13.65 rather than \$4.90, I say that's hogwash. Because I can tell you why and I'm all for keeping the fees at \$4.90. But I think if you were to leave the Manitoba Telephone System and allow those people who have been trained for years under a Liberal and Conservative Government and even your own government to deal with the telephone systems instead of tinkering with all these other little toys they have, we would be able to stay at the \$4.90 without any particular problem.

I refer to a particular article of March 12th, 1976, where Mr. Gordon Holland was expressing his concerns pertaining to the white elephant that he inherited, namely the computerized system, the computer processing services. The MTS will now be the largest computer installation between Toronto and Calgary. One has to ask oneself why did they pass this white elephant on to the Manitoba Telephone System to create a further loss picture so that the Member from St. Vital could stand up and say, "If your phone was really going to be what it should be, it would be \$13.65".

Then they turn around and they see that some free enterprises are making money selling telephone attachments and, of course, they stand up and they are criticizing the government — and this is what this bill is all about — for their unwillingness to compete in the marketplace and create a monopoly. Well, that's fine. If I have to stand up here and support that bill because the Member for St. Vital wants to say we've got to protect the revenue, then I suggest that he has to look inside the very particular system of which he is responsible for demanding efficiency. You just have to look at their lousy collection system on their particular politicized lines that they have protecting while they have a telephone — they call it the NDP telephone system — where they shoot all these particular private phones up into certain areas in the north country and they don't care whether they get paid for the service or not, so long as their member gets re-elected.

Then there's another hidden cost. Last year when the Minister of Control was in charge of this department he talked about \$10 million for the computer centre. That has never been added in, plus the cost of the borrowing.

Then we've got another situation, where the audio-visio link-up between the hospitals — now what's that got to do with the Telephone System. All of a sudden that has to be figured in the great big pot here. All of a sudden there's a bunch of criticism about what these medical students are talking They even showed a particular X-rated movie or something back and forth, and those things are connected between the hospitals. That's all right because this is part of the system.

So I suggest, before the Minister turns around and tries to take away the revenue from the private sector and has to turn around and examine his own particular You know those in glass houses shouldn't throw stones, because when you turn around and my mother or anybody else, an elderly citizen, has to pay 35 cents a month, which on the surface doesn't seem like much, to have a phone to be able to reach wherever she happens to be, and the handicapped people as well have to have that extra six feet of cord and they've got to pay 35 cents or something a month for the rest of their lives, 10, 20, 30 years, you calculate that. That is a real serious rip-off and if you want to subsidize somebody those are the people you should be looking at. Charge them \$3.00 or \$5.00 for the cord but don't make them pay forever and a day. These are the kind of things that I am talking about.

So when you turn around, and turn around in the name of revenue, I'm going to turn around and knock out a very viable industry. One of the things that you turned around when you paid \$70.00 for one of these phones, you paid sales tax on it, it was a one purchase situation, it was a capital cost and it was a presentation that you put on in your home. Not you fellows, you give it away for free because there's no difference between the cost of that fancy phone and a push-button phone, it's exactly the same cost per month. You just are so inefficient, it's incredible. I'm really serious when I say, when the Member for St. Vital stands up and says, "We are doing the citizens of this province a favour and giving them the black phone for \$4.90 a month when they should be paying \$13.65 a month." I say shame because you just have to look at the inefficiency, that you are causing the inefficiency, you allow those people in the Telephone System to not have to carry one of your party cards to be telephone people again and they'll deliver the service at the best possible rate.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate . . . Order please. Order please. The Honourable Minister of Consumer and Corporate Affairs will be closing . . . Gentlemen, would you kindly act like legislators. The Honourable Minister for Consumer and Corporate Affairs shall be closing debate.

MR. TOUPIN: Mr. Speaker, I would like to move, seconded by the Minister of Cultural Development that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: Bill No. 59. The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I beg to move, seconded by the Honourable the Minister for Continuing Education, Manpower, etc., that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider the Supply to be granted to Her Majesty.

MOTION presented and carried.

MATTER OF GRIEVANCE

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

MR. CHERNIACK: Mr. Speaker, I wish to take the opportunity to speak in the traditional way available, to speak on this motion. I wish to speak mainly on the question of Churchill Forest Industries, some matter that I had not spoken on, I think, for long before the Commission of Inquiry dealt with it, but I have a few minor matters to deal with before I go into the question of CFI.

Mr. Speaker, I just have to comment that today's Free Press has some portions of its Editorial Page devoted to the ongoing attack which the Free Press is carrying on against the government in its campaign which it started some time ago in its efforts to defeat the government. In this campaign there are as I say two articles today, one is by the person who I believe does nothing but write articles attacking the government in his clever way. His name is Fred Cleverley, who I don't believe has any other journalistic task nor a particular ability than to attempt to run down the government of the New Democratic Party.

In today's newspaper he gets awfully cute, as he often does, in dealing with a comment made by the President of the Chamber of Commerce who was talking about listening to the Premier speak at the Chamber of Commerce meeting where he says that, "After listening to one of the Premier's 'you are better off than the average Canadian' speeches, compared the Premier's approach to that of a wife massaging her husband's back." And he quotes Mr. Coghlan as saying, "While it may feel good it does not really improve the husband's physical well-being or put a dislocated disc back into place."

Mr. Speaker, I would Coghlan, daresay that Mr. whom I know well and who I believe is a friend, has suffered not one bit in the last eight years. I would guess that he has forged ahead and made tremendous strides both in his business and social life and communal life, and I honour him for being active in the community as he has been.

But, Mr. Speaker, I want to mention that Cleverley speaks of the Premier being touchy because automobile insurance premiums here in Manitoba are not being reduced as they are elsewhere due to unconscionable profits by the private companies. I think, Mr. Speaker, that it is very clear that where the Free Press and its hired gun have been criticizing the auto insurance arrangement of government in the past number of years, they now find that somehow they have to switch around because their strongest ally, the Leader of the Conservative Party, has sort of accepted the fact that Autopac is here and he will not do anything to destroy it. So therefore the Free Press, with its spokesman, are now saying that premiums aren't lower than they should be whereas it has been clearly proven that premiums have been lowered considerably below that that they would have been under private enterprise.

He talks about power bills having doubled and how the massaged husband is having a hard time paying the bills.

Mr. Speaker, he is making every effort he can to make it appear as if indeed the economy of Manitoba is not improved substantially since our party formed the government. He accuses the Premier of quoting 1968 estimates of personal income, gross provincial product and employment' and Mr. Speaker, it is clear that when that has been done all along, there has been a proper

comparison made with the 1976 in relation to inflated dollars, but then he talks about Hydro development as dealing only with inflated dollars. The entire effort is to confuse and with the use of the Editorial Page to divert.

What is really worse is the editorial column itself in today's newspaper, where the Free Press deals with the Civil Service and points out that the defended the increase by saying that this province has 13.7 civil servants for every thousand people, a figure which puts Manitoba on the list as having the third smallest per capita Civil Service of all Canadian provinces.

The Free Press goes on to say, "This is probably true but the point for taxpaying Manitobans is whether the number of civil servants now on the government payroll is justified as is the number of government programs they support." So then they go on to say, "The Premier has not spelled out whether the figures he is quoting from Statistics Canada include contract employees, employees of Crown corporations or of enterprises which are entirely funded by provincial money." I have to inform the Free Press, which did not take the trouble to find out before it wrote this editorial comment, that these figures do include the civil servants, contract employees, part-time employees, term employees, full-time employees, but do not include Crown employees nor enterprises funded by provincial money. But, Mr. Speaker, they are exactly on the same relationship in all the provinces and there have been the adjustments made.

