



**Third Session — Thirty-First Legislature**  
of the  
**Legislative Assembly of Manitoba**

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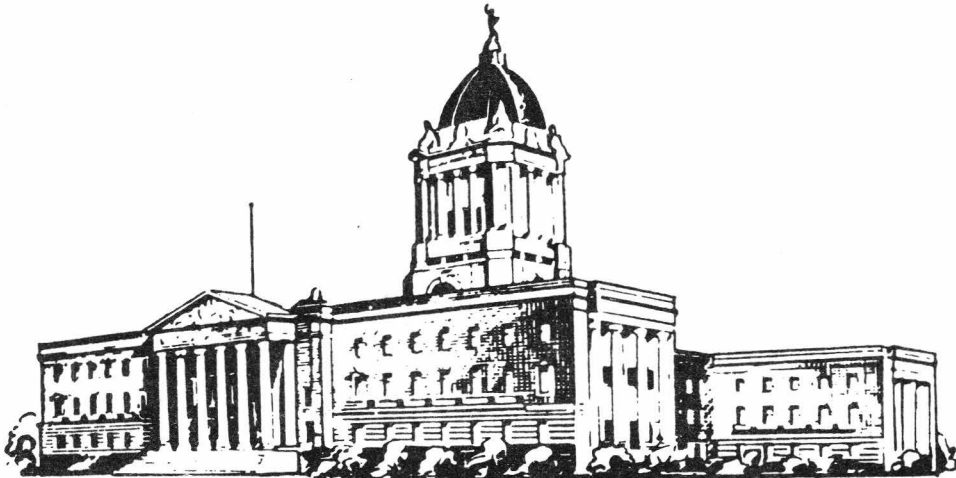
**DEBATES**  
and  
**PROCEEDINGS**

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**2:30 P.M. Thursday, June 14, 1979**

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 14, 1979

Time: 2:30 p.m.

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell):** Before we proceed, I should like to draw the honourable members attention to the gallery, where we have 20 students of Grade 11 standing from the Souris High School. This school is located in the constituency of the Honourable Member for Souris-Killarney, the Honourable Minister of Mines, Resources and the Environment.

We also have 32 students of Grade 9 standing from the Arborg Collegiate. This school is located in the constituency of the Honourable Member for St. George.

On behalf of all the honourable members, we welcome you here this afternoon.

Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees.

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MR. SPEAKER:** The Honourable Minister of Finance.

**HON. DONALD W. CRAIK (Riel):** cc99Mr. Speaker, I'd like to table or provide the financial statements of boards, commissions and government agnncies for the year ended March 31, 1978. It's not a requirement for this to be tabled, but it's usual practice and it imparts useful information.

**MR. SPEAKER:** Notices of Motion . . . Introduction of Bills.

## ORAL QUESTIONS

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

**MR. HOWARD PAWLEY (Selkirk):** Mr. Speaker, my question is to the Minister responsible for Urban Affairs. Can the minister advise whether or not he, as minister, must provide approval by the city, for the subdividing of lands in West Kildonan in flood-prone areas?

**MR. SPEAKER:** The Honourable Attorney-General.

**HON. GERALD W.J. MERCIER (Osborne):** No, Mr. Speaker.

**MR. PAWLEY:** Mr. Speaker, further to the Minister responsible for Urban Affairs. Does his government have any policy with respect to future payment of compensation from the Provincial Treasury to those that suffered damages in areas that are obviously flood-prone?

**MR. MERCIER:** That matter is under review, Mr. Speaker.

**MR. PAWLEY:** A question for the Minister of Economic Development. Some two weeks ago, the Minister of Economic Development indicated that if Electro-Knit of Canada did not manage to obtain another buyer by June 15th, that in fact, Electro-Knit would be closing its doors. Since this is June 14th, can the minister advise whether or Electro-Knit has successfully obtained any other buyer?

**MR. oPEAKER:** The Honourable Minister of Economic Development.

**HON. J. FRANK JOHNSTON (Sturgeon Creek):** Not to my knowledge, Mr. Speaker, but there has been some indication that Electro-Knit may try to keep part of the plant open, working with the velour material that they make.

**MR. PAWLEY:** Mr. Speaker, a further supplementary to the Minister of Economic Development. Can the Minister advise whether or not any studies have been completed within his department as to the numbers of head offices which have been transferred from Manitoba to other provinces within the last 18 months, and how many employees have been so affected, and how much capital has been involved?

**MR. SPEAKER:** The Honourable Minister of Economic Development.

**MR. JOHNSTON:** No, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Logan.

**MR. WILLIAM JENKINS:** Yes, thank you, Mr. Speaker. My question is to the Honourable Minister of Labour. This morning the Minister wasn't here and his colleague, the Minister of Tourism, took as notice a question. I will repeat the question at this time. Can the Minister bring the House up-to-date on the current negotiations between the Manitoba government and the MGEA Association? Are they still currently meeting? And also could the Minister inform if they are . . . Perhaps it's an unfair question, but has there been any request for mediation or what state are we in at the present time with regard to the current wage negotiations between the government and the Manitoba Government Employees Association?

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

**HON. KEN MacMASTER (Thompson):** Mr. Speaker, the Member for Logan knows my particular position on discussing specific parts of any such negotiations, but in a general answer, which I hope is really all that he wanted, negotiations are in fact still proceeding between the government and the MGEA.

**MR. JENKINS:** Yes, thank you, Mr. Speaker, and I thank the Minister for that information. I also wish to place another question to the Minister, as the Minister reporting and in charge of the Civil Service. And I want to thank him for making the appointments of an indefinite period, as I see in today's Tribune.

The further question that I have with regard to the members of the Civil Service Commission: Has the Minister given any consideration to the suggestion that was made to him during the discussion of his Estimates that future appointments to the Civil Service Commission, if and when they appear or are required, that he explore the possibility of bringing in legislation that the appointments to the Civil Service Commission be made on the same basis as appointments are made to the office of the Ombudsman, that it be by an all-party Committee of this House, in order to establish, as the Minister has said in his announcement today, the integrity and independence of that Board so that there is no argument whatsoever, if the Minister has given that any thought and has made any recommendation with regard to that towards the Executive Council?

**MR. MacMASTER:** Mr. Speaker, I did say I would give consideration to it and, in all honesty, I haven't given any further consideration at this particular time than I had at the time that the suggestion was posed by the Member for Logan.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. SIDNEY GREEN:** Mr. Speaker, I'd like to direct a question to the Honourable the Minister of Mines and Natural Resources. Does the Minister have legislation within his jurisdiction which would enable the government to declare a flood plain and thereby preclude development in the area?

**MR. SPEAKER:** The Honourable Minister of Mines.

**HON. BRIAN RANSOM (Souris-Killarney):** I believe the answer to that is "yes", Mr. Speaker. There is a flood damage reduction agreement in place between the province and the City and we will be investigating the terms of that agreement to see how the recent approval fits with the stipulations that are set out in that agreement.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Yes, Mr. Speaker. Would the Minister also consider as to whether or not the legislation available to him can be used to prevent a subdivision proceeding in a flood-prone area, since the people who will live there in the future will not be solaced by the fact that there was an agreement that they would not get compensation?

**MR. RANSOM:** Mr. Speaker, I hesitate to comment in detail on this situation because I do not have all of the facts of the situation, Mr. Speaker. I intend to look into those facts and to see how it fits within the terms of that agreement. But it's of concern to us, of course, that there should be any sort of development take place that might have an effect on the ability of the flood control works that are in place to provide the protection that they were intended to provide and, furthermore, we don't wish to see development taking place in circumstances where flooding might ultimately occur and individuals suffer the damage and anguish and the taxpayers then, in turn, be responsible for covering costs of damages.

**MR. GREEN:** Yes, Mr. Speaker. I think the Minister and would ask him to consider whether the legislation would be of assistance in that connection.

I would like to also ask the Minister whether, when he is considering flood protection works in any part of the province, whether he will give consideration to the people who are living on Turnbull Drive, in St. Adolphe and in Ritchot, relative to their flood problems, based on the same parameters that he has apparently given the people in Carman reason to believe will be applied to them?

**MR. RANSOM:** Mr. Speaker, it is my intention to have an examination conducted on the operation of flood control works that have been put in place over the past decade or more, to determine the effectiveness of those works, whether or not they have worked in a manner in which they were intended and the effects that they have had or may have had on people that were not expected to be affected by those works. And if, in fact, that turns out to be the case, then I think that consideration has to be given in the same manner that I have said we would consider the special circumstances surrounding Carman or any other community.

**MR. SPEAKER:** The Honourable Attorney-General.

**MR. MERCIER:** Mr. Speaker, in reply to two questions from the Honourable Leader of the Opposition with respect to whether or not the RCMP is investigating the alleged sale of hamburger in Manitoba containing a pork product, I am advised that the federal Consumer and Corporate Affairs Department have been investigating this meat problem not only here but in other provinces in Canada. Apparently a sample of meat was tested at the RCMP Lab here for the federal Department of Consumer and Corporate Affairs and the results reported to them, but there has been no RCMP investigation to date, nor, to my knowledge, has any been requested.

In reply to a question from the Member for Transcona, Mr. Speaker, of Friday last, in which you did make the suggestion that he file an Order For Return, but which was rejected by him, and I indicated that I would take the question as notice and respond in detail and at length Mr. Speaker, I now have that answer. He asked the status of the negotiations between the city and the province with respect to a number of financial matters.

Firstly, with respect to the Federal Urban Transportation grant. Mr. Speaker, the federal government have set aside \$10.2 million as Manitoba's share of the funds over a 5-year period under that agreement, and I had previously, in February, advised the previous federal government of the position of the province of Manitoba in requesting allocation of \$7.6 million of these funds towards this particular project. They of course delayed a decision on that project and requested a study of relocation which is estimated to take approximately six months.

I will be, Mr. Speaker, writing to the new Minister of Transportation with respect to this matter to ensure that these funds are not lost to the city of Winnipeg and, in order to attempt to obtain a commitment as I attempted to obtain a commitment from the previous Minister, that either the use of these funds can be utilized past March 31st, 1984 or can be applied to other projects by the city of Winnipeg.

With respect to the Community Services grant program, Mr. Speaker, the previous federal government had suggested the introduction of this program for approximately two years, but it wasn't until March of this year that a bill was passed in the House of Commons granting the necessary authority for the government to enter into community service grant agreements. I had returned a revised agreement to the previous Minister responsible for CMHC, Mr. Ouellet, prior to the federal election. We didn't receive any approval of that agreement from him. The proposed two-year agreement would allocate \$6.3 million in the year 1979 to the city of Winnipeg and \$10.5 million

in 1980.

I have written to the new Minister requesting confirmation of that agreement and confirming the commitment on the part of the federal government to actually fund that agreement, because in fact there have been no moneys allocated in this year's federal government budget to fund that program which has been a particular problem with which we've been concerned. We hope to receive a reply from the new Minister shortly.

With respect to the Development Plan Review grant, the province is committed to paying \$290,000 towards the preparation of the city of Winnipeg's development plan review, and we estimate that we will be paying out probably the final \$110,000 during the 1979-80 fiscal year.

With respect to the Winnipeg Ambulance Services grant, Mr. Speaker, which comes under the jurisdiction of the Minister of Health and Community Services, grants to the city for 1979-80 total \$616,960 and are paid semi-monthly to the city by Manitoba Health Services Commission.

With respect to weed control, the city of Winnipeg will be receiving the amount they budgeted, \$8,750.

With respect to the Dutch Elm disease control, I am advised by the Department of Agriculture that the department is continuing on-going negotiations with the city of Winnipeg with respect to that program.

With respect to Regional Library grants, my colleague, the Minister of Tourism and Cultural Affairs advises that the 1979-80 projected grant to the city of Winnipeg and the Henderson Regional Library is in the range of \$1,128,486 and, Mr. Speaker, that I believe, answers in detail the question put by the Member for Transcona. I apologize for the length of the answer, Mr. Speaker, but if the Member for Transcona had followed your advice and filed an Order for Return, the information could have been supplied that way.

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

**MR. PAWLEY:** Mr. Speaker, just further to the minister's response, pertaining to the . . . and I'm very, very careful, in fact, trembling about the possibility of a very lengthy answer. But pertaining to the issue of the investigation pertaining to the sale of hamburger, can the minister advise whether or not legal staff, either within his department or within the Federal Department of Justice, is presently preparing documentation and charges pertaining to the sale of non-beef products?

**MR. MERCIER:** No, I cannot, Mr. Speaker. I can only assume that the Federal Department of Justice are being consulted in the investigation by the Federal Department of Consumer and Corporate Affairs.

**MR. SPEAKER:** The Honourable Member for Winnipeg Centre.

**MR. J.R. (Bud) BOYCE:** Mr. Speaker, through you to the Minister of Education. Could he advise the House and the teachers, and the people of the Province of Manitoba how they can have access to the 100,000 pounds of support material for the Co-op Development Program, which was intended to be implemented into the school system on request. Could he tell the public how they can have access to this material which apparently is being refused teachers upon request.