For example, it was the police and fire employees of the Newfoundland government, and the police of Quebec and Ontario were subtracted from the figures for those provinces to make sure that there would be a more comparable arrangement. Mr. Speaker, the changes that were made were all to the disadvantage of the Government of Manitoba, if the government wished to use figures that were not fairly presented.

So the fact that the Free Press continues in its vendetta to attempt to make it appear as if the government is not giving figures that are fairly presented is again an effort which is unwarranted, unjustified, but typical of the Winnipeg Free Press.

Then they say, "The fact remains that the cost of running the Manitoba Government, in spite of arithmetical juggling by the Minister of Finance in his latest budget, remains amongst the highest per capita in Canada." There's nothing to justify this statement and, Mr. Speaker, I have yet to see something that does but of course the Free Press on many occasions makes statements which are not justified.

I have here the per capita provincial government's calculation of expenditures based on information contained in Statistics Canada which shows the ranking of the provinces from the highest to the lowest and, Mr. Speaker, this was referred to by the Premier. It shows Alberta as being the highest at \$1,946; it shows Nova Scotia as the lowest at \$1,463 and, Mr. Speaker, it shows Manitoba as being the eighth in line, which is the third lowest in the per capita expenditures. Now, the Free Press makes the statement blatantly that in spite of arithmetical juggling, it's among the highest per capita in Canada. It is untrue; it is typical of the Free Press. I only bring it to your attention so that when we see other mouthings of Free Press, we should be aware of it.

Mr. Speaker, I would like to spend a little more time on the question of CFI. I want to refer again to this advertisement of the Progressive Conservative Party wherein, I have said before, they use what I call the "big lie" because the "big lie" is half-truths. When they speak about Saunders Aircraft, "The government built planes nobody wanted to buy," Mr. Speaker, I think a number of those planes are flying every day, performing satisfactorily for those who have purchased them, and, "The bill for Saunders Aircraft was \$40 million." Well, Mr. Speaker, the Conservatives are happy to talk about that. They neglect other facts which are facts that are important.

For example, I have a clipping here from one of the newspapers and unfortunately I don't have the name of the paper but it would be one of the local newspapers, where they report on DREE-funded firms in the Renfrew-Pembroke area of eastern Ontario. They say, "Half the businesses funded by the Federal make-work programs during the last six years either closed down or never got off the ground after getting the grants." It reports that "some \$6.9 million out of \$13 million of grants were given to companies that either folded or never got started."

The only point I'm making, Mr. Speaker, is that the Federal Government through DREE has attempted to fund certain programs which failed — half of them failed, or a little more than half — and it doesn't show as a loss because it was a grant. And our government started from the very beginning to say we want to show a relationship between the funding from outside and the funding through government and therefore we would set it up as loans rather than outright grants. The benefit of the grant system is that you make the grant, you forget about it, it's an expenditure. It is not a repayable loan which you later might have to write off if it were not paid.

So I'm pointing out that this is the way the Federal Government shows the attempts it makes to assist private enterprise just as we have done in the case of Saunders because let us remember, it started out as private enterprise.

Mr. Speaker, I want to refer again to the press clipping of April 28th, 1977 of the Leader of the Conservative Party's speech at his nomination affair. Of course I can't help but comment again about

his promise that most of all the Conservatives would try to reward individuals with more than their fair share. I can't overlook the fact that the Leader is prepared to offer more than the fair share to some which, obviously to me, means less than the fair share to others, and his statement already, he states, "We'll inherit quite a mess." But he says, "Savings from better government management will allow the Conservatives to lower the personal income tax rate."

I want to repeat, Mr. Speaker, a statistic which appears in the Budget Address wherein it shows that a married tax filer with two dependents in Manitoba earning up to \$20,000 a year is paying less in tax than any of the Province of Ontario, Saskatchewan and British Columbia. He is paying more than in the Province of Alberta, but if you go down to somebody earning \$12,000 gross income, then a Manitoba married tax filer with two dependents, in personal taxes, income and health insurance premium taxes, is paying less — and substantially less — than in any other province.

So let me just mention that — at a \$12,000 gross, the payment is \$98.00 in Manitoba; \$609.00 in Ontario; \$403.00 in Saskatchewan; \$315.00 in Alberta; \$577.00 in British Columbia. And when you get to the \$20,000 gross income, that's where the difference starts to appear and when you get to \$25,000, Manitobans are still paying less than in Ontario, less than in Saskatchewan, less than in British Columbia, at \$25,000 gross. But at \$50,000, there the difference is clear, that in the free-enterprising Provinces of Ontario — I should say Conservative Provinces — of Ontario, Alberta and British Columbia, a person grossing \$50,000 a year will be paying less in tax than in Manitoba or in Saskatchewan and for that I have no pain.

Mr. Speaker, therefore we now know that the Conservative Party, and so far it has made two impressions about the oncoming campaign: Number 1, it will cut taxes and I interpret that to mean that they will reward individuals with more than their fair share and we know which individuals; and the other is talking about prudent government, talking about good management.

So, Mr. Speaker, I have to go back to March 8th, 1966 when I read Hansard Page 2675. . . Oh I'm sorry, Mr. Speaker, I did have one other introductory comment to make.

On May 3rd of this year, the Premier in speaking on the conclusions of the Debate on the Budget, said the following: "I would like to remind the people of Manitoba that the same party which is already predicting, forecasting doom and gloom if it comes into office, is the very party whose sound common sense, responsible administration, brought to the people of Manitoba, flat Medicare premium taxes, the sales tax in 1967, tax increases in the years that they were in office, the \$86.5 million loan agreement with CFI, which loan agreement the president of Abitibi Pulp and Paper characterized to us as having been entered into because they were a bunch of 'damm fools'. I challenge them to indicate that they followed sound prudent business judgement in the kinds of decisions that they made. The president of Abitibi Pulp and Paper in 1970 characterized this 1966 agreement as having been entered into by a bunch of damn fools." Well, Mr. Speaker, I would not use that language — (Interjection) —

MR. SPEAKER: Order please.

MR. CHERNIACK: Mr. Speaker, I would not use that language, but it bothers the Member for Swan River that it is being repeated to him, so I have to go back to 1966 when the Member for Swan River was sitting in this House, and sitting in his chair on this side. I assume he was here because he attends these meetings quite regularly, and I'm glad he's here because he makes up one third the Conservative caucus in the room. No doubt he was the Speaker at the time, and therefore as Speaker, he had to listen, so no doubt he heard this report on Page 742. heard the following statement by Mr. Evans, the then Minister of Finance: This development is a major breakthrough for the north, it will provide new employment — I am paraphrasing — and it will use pulp . that is going to waste. So, Mr. Guttormson asked — Oh, it's Madam Speaker, I'm sorry the Member for Swan River, I'm sorry that I thought he was being referred to as Madam Speaker, but it must have been Thelma Forbes who was the Speaker then.

Mr. Guttormson said, "Madam Speaker, will the government be loaning the money through the Manitoba Development Fund for this project?" And Mr. Evans said, "The government has no direct commitment to them, they are free to go the Manitoba Development Fund as any other industry is." Mr. Guttormson: "They have no commitment at all from the government that they will get money from the development fund?" Mr. Evans replies: "That is correct."