**MR. SPEAKER:** The Honourable Minister of Education.

**HON. KEITH A. COSENS (Gimli):** Mr. Speaker, as far as I am concerned, that material is available. There was a letter went out to all school divisions in the province, making them well aware that this material was printed and was available on request.

**MR. BOYCE:** Mr. Speaker, we have had representation from several teachers, who have gone through the channels, who get the run-around, that they are unable to get this material, and apparently it is being held under lock and key in a building on Portage Avenue, in about the 1900 block, which is under the aegis of the Minister of Health, not the Department of Education, and this is being refused, the department is refusing to distribute this information. Could the minister check into this and see if this is the case because it is my intention to visit, to view it personally? But nevertheless the people who have made representation are credible people, and I would ask the minister if he will investigate this complaint that the department is absolutely refusing to distribute this information.

**MR. COSENS:** Mr. Speaker, I am not quite clear whether the member is talking about school divisions requesting this material, or some particular individuals. I can inform him that I have received

no letters stating the people have had any difficulty whatsoever.

**MR. BOYCE:** Well, Mr. speaker, the teachers have actually requested this material, and my information is that the teachers have requested this information themselves, as they were instructed so to do. But nevertheless, perhaps the minister will check into it, because the focus, Mr. Speaker, like "Ted Stupidly" in this article in the Free Press, says "The Socialist junk unsold" and the reference for the minister's information is only to one book, which was referred to by his colleague, the Member for Roblin, which was the Grade 1 book, but there's 100,000 pounds of information which apparently cost \$1 million, which the government is refusing to distribute. Would the Minister check into this accusation that the government is refusing to co-operate with the people who are making legitimate requests for information, which exists in the province?

**MR. SPEAKER:** The Honourable Minister of Education.

**MR. COSENS:** Mr. Speaker, if my department receives any letters stating problems in this area, we certainly will reply to them and take action.

**MR. SPEAKER:** The Honourable Member for St. George.

**MR. BILLIE URUSKI:** Thank you, Mr. Speaker. I'd like like to direct this question to the Minister of Agriculture. In reply to a question I raised with him last week with respect to the negotiations that the Manitoba Turkey Board in relationship to the National Board are having with market share agreements, the Minister indicated that Manitoba would be in a very favourable position with the present negotiations. Can the Minister indicate whether the present negotiations take into account market share historical relationships or do they take into account, as we have mentioned, the population share in this country between provinces and would give a greater proportion of market to the larger population provinces, as we have indicated? Can he indicate which is the case?

**MR. SPEAKER:** The Honourable Minister of Agriculture.

**HON. JAMES DOWNEY (Arthur):** I could check on that specifically, Mr. Speaker. It could be that they are taking both into account: The actual percentage of the market that they now have, which was established by the previous market record in the province, and the growth of the population and the production that has taken place in the last few years, in comparison with what they were allocated and their ability to fill that quota.

**MR. URUSKI:** Mr. Speaker, in view of the Minister's confirmation that the sharing in the agreement is as we have raised earlier, is the Minister now not objecting to using population growth and figures versus the historical relationship, which would place Manitoba producers, if the new formula were used, at a very great disadvantage in its share of market share within Canada.

**MR. DOWNEY:** Well, to talk specifically on that, Mr. Speaker, it would be difficult to do that but I do anticipate a tremendous population growth in Manitoba in the next few years and would expect that we'd be in a very advantageous position.

**MR. SPEAKER:** The Honourable Member for St. George with a final supplementary.

**MR. URUSKI:** Mr. Speaker, the Minister should be well aware that the population in Manitoba has dropped in the last two years. —(Interjection)— If those turkeys across the way wish to speak, Mr. Speaker, they can get up. Mr. Speaker, I would like to ask the Minister of Agriculture whether he is not concerned that if the agreement as stated goes through, that the producers in the provinces such as Manitoba will be placed in a very grave disadvantage in terms of the other provinces of Ontario and Quebec.

**MR. DOWNEY:** Well, Mr. Speaker, as I replied to the member in committee, that I felt that if the members opposite were so pleased with the agreement that they originally signed, entering into an agreement with the other provinces, that they were sure that we would be protecting the long-term interests of the producers in Manitoba, then they shouldn't be concerned. However, it appears that a contract or an agreement which they entered into isn't as good as what they were letting on that it was at the particular time.

So, Mr. Speaker, I think that the producers, as they have been doing over the past few months, in conjunction with the National Turkey Board, had been working on this particular problem. We

have not signed any amendments to the agreement. We are discussing it with the Producer Board and with the national agency, and when and if there is any amendment to be made, it will be made public.

**MR. SPEAKER:** The Honourable Member for Churchill.

**MR. JAY COWAN:** Thank you, Mr. Speaker. As a short preface to my question, I'll direct the Minister of Labour's attention to Manitoba regulation 158/77, Section 7, subsection 1, which states: "That a worker must accompany a Workplace Safety and Health inspector when that Workplace Safety and Health inspector makes an inspection of a worksite". Can the Minister confirm that this regulation was breached when the Workplace Safety and Health inspector made his inspection of the explosion at Bell Foundry on April 30th?

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

**MR. MacMASTER:** Mr. Speaker, I've been asked that and similar questions in the House and as far as I'm concerned they've been answered adequately.

**MR. COWAN:** Yes, thank you, Mr. Speaker. Well, as I have been asking the questions, I can indicate to the Minister that he has never been asked if that particular regulation has been breached, and I would ask him to indicate if the inspection report that that Workplace Safety and Health inspector made as to his inspection on April 30th included the signature of a worker, as per the requirements of the Regulation 158/77, Section 7, subsection 2; and if so, is he prepared to table that so as to once and for all clear up this matter? t,

**MR. MacMASTER:** I haven't personally looked at any report that that particular report that the member is talking about, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Churchill with a final supplementary.

**MR. COWAN:** Yes Mr. Speaker. Is the Minister prepared to look at that report in light of the allegations that the regulations had been breached, and this is a serious matter. It calls into effect the whole impact that the Workplace Safety and Health Act and regulations have on the safety conditions in this province. Is the Minister therefore, as per his responsibilities to protect that legislation and to protect the safety and health of the workers, prepared to investigate and to personally look into that report for the purposes of determining if these regulations have been breached and report back to this House on that matter?

**MR. MacMASTER:** Mr. Speaker, I think that most people in the workplace, regardless of where it is in the province of Manitoba, feel a lot more comfortable in the last few months than they did in previous years under the jurisdiction and the administration of this particular government as it applies to that legislation as others.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet.