March 8th 1966, we are informed that there is no commitment from the government that the CFI or Monoca would get money from the Development Fund. Well, Mr. Speaker, at that stage we were sitting in the opposition, we were hearing about this great glorious opportunity for Manitoba, which we later learned was going to be \$100 million available to assist the growth of Manitoba in the forestry industry. Mr. Speaker, I spoke at some length on April 18th, 1966 — I think it was probably the Budget Speech, and if the Member for Swan River could just hold and contain himself, he will discover what was said because on that occasion, April 18th, 1966, I said it appeared to me that the government had been in haste in bringing and presenting the Monoca deal before the House. The fact is that the Honourable the First Minister went off to Europe to close the deal, and I'm sure that he wanted to bring it in and have it set up before the Session ends, and before the election. I am not sure

that it was really essential that it had to be brought in immediately, because I'm not aware of any real legislation that would have been needed to approve this deal. The fact is, the ministers have the right to make the deal which they did, and I'm only afraid that this haste may have cost some bargaining power. At that stage, Mr. Speaker, we knew nothing except there was a big proposal, big deal being proposed.

But then, Mr. Speaker, I went on by having acquired some information, we had an Order for Return filed, we started learning something about the nature of the deal. We are informed on the Order for Return No. 28 that the government will put up half the cost of roads, up to \$2 million total; that surveys have been done and would have been done anyway at a cost of \$3 million; and now that the surveys have been done, the fact that they would have been done anyway, redounds to the processes, it says, of a pulpwood mill only because the 40,000 square miles involved, were the ones that were surveyed. So all the work that was done was done in the expectation of getting some benefit. But the benefit really, I'm suggesting, will pass on and over to the private enterprise that is involved. Fire protection \$300,000, annual I assume, and all that Churchill is bound to put up, all that it is bound to put up is \$500,000.00. I'm skipping, Mr. Speaker, in order to get it all in.

I'm saying the government is compelled to arrange vocational training free of cost to the company. The government will then, after vocational training for which it pays, share equally in the cost of on-the-job training of such local people, and the company at no time will have any obligation to retain these local people, the government agrees that on-the-job training will be not less than six months in the mechanized logging, not less than 12 months for the vocational training graduates. So here we are, the government is going to finance the entire cost of education, half the cost of the in-training program, and in the result, the company will do what is only natural. If the local people suit the company, if their skills are adequate, the company will employ them period. The company was not bound to employ them after the government had made paid all their substantial funds in the training process.

Then I skip again because it says, where possible preference will be given to contractors and suppliers from Manitoba, where possible, whenever such contractors can meet the terms and conditions offered by competitors. Mr. Speaker, we had no idea for years to come, the way in which it would be handled, that competitors would be usually people who had an interest in Monoca or Churchill Forest Industry themselves.

I went on then, 1966. Now the government is giving to Churchill preferred cutting rights for the next 12 years, not the next 12 years, but the 12 years following the completion of the mill, and if there appears to be in excess of what it will need thereafter, then the company has two years within which to advise the government of the program, and a further three years to actually increase. So that means the company has 14, 15 years in which to exploit the resources of Manitoba free of competition and see what it can do, and then put forward a plan.

Now the stumpage charge is another thing which is guaranteed. It is clearly 37 ½ cents for the first seven and a half years, 75 cents for the next seven and a half years and then, Mr. Speaker, 75 cents as a base for the rest of the total of 75 years, and that base will only go up or down, Mr. Speaker, depending on the wholesale price for paper and newsprint.

Now I go on. We find further that the government is selling to the company the acreage required for mill sites, at a price of one dollar per acre. The government undertakes to survey the perimeter at its cost and give the land to the company. On Page 20, the same applies the plant site. The government will sell it for one dollar per acre, and we find that the government agrees in advance to approve any agreement made with the City of The Pas on taxes for 20 years.

Mr. Speaker, subsequently we were witnesses of Mayor Trager coming here and saying, "I don't know what it's about, but the government says it's good, Mr. Carroll says it's good — we go along with them, we'll commit ourselves to 20 years," and the government had already committed itself to rubber-stamping any deal that was made.

We find the Provincial Trunk Highway will be built, I can only assume at government cost. We find the government is going to pay one half for the next seven years — this government is going to pay one half of the cost of moving skilled personnel and their household effects and their families from other parts of Canada, and outside Canada. So now if people are brought in by this company from anywhere, Tasmania or anywhere else, that this government will pay one half of the total moving cost, not as a loan but as an outside grant. The government has agreed, and I wonder why, but the government has agreed that they may operate 24 hours a day, seven days a week. Was it necessary to put this in, because it would have been against the law otherwise? The Honourable Gurney Evans interrupted and said, "I'm not sure it would be against the law, but I think some special provision is required, because you really can't stop a paper mill and start it again." So I responded. So although our law now says that they may not do it, then the government undertakes to, I presume, change the law so it won't apply as far as this company is concerned, that they will now have a 24 hour-a-day operation all seven days a week.

And I went on. The government agrees it will pay one half the total cost of all-weather roads up to a

maximum of a million dollars of the government's share, and it will pay 100 percent of the maintenance. The government covenants had agreed to continuously maintain, without cost to the company, the roads mentioned in this paragraph, through a period of eight years next following their completion.

I went on. There is a clarification here. The company has an option of renewal for three successive twenty-year periods. You add that to the 15 years for which the contract is, we find a total of 75 years of guarantee by the province in connection with this, as against which we have an undertaking by the company of a total investment, a guarantee — I use that word advisably — of \$600,000.00.

Mr. Speaker, I then went on to say, and I don't know how I could have said it, but I said, "I am not saying anything in accusing the government in doing wrong. All I'm saying is that the government starting out on the principle of free enterprise, married to the principle of free enterprise, did the logical thing it should do. It made all the investigations, it went ahead and said to free enterprise, do come in here, do develop our resources, do grow and help the province grow with you." I made the point, Mr. Speaker, that with all the contributions being made by the government, and the slight contribution being committed by the company itself, that it would have been much better, that the benefit of what was proposed to be done would be done for the people of Manitoba, who really put up all the money. That's not quite correct because the Federal Government at that time, we thought was committed to putting up \$5 million. As I recall it, they worked it in a cute way to have three or four different companies so that they would get about \$15 million out of the Federal Government. At that time I questioned about the fact that Capital Supply already had \$50 million in it for the Manitoba Development Fund, and we were trying to find out where that money was committed to go, and that was denied us. We were not given the information. We now know, of course, that it was intended to go to this project.

So, Mr. Speaker, I quote now from Page 1508, April 4, 1966, when I said we have some genuine reservations about this project. To whom is the government matchmaker marrying the Province of Manitoba. Who or what is Monaco? Why do you know nothing of its financial ability or its antecedents? Who are the grooms parents? Who is the bride? How much is the dowry? Is it the 40,000 square miles of timberland?

The Ministry of Industry and Commerce in his announcement said that the area was subject to review, but only at the end of 12 years. Who has power to review? How will the company be able to reclaim the assessed section? It is difficult to take back what has once been given. I went on pointing out that at that time we thought \$45 million would be committed in capital by the MDC. We knew the Federal Government was going to make a substantial contribution. We knew that the Government of Manitoba was committed to all sorts of giveaways and we said that was not a good deal. But we also said, and I quote now, "Let me not be misunderstood. It would have been a tragedy not to develop these timber resources and we have been advocating a pulp mill for years. If a government is unprepared to undertake this project on its own then obviously we must rely on private enterprise to do so. But if private enterprise is to be subsidized during the lean formative years where does the taxpayer participate in the productive years."

Mr. Speaker, I want to skip on — oh yes, there was a point made later on December 12, 1966 where the Premier of the province at that time, Mr. Roblin, indicated that MDC would be charging at that time something between 7 ½ to 8 percent interest on its moneys and I pointed out that 6 ¼ percent is what indeed they were charging at the time, thus subsidizing the loan to the Churchill Forest Industries. Mr. Roblin said the government has no information about individual transactions, because the government had removed itself from knowing what was going on in MDC.

Mr. Speaker, it is unfortunate for me that there is not enough time for me to develop this. I will have to continue at a later date to develop it further, because the point I want to make is that at no time did we suggest wrongdoing, misfeasance or malfeasance by the government. We said it's a bad deal. It's an unfortunate deal. There are too many giveaways to a company and they will be the beneficiaries and not the people. We had no indication, no intimation and no suspicion. Maybe we should have had, but we had no suspicion that there would be something improper in the manner in which the loan was being funded and the construction going on.

I said then, on Page 253, "It isn't me that's making these decisions . . . I'm sorry, Mr. Roblin said, "It isn't me that's making these decisions, although I have to stand up ultimately and answer for them. And it isn't Mr. Grose making them on his own hook either. It is being made by capable and experienced businessmen operating under the terms of reference which provides freedom for decision based on the best business judgment. They haven't lost any money yet" — which isn't entirely true Mr. Speaker, — "so their judgment isn't too bad. And they haven't given away anything yet, so their judgment isn't too bad." And by that time they had, Mr. Speaker.

"At the present time. . ." — I'm still quoting Roblin — "At the present time, in addition to the undersigned, the Directors of the Board are Messrs. Morris Neaman, Donald Crafton, John MacAulay, George Hill, John Baldner, Allan McPherson." Not exactly the three stooges but men of

independent judgment; not exactly the three stooges. It took a long time, Mr. Speaker. It took until the Commission sat and interviewed some of these people to learn that they knew nothing whatsoever of the deal, that it was all being made by the MDF, but that these directors who are not three stooges, but who were used at the time, to appear to be the people carrying through the deal, but who really were not apparently consulted at all.

Mr. Speaker, I make this point to indicate that when we hear members opposite say, "But you signed the cheques," I want them to know that we were honouring contracts which we had no reason to believe were improperly made out and improperly presented. We were honouring the signature of Duff Roblin, signature of Walter Weir, signature of Sterling Lyon, signature of George Johnson. I'm not sure that the Member for River Heights was a signatory. Mr. Steinkopf was a signatory. We were honouring their undertaking just, Mr. Speaker, as we did when we formed the government. And I remember on one occasion walking across to Walter Weir and saying, "Did you make an informal verbal agreement to support the Convention Centre of the City of Winnipeg?" And he said, "I did." And I came back to Cabinet and I said, "Walter Weir made a commitment that he would take seriously, the support to the Convention Centre in the City — not in writing, verbally. We will honour the commitment." And we did, Mr. Speaker. And we honour honoured the written contract.

I know that I'm getting closer to my time. I will yet have to read a letter that we have from Rex Grose dated February 1970 when we balked at paying more money, not because we were suspicious of something being wrong, but that we weren't getting proper reporting from Mr. Grose. I have a two-page memo from Mr. Grose setting out the manner in which the MDF protects its interests, referring to the accountants, referring to the engineers, referring to the lawyers for the fund, all of whom had to approve of expenditures before they were made. Mr. Speaker, I admit we were misled by this memo from Mr. Grose. We believed that what he said was true as it applied to the MDF. What he was doing was describing all the other loans being made by the MDF, and of course when he left us . . . — (Interjection) — It was the Member for Riel who called up it was Gordie Howe.

Mr. Speaker, we had a letter, we engaged our own lawyers — the firm of Richardson and Company — we said to them that we want you to watch these contracts and watch this development to see whether there is anything that is going on improperly, because if there is, with all this money that is going in — the taxpayers' money — we want to monitor it to see if there is any default of any kind. We want to jump quickly because it is Manitoba taxpayer money which is paying for this, and if the people who are in charge, the borrowers, if they are misusing it, if they're misapplying it we want to know as quickly as posso we can jump on them, because by this time we were getting nervous.

Mr. Speaker, the letter we had is a lengthy letter signed by Ray Taylor who is one of the senior partners of Richardson and Company. I quote one sentence: "We have found nothing in any of the agreements or instruments of security and collateral documentation giving any clear evidence of impropriety on the part of any one of the four companies or their agents." Mr. Speaker, in the light of that statement by lawyers that we hired to look into it, we would not be honourable — in my mind — if we refused to make the payments.

The members opposite, and some of them keep dragging out a section of the MDF Act, say "Why, at any time, for no reason, they could have stopped payment." Mr. Speaker, we have too much pride — and I think we still have — in the commitments of the governments of Manitoba to try and brush them aside and ignore them without good reason and good cause. When our lawyers told us they found no impropriety on which they could base a holding-back, we made the payment. Mr. Speaker, I can only say that it is unfortunate that we didn't distrust certain people whom we had no reason at that time to think ought not to be trusted. — (Interjection) — If the Member for Wolseley wants to make a contribution, I'd be glad to hear what he said. — (Interjection) — I think I heard him say something about the Law Society. Mr. Speaker, I still have respect for my colleagues. They're not always right and they're not all of them the best but, Mr. Speaker, when it comes to going into court, when it comes to appearing in court they still command the respect of the judges and are listened to. I wish that could be said about all citizens of Manitoba.

Mr. Speaker, the point I'm making and I would develop it further, and I probably will have an opportunity on other occasion to develop further the fact that we did not have any cause, any legal cause, to terminate any agreement until we finally were able, on the advice of our solicitors, to proceed to put the companies in receivership. By then, because of the machinations, and I use that word advisedly, of the co-operation of the people that were operating the MDF, more money had poured out of the MDF coffers — and that was taxpayers' money — that was invested in the land and in the construction that was taking place up north. At that time we felt that all we could do was to try and sequester the money, try to apportion it carefully so that the operation would be completed at the most reasonable and most effective way. It was then that we hired . . . Well, prior to that we hired engineers to supervise construction to see it would be completed.

I will never forget hearing a story, and I won't quote the person who told the story, because he has the right to tell it himself because he got it first hand, but I can't help but steal a little from him, that Alexander Kasser said to him, "Why is it that you have a fool completing the job? You should let me do

it." This person said to him, "But you're a crook." And the answer was, "Better a crook than a fool to complete the job."

Mr. Speaker, I have to say, never ever did I hear anybody on this side accuse the then government or the Ministers of being crooks, of being involved in something improper, indecent, or immoral. We accused them loud and clear that they made a bad deal and when the Premier of our province called the day of signing the agreement the blackest day in Manitoba, he said the same thing — it was a rotten deal. And that's the basis on which we attacked it, and not until we were able to have evidence of the fact that there was malfeasance going on were we able to step in and take over.

So, Mr. Speaker, I make no apologies for the fact that moneys were disbursed during the time we were in government. They were requisitioned by the MDC and the moment that we tried to stop it on one occasion, we got a telex threatening suit. Mr. Grose then came to us and said, "There's no way that we can hold back the money, they are legally entitled to it, you have got to pay it."