**MR. SAMUEL USKIW:** Mr. Speaker, a further question to the Minister of Agriculture with respect to the Turkey Marketing Board and its negotiations of market share quota, vis-a-vis the rest of Canada. I think the Minister did not fully answer, in that, Mr. Speaker, I believe the question was put: "Was the Minister in a position to tell the House what his position is, and this government's position is, with respect to protecting our historical rights, quota rights, within the context of the total quota in Canada?" And that question was not answered to. I ask the Minister, does he not recognize a ministerial role; does he not recognize that there are two groups that are involved in any changes to the agreements? One group are the producer group; the other is the ministerial group. And in each case, if there's going to be a substantial change, then the Minister has to concur or withdraw from the agreement. Is the Minister prepared to pull Manitoba out of that agreement if the quotas change to the detriment of Manitoba, and that is if they are not based on the historical production records?

**MR. SPEAKER:** Order please. The question is hypothetical. The Honourable Member for Lac du Bonnet.

**MR. USKIW:** Mr. Speaker, obviously, Sir, you have not been in committee when we discussed this

before, and the Minister confirmed in committee before that yes, there are quota changes under way and that he wasn't going to play a role in it because it was the Marketing Board that's doing the negotiating. I ask him whether he is going to play a role, and if he is playing a role in those negotiations, what is his position, vis-a-vis protecting the share of Manitoba's production of turkeys vis-a-vis Canada?

**MR. SPEAKER:** The Honourable Minister of Agriculture.

**MR. DOWNEY:** Mr. Speaker, unlike the previous eight years, we are now working with the producers of the province instead of working in opposition to them as the Member for Lac du Bonnet did.

**MR. USKIW:** Mr. Speaker, I now put a question to the First Minister.

**MR. GREEN:** You are almost two years in power.

**MR. USKIW:** Mr. Speaker, since the Minister of Agriculture, throughout the course of the debates on his Estimates has refused to answer a number of very important policy questions, has to date not filed with this Assembly, answers to questions that he took as notice and continues to dodge all the questions by innuendo and reference back to the opposition when they were in government, Mr. Speaker, would the First Minister consider shuffling his Cabinet so that this House can get some answers from the Minister of Agriculture?

**MR. SPEAKER:** Orders of the Day. The Honourable Minister of Labour.

**MR. GREEN:** Shuffling won't help.

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

**MR. MacMASTER:** Mr. Speaker, I think part of the — I don't recall the exact words — but I think part of the latest question from the Mel, er for Churchil as to whether I was reviewing that situation at Bell Foundry — he had asked several questions, some of them overlapping — . and I think part of the last question was whether I was reviewing the circumstances. The answer to that question is yes.

**MR. SPEAKER:** The Honourable Member for Transcona.

**MR. PARASIUK:** Thank you, Mr. Speaker. My question is directed to the Minister of Health. Can the Minister confirm that about 50 mentally retarded adults at the Association for Retarded Children and Adults workshop in Beausejour will no longer be sent on their annual one-week vacations to camps in the Whiteshell because the Conservative government has cut off funds for this purpose as part of its cutbacks in the health care program?

**MR. SPEAKER:** The Honourable Minister of Health.

**HON. L. R. (Bud) SHERMAN (Fort Garry):** No, I certainly can not, Mr. Speaker. In fact, the camp programs relative to mental retardation and to other fields of health, mental health and post-mental health programs are still being operated at the same level and the same capacity as previously. I will investigate this particular individual case with respect to this one camp. I don't have the details at my fingertips, but certainly in general, Sir, the program is proceeding as always.

**MR. SPEAKER:** The Honourable Member for Transcona.

**MR. PARASIUK:** Yes, I thank the Minister for undertaking to investigate this matter which was brought to my attention by a constituent, and while doing that would he also investigate the supplementary complaint that the Masons had offered their Belair camp for free to these mentally retarded adults but that the government won't enable this to happen because the department requires that a qualified nurse be present, and the government won't provide the necessary \$50 per day to pay for the qualified nurse which would allow these people to go and take advantage of the generous offer of the Masons to provide free camp services for the mentally retarded at this workshop in Beausejour?



**MR. SHERMAN:** I'll investigate that, Mr. Speaker, but as I say, the summer camp program is maintained to my knowledge at the level at which it was always maintained, and of course it goes without saying that there has to be proper supervision, qualified nurses and other personnel of that kind. That is all budgeted for on a present program basis, and I will attempt to find out what the details of this specific case may be.

**MR. PARASIUK:** Thank you, Mr. Speaker. A final supplementary to the Minister. Can he confirm reports in the Winnipeg Free Press that the Conservative government's health care program knowingly places mentally retarded patients in guest houses which the government knows are substandard and for which the government requires no upgrading?

**MR. SPEAKER:** The Honourable Minister of Health.

**MR. SHERMAN:** Mr. Speaker, I would suggest that the practice is not as overt as that. I cannot guarantee that there is no post-mentally ill patient or no mildly retarded citizen in a substandard guest home anywhere in Manitoba, but certainly it is not a practice or a policy to do so overtly. We get back to the questions that were raised yesterday, Mr. Speaker, and as I have assured the honourable member, the whole situation is being studied by this government.

**MR. SPEAKER:** The Honourable Member for Elmwood.

**MR. RUSSELL DOERN:** Mr. Speaker, I'd like to direct a question to the Minister of Fitness. Can he confirm the news announcement at noon that the Federal Minister Steve Paproski has now agreed to honour the commitment of the former government to provide federal funding for arenas in Winnipeg, Quebec, and Edmonton?

**MR. SPEAKER:** The Honourable Minister of Fitness and Amateur Sport.

**HON. ROBERT (Bob) BANMAN (La Verendrye):** Mr. Speaker, I understand the wire services carried a report saying that the federal Minister had made certain statements with regard to that. I contacted the Minister myself, over the noon hour; he indicated to me that the understanding that I had with him after talking to him about a week ago was that before any announcements will be made with regard to that, all three levels of government will sit down to discuss the particular situation and then come forward with a solution. He has informed me that he has not made a definitive answer with regard to arena funding for the city of Winnipeg.

**MR. DOERN:** Is the Minister indicating that the formal announcement will be a joint announcement?

**MR. BANMAN:** Well, Mr. Speaker, I think one of the problems that we were faced with when the announcement was made by the previous federal Minister was that it was not done in consultation with all three levels of government. It's been my undertaking and this government's undertaking to make sure that without acting unilaterally on our own that all people are consulted, and that the consultative process is carried out properly to ensure that the taxpayers' moneys are spent in the most frugal and best manner.