Mr. Speaker, I guess we believed Rex Grose and to that extent I have to admit we made a mistake, Mr. Speaker. But the mistake we made was in believing in people who really didn't have any responsibility. We didn't know that the directors, and I read who they are, of the MDF had nothing to do with it, although Mr. Roblin said they did. We relied on the law firm that handled all the work for the MDF, and I think all the work for the Conservative Party, and which we never had reason to doubt as to their ability. We relied on them only to learn later that a contract had been made that made it possible to draw money on an invoice being sent rather than on work being done. We relied on engineers, and I won't go into that because there's still an action pending against them, and, Mr. Speaker, we relied on all the people that the previous government told us we had reason to have confidence in and on that basis, Mr. Speaker, we honoured their undertakings, their signatures, thinking only they had made a rotten deal but never accusing them of having been deliberately involved in an underhanded scheme, which it later turned out to be.

MR. SPEAKER: The Honourable Member for Logan.

COMMITTEE OF SUPPLY

ESTIMATES - TOURISM, RECREATION AND CULTURAL AFFAIRS

MR. CHAIRMAN, Mr. William Jenkins (Logan): Order please. I would refer honourable members to Page 58 of their Estimates Book, Department of Tourism, Recreation and Cultural Affairs, Resolution 106(a) Minister's Compensation - Salary and Representation Allowance \$7,800.00.

A MEMBER: I wonder if somebody . . . Minister up so that he can make his initial statement.

A MEMBER: What page was that?

MR. CHAIRMAN: Page 58 of your Estimates Book, Resolution 106(a). Shall the item pass? The Honourable Member for Morris.

A MEMBER: He doesn't have to make an opening statement . . .

MR. WARNER H. JORGENSON: You're quite right, the Minister does not have to make an opening statement but I would have assumed that it would be customary for him to give us some idea of the direction that his department has been following and what it intends to do and some of the reasons why he is acting as the Minister in that capacity. That's the normal practice and one would expect that they would follow it.

MR. CHAIRMAN: The Honourable Minister.

MR. HANUSCHAK: I refrained from doing so because on previous occasions, in the deliberations of the Estimates of whatever department they may have had at the time, in responding to questions from Members of the Opposition, I and other colleagues of mine, in attempts to give complete and full answers to their questions, were accused of taking up the time of the House in responding to their questions. Surely, Mr. Chairman, I think that members on this side of the House are entitled to as much time as members on that. But nevertheless we're being accused in some fashion, despite the fact that the time restriction was removed, of depriving them of the time in the House for the deliberation of the Estimates. So therefore, Mr. Chairman, with the hope of giving the opposition all the time that they would require, all the time that they would want to deal with my Estimates, I've therefore refrained from making any comment in introduction of my Estimates.

However, upon the invitation of the Honourable Member for Morris, I do wish to make a few introductory comments for his edification and for the few others of the members of the Opposition who happen to be present in Committee tonight.

Mr. Chairman, it is my pleasure to introduce the Estimates of this department tonight. Originally — the Honourable Member for La Verendrye complained about some infliction upon him — what the infliction was . . . — (Interjection) — The Honourable Member for Fort Garry ought to know, he ought to know that if that's the type of information that he wants at this point in time, he knows that the rules prohibit me from having any members of my staff in the House or to have any direct access between myself and members of my staff to provide him with that type of information. Later on, I may be able to provide him with that information but not at this point in time, I indeed do regret. His colleague can tell him what the score is — he knows.

Originally established eleven years ago as a Department of Tourism and Recreation, the mandate has been considerably expanded over that period of time. Responsibilities for cultural programs, library services, archival services and others were added in order that a single department have responsibility for services in the area of leisure time activities and the travel industry. A brief review of some of the changes that have occurred in our society generally during this period demonstrates the need for a central departmental focus for programs dealing in these concerns.

Within the past decade, Manitobans along with the rest of Canadians, have experienced changed in their lifestyles. Leisure time available to people in which to pursue discretionary activities of their choice, has increased. Four-day work weeks have been introduced along with flexi-time in many organizations. Vacation leave has become longer for many with three, four or even five weeks becoming more common. Early retirements are being taken more frequently than was the case in years past.

The new discretionary time, along with growth in incomes, have provided increasing numbers of people with the opportunities to pursue new recreational, travel and cultural endeavours. These factors have allowed Manitobans to place increased emphasis on their quality of life and has resulted in the growth of cultural and artistic expression that we have seen in the province in the Seventies from groups and individuals of every ethnic group.

Similar emphasis is being placed on the quality of our natural environment and for the preservation of our heritage resources.

Economic and social institutions have responded to these new demands from people and have worked to encourage their growth, particularly where they represent new business and industrial opportunities.

Technological advances, for example, have placed air travel within the realm of most people and have significantly contributed to the massive growth in world tourism since the late Sixties.

While the economic recession in 1975, a slow recovery period in 1976 and increased gasoline prices have retarded growth rates in travel as well as in other recreational activities, the new demands for leisure services remain at high levels. Further improvements in the Canadian economy in 1977 would result in accelerated growth rates being again experienced. Such changes will have important effects on both the social and economic sectors in Manitoba. In economic terms, such changes in the growth rates of leisure activities are felt significantly in the province's travel industry.

In the calendar year 1976, Manitoba was visited by some 3,061,000 non-resident travellers who made expenditures while in our province of approximately \$112.5, thus making tourism one of the most important earners of export dollars, preceded only by the agricultural and manufacturing sectors. During 1976, total United States visitors to Canada declined by 6.8 percent from the 1975 total, representing the third year of declining American travel to Canada. But in contrast — for the information of the Honourable Member for Wolseley — in contrast of this bleak record, American visitor entries into Manitoba directly — and if the Honourable Member for Wolseley will read the Throne Speech once again, and with some assistance from our Department of Education, we'll help him to do it — in contrast with this bleak record, American visitor entries into Manitoba directly across our southern borders showed an increase of 1.7 percent in 1976 and have grown steadily since 1974 when the energy crisis in the United States impeded automobile travel.

If we look at the most important portion of this American travel market, that is, those who remain one or more nights in Manitoba, the increase has been over three percent from the 1975 level, a rate of growth that outperformed every other Canadian province.

While American travel direct to Manitoba from the United States increased, entries of United States residents from the east, that is from Ontario, dropped sharply, resulting in an overall decline in the American visitors to the province in 1976 of some 4.2 percent.

Total travel by other Canadians in Manitoba also declined from the previous year, from 1.9 million visitors in 1975 to 1.872 million visitors in 1976, or 1.8 percent. This was caused by a drop in visitors from Ontario. During the year Canadians increased their travel to the United States, partly as a result of the Bicentennial Celebrations which attracted visitors from other provinces to the country to our south, and partly because of price advantages at that time in the United States and this appears to have restrained Canadian resident travel within Canada.

The Tourist Branch of the Department has the principal responsibility in maintaining Manitoba's travel markets and ensuring a growing and productive travel industry. It is our objective through the various programs of this branch, to develop and market Manitoba as a vacation destination, not just a place to pass through or pass over on the way to somewhere else.

I can recall not too long ago the Honourable Member for Wolseley making comment about the fact that in promoting Manitoba and advertising Manitoba we had made reference to canoeing — and you may recall Mr. Chairman, that he made some comment about that to the effect that the Minister of the Department bought himself a canoe and this is what he is promoting. Well, I think there is nothing wrong with the sport of canoeing, Mr. Chairman. I am sure you know that. But I think what bothers the Honourable Member for Wolseley when he sees a person canoeing he thinks of himself and his political future, and he sees himself, you know, going upstream the proverbial creek without a paddle and what his future would be. And that is why he is concerned about it. —(Interjection)— The Honourable Member for Roblin from whatever seat he is in the House mumbled something which I didn't quite hear, and I suppose if it is anything of any particular significance that we ought to hear, he no doubt will return to his seat and he will rise to his feet and repeat the same comment, if it is one that the House ought to hear.

It is our intention to follow the traditional business adage that the first requisite of effective marketing is a quality product. And during this fiscal year travel industry development personnel will continue to call on all non-liquor licensed accommodation facilities to inspect premises in order to advise operators on maintenance which may be required to retain marketable facilities. As part of this service these officers will continue to classify all establishments according to the star rating system. And this service has met with positive response. The Honourable Member for Swan River may not be aware of that, but it has. During the past year and a half the Tourist Branch has been consulted by six other provinces who are developing similar classifications systems. Manitoba is the acknowledged leader in this field. The Honourable Member for Swan River wishes to know who wrote this for me. This is a report for myself and my department in introducing my Estimates. So it is quite obvious that the Honourable Member for Swan River was not party to the writing of the notes that I am following at this time, and neither will he be party to the writing of these notes for quite some time, nor anyone else from his political party.

Similarly, the branch will continue to assist prospective developers of new premises with the planning and development of their facilities. Over recent years there has been increased involvement in this process as is seen in the figures that I wish to present to the Committee.

Since 1969, 102 new non-liquor licensed establishments have been built, including 22 motels, 27 lodges or resorts, 39 commercially operated tourist campgrounds, and 14 new outfitters. In the same eight-year period, 148 establishments have been completed or initiated expansion or major upgrading programs. Although liquor licensed facilities are not the direct responsibility of my department, tourist branch officers have actively assisted with the planning and development of many of the 40 or more new hotels, which have been built during the past eight years. During this period over \$61 million have been invested in new construction and repair work for hotels, tourist cabins, restaurants and clubs in Manitoba, providing large numbers of jobs in construction and ongoing operations. At present an estimated 15,000 to 16,000 Manitobans are directly employed in such facilities.

The accommodation sector alone in 1974 had 8,500 employees and an annual payroll of nearly \$32 million, doubling the figure for 1969 as reported by Statistics Canada. And the Honourable Member for Wolseley says, which I heard him say from his seat just a few seconds ago, "He is including the Holiday Inn no doubt!". And I am sure that in 1969, and 1968, and 1967, similar figures contained in Statistics Canada included the Marlborough Hotel, the Royal Alexandra Hotel and other privately owned hotels, to give the Honourable Member for Wolseley a similar type of comparison. And absolutely and especially when compared to our nearest — (Interjection) — now the honourable member wants to know how many fishing lodges were built and the honourable member ought to know that when we come to dealing with the specifics of my department, I will answer his question in detail. — (Interjection) — And now the Honourable Member from Wolseley tells me that the City of Winnipeg was a catalyst for something, what it was I don't know, he wouldn't tell me either and I hope that he will before the debate of my Estimates is complete.

Absolutely and especially when compared to our nearest sister provinces, Manitoba has an exceptional tourist plan. Maintaining this excellence will not be an easy task. Operators of both liquor licensed and unlicensed facilities are caught in the cost price squeeze over which they have little control. Increasing costs of operating are becoming more difficult to cover while maintaining rates which are competitive with similar facilities in the bordering States. This economic dilemma is particularly severe in the non-licensed facilities which do not have the liquor trade to tide them over the low season.

Our travel industry development staff have and will continue to provide counselling aimed at ensuring that operators get the best out of their resources, to cut wastage to a minimum, maintain good financial controls, and get maximum value from their marketing dollars. The Honourable Member for Swan River laughs. Some of the private entrepreneurs cutting wastage to a minimum, he thinks it's funny. It is strange to hear that type of a response from, you know, from a Tory, but nevertheless we have heard it tonight, Mr. Chairman. Because I would have thought that he would be the first to come to the defence of the private entrepreneurs.

We will continue to indicate to prospective operators the perils of poor locations, unsound financing, and an adequate management background. Concurrently, it is our intention to continue training programs, which are offered for both prospective and existing operators. On request the Branch Training Officer will call on any accommodation or food service establishment with many courses designed to motivate and train, front desk, housekeeping and food service personnel in the skills necessary to assure efficient and courteous service. This program, which we have been conducting over the past while, has proven so popular that our Training Officer is hard pressed to respond to the demand. A high level of efficient and courteous service generates repeat business, which is vital in today's tight market.

For small business proprietors and for the middle management of the larger operations, we co-operate both financially and technically with the Manitoba Hotel Association to present the Management Advancement Program, an acknowledged leader in the Canadian hospitality training. The department has led the way toward the formation of a Provincial Advisory Committee on hospitality training and education, and this Committee will play an active part in the National Advisory Committee, which will be formerly inaugurated later this month. Through our participation we hope to ensure that manpower needs for the future will be served, that uniform standards for all job classifications will be developed and that hospitality industry employees will attain the recognition and status that their skills and efforts warrant.

While we intend to make every effort to ensure that existing operations maintain viability, we must be realistic and acknowledge that some near obsolete operations will fail. A replacement of these units or expansion of plans will be difficult, because of high construction and financial costs. But, Mr. Chairman, governments should be prepared to lead the way in the development of low cost accommodation, which can compete effectively with the low cost, high quality United States chains, which appear to be attracting increasing shares of our travel market. In particular, government must

be prepared to take the lead in developing resource based resorts and lodges. These are the kinds of operations which will attract the speciality vacationer who is willing to pay more for top quality surroundings, service, and sport, and is prepared to stay a week or more. Resource based operations by way of their location can do much to alleviate regional disparities and fulfill social objectives. This is especially applicable in the North, where Native peoples will no longer accept the hewers of wood role. They are demanding a piece of the entrepreneurial action and are not prepared to co-operate with "outside exploiters" of their traditional resources.

It is pertinent here to note that three Native owned and operated lodges rank close to the top in occupancy rates in Manitoba. To further the provision of those unique attractions, which will draw outsiders for extended stays and encourage Manitobans to spend more of their leisure dollars at home, we will continue our program of grants. However, we are presently reviewing our grant criteria and anticipate that new rules will apply. Grants will be directed towards providing motivation and seed funds. We will nurture the imagination of the local and regional groups to initiate ethnic and historical events with significant tourist appeal.

We do not propose any increase in the pool of grant money, but rather we will reapply funds used by those events which are now operating in the black to new attractions.

The foundation of our Tourist Marketing Program will continue to be media advertising. In Minnesota, we will use newspaper, radio and television. Despite the nearness and the fact that it is our best U.S. market, an awareness campaign is still needed because of the size of the population. The electronic media will be used to increase awareness of the vacation opportunities in Manitoba and to provide the travel motivation.

In North Dakota, the United States market which is most familiar with Manitoba, we will use radio and television advertising exclusively. For similar reasons radio will be exclusively used in Alberta, Saskatchewan and Northwestern Ontario. In Iowa and Nebraska, which are on the fringe of driving distance, newspaper advertising will be used exclusively to heighten awareness through the provision of enticing and information ads. Three years ago this approach was taken in a saturation campaign in Minnesota and the results have demonstrated that it is the right approach.