**MR. SPEAKER:** The Honourable Member for Kildonan.

**MR. PETER FOX:** Mr. Speaker, my question is to the Minister of Labour. I would like to ask him whether he has any information in respect to when Canadian Bronze expects to open its plant and start reemploying its employees?

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

**MR. MacMASTER:** I understand, Mr. Chairman, and I must apologize for not having an hour by hour report on it, but I understand that a fair number of the people are already back at work. I also understand that plans are in place to have the others return very shortly, and by shortly I mean within — what I understand is within a few days.

**MR. FOX:** Yes, my other question is to the Honourable Attorney-General. A week or so ago I asked him whether he was going to review and appeal the very very minimal fine that was levied in respect to a company which had had a fatality.

**MR. SPEAKER:** The Honourable Attorney-General.

**MR. MERCIER:** Mr. Speaker, I don't have an answer yet for the member but hopefully I will have one by late Saturday evening before the House terminates.

**MR. SPEAKER:** The Honourable Member for Brandon East.

**MR. LEONARD S. EVANS:** Mr. Speaker, I'd like to address a question to the Minister of Labour. It's similar to a question I posed to the Minister of Urban Affairs who took it for the Minister of Labour's notice, but I wonder if I could put it at this time. Would the Minister of Labour reconsider the government's decision not to assist the city of Winnipeg to hire welfare recipients in the Community Homes Services Project involving 58 welfare recipients doing service work for those who are confined to their homes? Would the government reconsider that negative decision?

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

**MR. MacMASTER:** Mr. Speaker, it's my understanding of the situation that discussions took place in the spring in regard to this particular program and the conclusions that were reached at that time were that the city should be in fact providing funds out of their block funding for that type of program. Since then I am not aware of an additional approach or an additional request for reconsideration of that position, certainly not formally. I have taken notice of the fact that the Member for Brandon raised that question this morning, but formally I have not received any consideration for reconsideration of our position.

**MR. EVANS:** Well, Mr. Speaker, a supplementary question then to the Minister. In view of the news reports that the block fund or the block funding amounts have already been committed by the city of Winnipeg to various projects, and in view of the fact therefore that they don't seem to have funds for this particular type of program, how does the Minister or how does the provincial government expect the city of Winnipeg to carry on what would seem to be a very useful work program for welfare recipients?

**MR. MacMASTER:** Well there are several things wrong, Mr. Speaker, with this particular conversation, the question and answer series that we're having here. First of all the member is referring to reports — I don't have that report. He seems to be referring to something I suspect that was read in the newspaper, and I have difficulty at any time dealing across the floor with what is in the newspapers and of course he is attempting to suggest that that should be a priority of mine, where the city has not for whatever circumstances considered it a priority of theirs. I repeat, after I've gone through the premise of trying to answer parts of the suggested question, that I have not been officially asked for reconsideration of our position, and the types of things the member is asking for and alluding to the reports and the money and the allocations, that hasn't come forth to me since our discussions in early spring.

**MR. SPEAKER:** The Honourable Member for Brandon East with a final supplementary.

**MR. EVANS:** Yes, thank you, Mr. Speaker, a final supplementary. Would the Minister who is in charge of the Manpower programs and employment programs of the government, would the Honourable Minister undertake to investigate the possibility of establishing a program bodied welfare recipients in all municipalities in to hire ableManitoba, where those municipalities were prepared to co-operate with provincial government in putting such people to work and thereby hopefully reducing the expenditures on the welfare side of the government spending accounts?

**MR. MacMASTER:** Mr. Speaker, I'm not sure if the member is suggesting that this type of thing would possibly start with the municipalities and the cities and the province, that they have a work or else sort of a position, and I don't whether the city of Winnipeg or others or municipalities have that. If they were to take that or look for programs to eventually force people off the welfare into some worthy municipal project, and if they want to take that particular position and bring it forward to our government, I'm sure we'd have a look at it.

**MR. SPEAKER:** Order Please. The time for Question Period having expired, we'll proceed with Orders of the Day.

**ORDERS OF THE DAY**

**MR. SPEAKER:** The Honourable Government House Leader.

**HON. WARNER H. JORGENSEN (Morris):** Mr. Speaker, will you call Bill No. 3, and 59, and 60.

**BILL NO. 3, AN ACT TO AMEND THE PROVINCIAL AUDITOR'S ACT**

**MR. SPEAKER:** Bill No. 3, An Act to amend The Provincial Auditor's Act and Certain Other Provisions of the Statutes on Manitoba respecting the Duties of the Provincial Auditor. The Honourable Member for Kildonan.

**MR. FOX:** Mr. Speaker, I adjourned this bill for the Honourable Member for St. Johns, Bill No. 3.

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

**MR. SAUL CHERNIACK:** Thank you, Mr. Speaker. There are various items in this bill to which I would like to draw the attention of the honourable members.

Firstly, I would assume, Mr. Speaker, that, as in the The Financial Administration Act, that this bill, after passing Second Reading, will go to Public Accounts where we will have the opportunity to discuss with the Provincial Auditor the impact of the bill, the amendments proposed.

We are now dealing with a bill that deals with the House business and belongs to the House. It is not a government bill, in the sense that it is a bill that serves the entire Legislature, and the independence of the Auditor is important and should be recognized as being one where his opinion is one which he must give for the benefit of all members of the House. indiscriminately and without any special attentions.

So, Mr. Speaker, I would hope that before we conclude debate on this bill it will be confirmed that the bill will be referred to Public Accounts.

Mr. Speaker, there are several important changes and one of them is an interesting change and I have no reason to know, to speculate, as to why there is the change, except that it may have been done elsewhere. The important change is the one which varies the term of service of the Provincial Auditor. The present law, which has been the law for many years, more years than I am aware of, even when it applied to the Comptroller of the House, the Comptroller-General, was that once appointed he cannot be removed from office except by a two-third majority of the House. The reason for that is obvious. He would have to be flagrantly wrong to have two-thirds of the House dismiss him. But on the other hand, he could not be dismissed by a government whose membership obviously is less than two-thirds of the House, unless that government could get support from members of the Opposition.

And that is very important, Mr. Speaker. It is important because the integrity of the Provincial Auditor must be such that there is no question about tenure. And the proposal in this bill is that he shall hold office during good behaviour — and of course that is important; nobody questions that there has to be proper action and service by the Auditor — but for a term of ten years. And now we have a Provincial Auditor whose appointment is subject to the vagaries of the opinions of the government of the day, which happens to be there at the conclusion of the ten-year term.