Through three Sport and Travel Shows and three Mall promotions in our rubber tire markets, we'll obtain face-to-face selling exposure to approximately 30,000 prime potential visitors. Efforts we will receive the continued co-operation of major air carriers and the Canadian Government Office of Tourism. I would note that the average overseas visitor to Canada spends \$7.00 for every one spent by the average American. Last year we had 23,000 overseas visitors.

In support of the co-operative travel trade advertising to be undertaken in overseas and distant United States markets, the province will host familiarization tours of travel agents. Personal sales calls on travel influencers in distant Canadian areas and the United States will also be made.

In support of all marketing activities the branch will distribute some 200 press releases to over 600 newspapers and travel writers. These releases plus articles to be written by 20 or more visiting writers and the response of our editorial services unit to a hundred or more publications seeking specific information or articles, should provide the province with up to a million dollars worth of free editorial space by year's end. The department now has 12 films in circulation, showing the travel opportunities in Manitoba including two international award winners. By year's end these will have been seen in theatres, at group showings and through television by millions of persons.

Manitoba Moods is not only a showcase of our natural resources and our people, it has become significant as a marketing tool through subscriptions held in forty states of the United States of America and twenty-five other countries. In a year and a half, the three-year objective of 20,000 subscriptions has been surpassed and Moods is very close to paying its direct production costs. We have set an objective of 30,000 subscribers by the end of this calendar year and feel that this is a wholly reasonable objective.

To clinch the sale or entice visitors to spend those all-important extra dollars — extra days and extra dollars — we will distribute over two million pieces of literature this year in answer to mail and telephone enquiries through reception centres, through Canadian Government Office of Tourism offices and the offices of travel agents throughout the world and through the major air carriers.

It is anticipated that the marketing program of the branch, which I have outlined, will continue to increase the province's share of the Canadian and American travel markets as has been the case over the past eight years. The program will continue to maintain a strong and developing travel industry.

Both we in Manitoba and our visitors, find infinite enjoyment and relaxation in the heritage of natural resources, the lakes, rivers and forests which this province includes. It is one of the principle objectives of the Provincial Parks Branch to reserve the finest examples of these resources and to provide the necessary infrastructure and programs to facilitate their use for recreation. Manitobans can take a great deal of pride in a provincial park system which includes over 2.5 million acres of land and water surface and which ranks as one of the best in Canada. Citizens certainly show their strong attachment to these resources and recreation opportunities as total attendance grew 4.8 percent in 1976 to a record 4.9 million visits in the 12 major natural parks, and the 44 recreation parks and 105

wayside parks included within the system.

Camping is a perennial favourite summer pastime for these park visitors. And to cater to this activity, the Parks Branch maintains in excess of 6,000 campsites across the province. These sites experience heavy use during summer weekends and especially over long weekends in the summer months. Last year a public information system was provided with which people could determine the availability of campsites and weekends by placing a telephone call to the Parks Branch. This service was extended to all areas of the province and will be continued in 1977. It is highly unlikely we will ever be able to meet the peak weekend demand for campsites. However, areas displaying a distinct deficiency have been identified and in 1977 additional campsites will be provided at Childs Lake, Hugo Bay and Hecla Island.

A family vacation cabin program initiated at Hecla Provincial Park in 1976 has been an outstanding success. Under this program basic vacation accommodation is made available to those who desire a camping experience at a reasonable cost in a natural setting without the requirement of a tent or a trailer. During 1976 this program was expanded to include the rental of 12 log cabins on a daily and weekly basis at Camp Morton. These cabins enjoyed a 60 percent occupancy rate. Ten additional cabins have been erected at Ironwood Point and will be made available for rent during 1977, as will seven log cabins at Bakers Narrows near Flin Flon.

In 1975 the responsibility for summer cottaging was transferred to the Parks Branch, and since that time approximately 300 new lots have been made available in areas such as Wanipigow Lake, Blacks Point and Setting Lake. This popular program will be continued in 1977 when it is anticipated an additional 300 seasonal home lots will be developed, bringing the total number of cottage lots to over 6,500.

As part of a co-operative program between my department and the Department of Northern Affairs, we will be building 22 log cottages in the Grindstone Point area. While the full details of this program are not yet available, the logs for the cottages will be produced by the Department of Northern Affairs. Cottages of a number of designs will be erected by our mutual staffs augmented by the local workforce.

Park visitations are increasing steadily bringing increased pressures to bear upon the more popular existing park areas and the facilities therein. To alleviate the pressures on the Whiteshell, the new Nopiming Provincial Park was officially designated in 1976. The Parks Branch completed construction of 26 miles of road connecting provincial roads 304 and 314. This road, the Nopiming Parkway, which was officially completed at a ceremony attended by our First Minister last August provides access to an exciting area of the province hitherto unknown to the majority of Manitobans.

More than one-half of the 350,000 acres in this park will be set aside and left in an undeveloped state to conserve the natural beauty of the area and to provide opportunities for that growing segment of the population who look for areas for quiet enjoyment. Developments in the park will be such that the integrity of the landscape and the environment of the park will be retained. During 1977 improvements will be made to the highway; wayside, picnic and boat launch areas will be provided as will some limited camping.

The Parks Branch recognizes that the majority of park users live in urban areas and further that there is a need to provide outdoor recreation facilities close to these concentrations of people. Therefore, to this end Highland Park, located on the Red River just north of the Perimeter Highway on a parcel of land generously donated by Imperial Oil, has been completed. Facilities include tennis courts, picnic shelters and a boat launching facility. At the south end of the city, the Parks Branch has acquired 14 acres of land at the junction of the LaSalle and Red Rivers and designated it St. Norbert Provincial Recreation Park. In addition to providing picnicking and other day use facilities this area will be developed to portray a rich French-Canadian heritage.

Preliminary negotiations have been conducted with Parks Canada of the Federal Government with a view to entering a cost-sharing arrangement under their program for agreements on recreation and conservation. Within the terms of such an agreement the Federal Government and the Province will undertake to preserve the historical integrity of a number of areas and sites along the Red River. In addition, recreational facilities such as picnic areas, boat launches, trails, and interpretive centres will be developed. It's anticipated that this agreement will be signed by both parties in the very near future.

Although facilities at Spruce Woods Provincial Park were protected against the hundred year flood level, extreme flood conditions in the Spring of 1976 resulted in the closing of this park. Flood damages have been repaired, and measures have been taken through the raising of existing dikes, and the placement of new dikes to protect the park to the level of floods which theoretically occur once in every 500 years. It's anticipated that this popular park, and there was some doubt about that as of a couple of days ago prior to the rains that we are experiencing yesterday and today, as to the extent to which it will be open. But climatic weather conditions permitting, it and other parks will be open to the full extent of use, subject of course to such restrictions as we may have to impose in order to protect our parks, in the best interest of the people of Manitoba, and if that is possible, then

certainly that would relieve the pressures that the closure may have brought to bear upon other parks in the western region of the province during last year.

As members are aware, forest fire presented a major problem in the parks last season, especially in the Whiteshell, and again this spring in the Whiteshell and the Spruce Woods. Again all I would say is that, and this is something that neither I nor anyone else in government can predict, the exact effect that the present participation would have on the control of forest fires, but our hope is that if the moisture conditions improve, then that would to some extent reduce the fire hazard within the parks, and thus make them more accessible for the use and enjoyment of the people of the Province of Manitoba, and of those visiting our province from wherever they may come, from the United States and elsewhere.