Of course, Mr. Speaker, we're not talking about the incumbent of that job now, for two very good reasons. One is the Act goes to the trouble of saying it shall not apply to the present incumbent, but the other even better reason is that he will be retiring within the next ten years and therefore he cannot expect to stay on beyond that. The honourable member whispered to me, "How many more years?", but I'm not going to give the age of the Provincial Auditor. I think that's his personal business.

But, Mr. Speaker, we have good reason to support — or let me say I have good reason to support — the principle of ensuring the security of tenure of a person like the Provincial Auditor, who reports to the general Legislature. I have not checked the legislation recently, Mr. Speaker, but, as I recall it, the Ombudsman legislation, which deals with possibly the only other servant of the Legislature who, by statute, reports to the Legislature rather than to government; as I recall it his appointment is a seven-year appointment. I do know that the practice which I think will be honoured — I really believe it will be honoured by governments in the future — is that the Ombudsman was appointed only with the concurrence of the Opposition. The government, plus the Opposition, arrived in agreement on our present Ombudsman. I know that to be true, and I believe

it was true when his reappointment came about. The Provincial Auditor, I think, is in a different position, and since he is reporting on the audits of government; and since he is, obviously he has to be sensitive on a highly professional basis, to have great integrity, because one does not criticize accounts without good reason; he must, nevertheless, be absolutely secure in his own mind that telling the truth, being honest, having integrity will not cost him his job.

And, Mr. Speaker, I can't help but say, although I would like this to be a non-partisan presentation, I can't help but express the disgust, which I have expressed several times now, about the way this government has handled civil servants since it was elected. And I can't help but say that the cavalier way in which they dealt with people, I believe whose integrity was not questioned, with people who gave their service, even with civil servants. And I know of one case where a person was appointed under The Civil Service Act and who was removed by an arbitrary decision of government, without cause, without giving cause, that we have to concern ourselves about the Provincial Auditor and what could happen to him by a government who gets made at him. Think of what would happen. And let me tell you, with my experience, Mr. Speaker, that the Auditor, when he finds something which appears to be incorrect, he brings it to the attention of the people who are charged with the responsibility at some level within the department. And, having done so, says to them, well, what about this; how about correcting it? And if it's not corrected within a time which he deems reasonable he then reports to the Minister of the department, with a copy to the Finance Minister, and says, I have already drawn it to the people responsible; I am not satisfied with what they have done, or failed to do; I think it ought to be done. And then, if it's not looked after, he puts it into his Annual Report.

That's the practice he followed, I believe . . . Well, I know he followed that practice when the New Democratic Party was in government; I'm sure he follows the same practice now. And in indicating his displeasure or concern he now has to listen to explanations and accounting by government for what he has found wrong. I don't want that Provincial Auditor, whoever he is, and he's not the present one, to worry on his eighth or ninth year of his term, —(Interjection)— or seventh year of his term, that this government, knowing that the government — I don't mean this one, but the government at that time — has, let us say, enough tenure in its own election, by its own electorate, to last beyond the term, the expiry of his own term, and that then may be waiting until the tenure expires in order to dismiss him, terminate him, — the word "terminate" again is a word I learned from the Conservative party — by the way they terminate peoples appointments.

And by terminating, by the threats or the sword of Damocles that hangs over him, he may be adversely influenced, and he should not be put in that untenable position of having to relate his integrity, his independence to the renewal of his job.

It's not just a speculative thing, Mr. Speaker, because when the current Provincial Auditor retires there will be another appointment made. There will have to be recruiting done. The government will have to look about, ask for applications, consider applications. I don't know how many people would be prepared to apply for the job, knowing that there is a ten-year term, after which the job may be terminated. This is a very senior position. It will require a person with a great deal of experience, and it may well destroy the opportunity for government to employ a person, highly qualified, highly skilled, who yet feels that he would like to know that his future is not at the whim of an unknown government, because certainly when he's appointed he would know full well that 10 years hence the government cannot be foreseen, nor the nature of the animal with whom he will have to deal, is such that would be fair and objective on his way.

I'm told that the Federal Government's, I believe, is also a 10-year appointment; and I'm told that B.C. has fewer years of appointment; and that Ontario, on the other hand, has an appointment that goes to age 65, subject to termination, I think similar to that of ours.

Mr. Speaker, clearly there are two points of view — there may be more than two — but clearly there are points of view, well, let's postulate three of them. One would be the kind of appointment that we now have in the legislation, which provides for permanent employment until retirement age, subject to recall by a two-third majority of the Legislature. Another would be what is proposed, which is fixed term subject to renewal. And the third would be no definite term, but subject to termination under certain circumstances. Each of the three, in my opinion, have validity. Each of the three, in my opinion, can be justified in the minds of people who make the decision. I am voicing my opinion, and that is that I would sacrifice any opportunity to terminate the appointment in a period less than the full term. I would sacrifice that to maintain the integrity and the tenure of office of the Provincial Auditor, and that is my opinion. And I say my opinion, Mr. Speaker, because as was pointed out by a member of our caucus, one of the problems with Speed-up is that very often one does not have an opportunity to caucus all aspects of legislation as it comes in in the dying hours of a session, and therefore, I think it should be stated that there are new bills that have come in which caucus has not had an opportunity to study as well, and I'm saying that without

any particular criticism, but just recognition of a fact, none of us wants to stay here indefinitely and therefore I think we accept that.

There are several features to this bill, which state the law as I understood it to be, and I suppose it's possible that it is thought desirable to have it in for the sake of clarity. For example, the statement that the Auditor may contract for professional services — I always had the impression they could. As a matter of fact, the government insisted that they could, and the government ordered the Provincial Auditor to appoint certain firms to do his work for him. And I'm saying that again, with a great deal of sense of criticism, but we've discussed that. There's no doubt that there are certain Crown agencies whose auditors shall be appointed by the Lieutenant-Governor-in-Council, and that they may appoint the Provincial Auditor, and when we were in government we did appoint the Provincial Auditor.

But there is legislation, and I believe there are five Acts, and I think they are referred to at the end of this bill, where the law says that the Provincial Auditor shall conduct the audit of certain Crown corporations. This government ordered him and I use that word in the full sense of its meaning — ordered him to appoint another auditor, private auditor to do the job; and we do recognize that under the law he had a right to say "No, I don't want to." I suppose he had a right to say, "I want another one, other than the one I was order to do." But since the ones he was ordered to appoint were acceptable to him, as being adequate or, well satisfactory auditors, he accepted the order. And I say "order" and they may say "recommendation" and we can play with words, but as far as I'm concerned, it is clear from transcripts of the meetings that have been held that the Auditor did not agree with the decision. He actually resented and resented strongly, and I believe he did this openly in the committee, the thought that an outside private auditor would be more independent than he was. The word used was "independent", I think, in a news release by the Minister of Finance, and when we asked him would they be more independent, because that was the thought, they would create greater independence. He resented the thought that anyone could be more independent than he.

Well, we've been through the reasons for the government's actions. Certainly I don't agree with them, and I feel that they did the wrong thing, but I did believe that he had the authority to contract for professional services. Otherwise, has he been breaking the law? Has the government forced him to break the law, if he did not have that right? —(Interjection)—

Mr. Speaker, there is one section I don't fully comprehend, and I hope we'll hear about it. It adds to the powers of the Auditor as they're expressed in the present law. The words, "and may make orders, rules and regulations with respect thereto" — that's with respect to the operation of his office. That sounds to me like it's laws, that he's going to pass laws — orders, rules and regulations. Maybe it is meant that, as being the person in charge of his office, he shall lay down the formats under which they operate, but I don't think even employers normally are allowed to make orders, rules and regulations. However, I'm sure that we'll get a response to that from the Member for St. James. I even wonder why it's necessary to do that, but it almost makes it appear to me that he can makes rules, regulations and give orders that affect the terms of employment and almost take his employees out of the operation of the MGEA contract. Even that could be possibly interpreted.

There are other sections. For example, there's a section that says "the cost of carrying on the business of his office shall be paid out of consolidated funds." I didn't know that they couldn't be, and I'm sure they have been, so again — I have to assume that it was not done contrary to the law, because, Mr. Speaker, I know we did it that way, and I'm sure we would not have done anything contrary to the law or the Provincial Auditor would have told us if that was the case.

One section that we must have clarification on, and that is the one that provides that Section 10 which deals with, I believe it deals with the post-audit, does not apply to any account that may be paid without a pre-audit. That sounds important; maybe it isn't. We certainly should get clarification. There can be certain accounts paid under certain circumstances without a pre-audit. But Section 10 of the legislation, which I have before me, provides for examination of accounts, all accounts of expenditure. And yet it seems that when there is a waiver of the pre-audit function there is a corresponding provision that Section 10 which deals with the examination of accounts does not apply. And we certainly must have clarification because I may have misread it, and my only excuse would be, I didn't have that much time or didn't take that much time to study it that carefully because I know that the Department of Finance and the Auditor's department will be able to explain it to the Member for St. James quickly and he will be able to account to us about that.

There is a change of a section of the Provincial Auditor's Act that deals with examination of accounts and I'm not clear in what way the new wording relieves the Auditor from his obligations under the old wording, and again I don't intend to study it; I think the Member for St. James has to tell us in what way the new section relieves him of any responsibilities and that it should so

relieve him. I think that we must have clarification. I'm dealing now with Section 12 to ascertain what is the reason for the change and an assurance that this does not in any way take away from his authority or his responsibility.

Mr. Speaker, there is a section which deals with the contents of the report. And if you read that section, you will see that the report, the contents of the report proposed in this bill, indicates that he has to bring to the attention of the Legislature certain matters in a negative way. For example, that accounts have not been faithfully and properly maintained, that essential records have not been maintained, that public moneys have been expended other than for purposes. In other words, that in a negative way he has to point out that things were not done correctly. As compared with the present law which reads, "In the sense that he shall make an annual report as to his examination of accounts, as to the validity of the accounts, as to warrants, as to checks and as to any important changes". In other words, where he has to make a positive report, he is now required to make what I term a negative report.

I will come back to that section because I think that's the most important one with which I would like to deal. Even this, Mr. Speaker, let us remember the Provincial Auditor is there to give his report to the Legislature, not to government. It provides that he shall send his report to the Lieutenant-Governor-in-Council and then there's an addition that says, "The Lieutenant-Governor-in-Council, upon receiving the report of the Provincial Auditor may direct that copies of the report be sent to members of the Assembly". Why should they even have the choice of directing whether or not the report should be sent? Why indeed should they even receive it and send it on? Why is it not sent out directly by the Provincial Auditor to the members of the Legislative Assembly or as appears elsewhere in another amendment, where they say that when the Legislature is not in session the special report shall be delivered to the Speaker and the Speaker shall forward copies to members of the Assembly. That makes sense. The Speaker is the servant of the Assembly. He receives it on behalf of the Assembly. He must send it on. I don't know why, and maybe it's an oversight or maybe it's one of those cases where a lawyer will say, well, "may" means "shall". I never did quite appreciate that distinction that there are times when "may" means "may" and times when "may" means "shall" in legislation. But I'd just as soon see to it that the Provincial Auditor's report shall be sent to members of the Assembly and I don't see why they have to go through the Lieutenant-Governor-in-Council.

There are certain changes regarding report on government statements which I think should be clarified and will have to be clarified. There are changes in provision for special audits, which I think should be discussed and we should learn what the impact is about payment of the audit as to whether the Lieutenant-Governor shall have the right to have the payment for the Auditor on special audits be paid by consolidated revenue or be paid by the agency which is being inspected by the Auditor. And we have to recognize that one of the most important features here is that the Auditor acquires the right to inspect every person, association, society, commission, board, corporation, who receives a grant or advance of public moneys which are either borrowed or paid for, or guaranteed by the Crown under any Act.

Recipient of public moneys. Now, that's a very broad description. It applies to any individual who gets a grant such as, I suppose, the Arts Council may give or such as the Minister of Labour may give, for example, to some unnamed political party, unnamed only because it's so well known, to give them the right to send the Auditor in to check them out. Some of these are, I think, justified, others may not be, but the cost is also something for which the Lieutenant-Governor will have control.

One basic thing about Crown agencies, Mr. Speaker, is that the Provincial Auditor is given the authority to — he can rely on the report of the duly-appointed auditor of any agency or and he may, nevertheless, request an agency to give him more information. There's nothing in this Act, and I think this is the basic oversight, if not a fault. There's nothing in the Act that puts on the Provincial Auditor the obligation to review the financial statements of Crown agencies in those cases where he does not perform the audit. I think he should have that obligation. I do not want to relieve him of the onus of reporting to the Legislature that he is satisfied that an account is properly presented and properly certified.

I don't require that he do another audit or re-do what was done by someone else, but I think he should be required by the law to look at the auditor's report, whoever the auditor was, so that if questions arise he will be honour-bound to make the inquiry. There's nothing in the Act which says that he has to look at, let us say the Hydro report, the Telephone report or any report.

Now, I'm differentiating that from doing it as of the New Democratic Party government, he was actually responsible for doing it. The Conservatives decided that they would not. They would not just relieve him of the responsibility; they would give the responsibility to private auditors.