During 1976 arrangements were formalized with the Department of Renewable Resources and Transportation Services with regard to the management of the Natural Resources in Provincial Parks. And the Parks Branch will establish resource management objectives for individual parks, and will rely upon the expertise within our sister department to provide management techniques and controls, which will meet those objectives.

As I'm sure, Mr. Chairman, honourable members are aware, wintertime outdoor activities are becoming more and more popular, and increasing numbers of people are visiting parks during the winter months to snowshoe, ski, and snowmobile. The Parks Branch has created approximately 800 miles of snowmobile trails, and 100 miles of cross-country ski trails in various parks in the province. In addition, popular ski hills are operated at Falcon Lake, and Springhill Winter Park. The latter has proven to be very popular with more than 9,000 ski toll tickets being sold to date this year. The branch has played an active role with other agencies such as Snowman and the Ray Trail Volunteers to co-ordinate public and private efforts in the area of provision of trails and facilities.

In 1977 1,000 allotment gardens will again be made available in the vicinity of the City of Winnipeg. These gardens allow city dwellers, especially those who would not otherwise have the opportunity, to try their hand at producing vegetables and flowers for their own use at a reasonable cost. As I have indicated earlier, the province is proposing the establishment of a major Provincial Heritage Park on the Hudson Bay Coast in the vicinity of Cape Churchill. This area of approximately 2,000 square miles would be established to preserve and protect the unique portion of Manitoba's landscape, while at the same time providing an opportunity for visitors to the area to experience and learn about the flora and fauna of a tundra landscape. Details regarding the protection of both parks visitors, and the sense of environment are currently being worked out, as well as consultation with the community in the neighboring area which, because we feel that if this type of venture is going to be undertaken that there must be approval and the people in the area ought to be consulted with, and it must meet with their approval. And we anticipate designating this area as provincial park land in the very near future.

The 1977-78 budget proposals of Parks Branch reflect the continuing program of providing a wide range of recreational opportunities for Manitobans. The operation and maintenance of facilities and services will be kept at existing levels with no increase in numbers of staff or dollars. Increased efficiencies will allow the branch to maintain services at the excellent standards which Manitobans have come to expect.

In response to the growing concern among Manitobans for the preservation of sites, buildings, and artifacts of historical importance, the department in 1974 established the Historic Resources Branch. In its three years of operations this branch has taken on the task of providing leadership and stimulation for historic resources conservation in the Province of Manitoba. Programs being undertaken are directed toward enriching the fabric of life in the province by engendering a new respect and attitude toward the accomplishments of our native citizens as well as a new attitude toward the preservation of our more architecturally sound and historic buildings. I would like to commend the Historic Sites Advisory Board, for the time and efforts that they have contributed in this cause during the past year.

This group of publicly spirited historians, archeologists, architects, and other citizens continue to provide valuable advice and assistance in the work of their department. Five subcommittees of the board have been established to deal with archeology, buildings, commemorative inscriptions and plaques, special projects and executive functions. The list suggests the considerable array of concerns with which they deal.

During the last session of this House, new legislation was introduced and passed to establish a Heritage Manitoba Foundation. The organization is now in operation, and to date the new board has been acquainting itself with the vast amount of literature on Manitoba heritage that has been published over the past years. In many ways, the Heritage Manitoba Foundation will be a public trustee.

Under the Museums and Miscellaneous Grants Act, provision is made for sustaining assistance to regional and local museums that are owned and operated by a municipality, an incorporated non-profit organization or by an Indian band, and this program, which has been in operation since the

fiscal year of 1970-71, has distributed in excess of \$300,000 to local museums in Manitoba, and that's excluding the separately funded Manitoba Museum of Man and Nature. And by this program, and with strong efforts at the local level, the history of communities throughout the province is being preserved. Within the branch the archeology section continues to focus attention of field research activities, and on their publication and public education work. In 1966-67 four major projects were conducted in the field at Wanipigow Lake, Duck Bay, along The Pas moraine, and on the Tyrrell sea beach ridge in the north. Work in two of these areas is in response to local requests to save important archeological work, archeological sites, and in the latter two areas exploratory archeological work is being undertaken in anticipation of disturbances to potentially important artifacts. The major thrust of the architecture program in the branch in the past year has been the continued restoration of the Bohemier House, an 1895 Franco Manitoba House that was threatened with destruction during the development of a major shopping plaza. The house has been moved to the new St. Norbert Park where it, along with another house, Maison T. . . will form the core of a heritage display on the property. Studies of several buildings were undertaken during the year including St. James Anglican Church, the Mitchell Copp Building, and the Daley House in Brandon. An assessment of houses on property around the City of Winnipeg was also made with the prospect of developing them at some future date with the assistance of Manitoba Housing and Renewal Corporation.

The History Research section continued its supportive role to the History Sites Advisory Board. On the recommendations of the board, Pine Fort, Government House, and the St. James Anglican Church were designated as historic sites and buildings.

The Honourable James McKay, Mr. Sig Johansson, and Doctor David A. Stewart were commemorated for their important contributions to Manitoba. A publication program explaining the significance of people, places, and events of historical significance was begun with the booklets distributed to Manitoba schools and libraries.

The 1977-78 Budget proposals of the Historic Resources Branch continue much of the work begun the fiscal year 1975-76. Additionally provision is made for the province to take part in the Canadian Register of Heritage properties. A joint Federal-Provincial Program that will provide a record of the nation's significant, historic, and heritage properties. It will be a means whereby older properties of architectural, cultural, and historic merit, which constitute an irreplaceable portion of Canada's heritage can be protected, preserved, and rehabilitated for practical ongoing use. The register will be the official list of all Federal-Provincial and Territorial heritage properties considered worthy or preservation, whether publicly or privately owned.

I think I would want to continue, in dealing with my Estimates, Mr. Chairman, I would want to talk about our Translation Service. I would also want to talk about the Research and Planning Branch of our department; and there are two matters of particular interest which appear as one item on the Estimates, namely under Grants Assistance, under which one of the recipients of the grants was the Horse Racing Commission. I would also want to deal with that and of course I would also want to deal with really the other half of my department, Cultural and Recreational Services Division. But I think that it may be preferable, if I were to end my introductory remarks at this point in time and then deal with whatever comments I wish to make more directly related to those particular resolutions contained within the Estimates Book, at the time when we reach those particular items in the course of our debate.

So I will end my remarks now and then, as I've indicated, as we proceed through the Estimates, as we arrive at the various resolutions or sections of the resolutions, I will provide Honourable Members of the Committee with what further information they may require.

MR. DEPUTY CHAIRMAN, Mr. Walding: The Honourable House Leader.

HONOURABLE RUSSELL PAULLEY, Minister of Labour (Transcona): Mr. Chairman, I would suggest that we extend our appreciation to the Honourable Minister for his initial introduction and also his courtesy to the House and his time in indicating that he would proceed with his introductory remarks the next time the Committee meets. I'm sure all of us will be glad to call it a day now just after the hour of ten o'clock. So as the Acting House Leader, I would move that the Committee rise and report.

MR. DEPUTY CHAIRMAN: Committee rise. Call in the Speaker.

The Deputy Chairman reported on the Committee's deliberations to Mr. Speaker and requested leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER, Mr. Jenkins: The Honourable Member for St. Vital.

MR. WALDING: Mr. Speaker, I beg to move, seconded by the Honourable Member for Churchill, that the Report of the Committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I would beg to move, seconded by the Honourable Member for Morris, that the House do now adjourn.

MOTION presented and carried and the House adjourned until 10:00 a.m. Friday.