Well, I want to make sure that he has to look at that report. Not that he "may" but he "shall" look at the report and then assume the responsibility should be his, of telling us which I think here

everything seems all right or there are certain doubts, which I investigated.

Mr. Speaker, let me now zero in on what I find most objectionable. I must say, Mr. Speaker, I cannot help but remind honourable members that it became clear that it will cost the Crown agencies about \$100,000 more to carry out the Conservative decision to have private auditors, than it did to have the Provincial Auditor. I expect that right away I would be told: Yes, but they are being paid fairly. And, indeed, I believe they are. If they add on a tremendous, let's say, 75 percent or even 100 percent to the cost of the auditor who is doing the work, for their overhead and for their profit, that might not be unreasonable, but, Mr. Speaker, it's also unnecessary, because the Provincial Auditor's overhead doesn't change. It is not being reduced by the decision of the Conservative government. He told us just the other day he is occupying the same space that he did occupy at a time when he was doing the audits for the Crown corporations. So that the fact that his markup, if you can call it that, his add-on of a percentage, is not comparable with that of private auditors doesn't make it any less correct in that the other expenses that he has run on anyway.

So it's something less than \$100,000, but substantially more is being paid to private auditors by the Crown corporations than they had to pay the Provincial Auditor. And, to me, that's a waste of money, Mr. Speaker. If it were justified I would expect the Conservatives, in consistent fashion, to fire all the lawyers who work in the Attorney-General's Department; to fire all the engineers or architects who work in Public Works Department; to fire all professionals that work for government under the Civil Service and then to hire help under the scheme that they have devised relating to Auditors, and employ law firms. And if they have trouble finding lawyers, I can give them a list of lawyers and law firms who would be glad to work for the provincial government. The list is one which I would only have to duplicate because back around 1966 or 1967 I indeed got a list when I asked for an Order For Return for private lawyers engaged by the Conservative government, and no doubt there is such a list of those used by the New Democratic government. But they were special cases, and I would expect, to be consistent, they will start dealing in other professions and running up much greater costs for service to the people of Manitoba.

Mr. Speaker, the one question that we have debated over the last few years in Public Accounts I think relates to the content of the report provision which reads "that public moneys have been expended", that he has to report, bring to the attention of the Assembly any cases in which he has observed that public moneys have been expended without due regard to economy or efficiency or "that satisfactory procedures have not been established to measure and report the effectiveness of programs, where such procedures could appropriately and reasonably be implemented."

And that applies not only to government, it also applies to agencies which are in receipt of grants or which are in receipt of public moneys, which means any moneys whatsoever that are made out of moneys provided by the Crown. That means that the Provincial Auditor is being given the authority to hire social workers, to hire engineers, to hire other forms of professional competence to tell him whether or not there has been economy or efficiency. A bridge is being built; it is his job to go out and find out if the cement is properly mixed and there is not too much sand in the structure. A program is carried on by any social agency; there is work being done for mentally retarded and the Provincial Auditor is required to check on economy or efficiency.

The Member for Inkster added the phrase "Land is being sold". Need I remind honourable members about the way in which the Minister of Agriculture describes a reserve bid has been said and should be ; said? And you'll note the Provincial Auditor didn't come along and say that that's a stupid way of doing things or it's a wrong way of doing things. No, he wasn't even allowed, under his Estimates, to tell us what was being done. You will recall that, Mr. Speaker, even though you weren't in the House at the time. He wasn't allowed to do that, but here he is being given the authority to go way beyond that and deal with economy and efficiency of expenditure, and that procedures have not been established to measure and report the effectiveness of programs.

Now, Mr. Speaker, how is he going to do that? What capacity must a person have as an Auditor to look into a study of effectiveness of programs? Mr. Speaker, we know full well that there are programs one cannot measure but there are many people that have opinions on effectiveness.

The Minister of Economic Affairs — I'm sorry he's not here now — could no doubt tell us all sorts of programs with which he agrees and disagrees as being effective in the field of assisting the economy of the province, and there can be all sorts of debate, but we're going to expect the Auditor to tell us whether there have been established procedures that a re satisfactory to measure the effectiveness of programs. How do you do that? You know, we found that this government made grants — I forget how many millions of dollars — to promote jobs for students last summer. They're still studying to find out the effectiveness of it, but I think it's pretty clear that people have been hired that would have been hired anyway; people may have been hired who weren't needed anyway, and to measure the effectiveness is going to be a judgmental feature which I don't think an auditor can do.

Now, I know we have had reports from Ottawa about horses and about all sorts of extravagant conclusions drawn by the ederal Auditor but we had clarified over the last number . of years that the Provincial Auditor had the same powers as the Federal Auditor had to make the comments, but his style was different. I don't know; if government wants to have a style changed, all it has to do is change the Auditor, I suppose, and encourage him to change his style. But to direct him to report on satisfactory procedures, if he is going to do it properly he is going to have to have a tremendous increase in his staff and he is going to have to include many people more than accountants, in the end, with all the advice he can get, he will give us a personal opinion about procedures to measure effectiveness of program.

Mr. Speaker, we almost don't need to have democratic elections because pretty soon the Auditor will tell us how to judgethe effectiveness of a program, and we won't go back to the people and say, "This is a record of our work, this is what we tried to do, this is what we accomplished." The people will now have to just look at the Auditor's report, and say . . . that government did not establish satisfactory procedures. He is making an opinion, a judgmental opinion, on which we should decide whether or not to re-elect the present government, which is reporting on a stewardship. It is wrong to impose this obligation on the Auditor. I believe that when we discussed this years back, he wanted that authority. I think he should not have that authority. I don't think we ought to give that to him because it will put him in a very difficult position to be able to respond with the same integrity I spoke about earlier, but most of all it takes away from the people who govern the proper way in which they can structure a program and report on it and be accountable for it, to the people who elect him and not to auditors or to other professionals, who may be brought in as a technocratic government would expect them to do and deal with statements and accountability in that way.

So, Mr. Speaker, there are items in this legislation which are acceptable because they are updating an Act, they are clarifying; possibly they're making legal what was not legally done by the Conservative government, but there are certain features there which are adverse, and which should be studied in great detail in committee, in the presence of the Auditor and in the atmosphere of Public Accounts, where I expect this bill will be referred. —(Interjection)—

I'm told that the proposal from the House Leader will be that this be sent to Law Amendments. I'm not sure that I care very much where it is, providing we are very sure that the Auditor will be present, that the Finance Department representatives will be present, that we will have the same opportunities to delve into this bill as we would in Public Accounts. For purposes of convenience, Mr. Speaker, I don't think it's that important what the name of the committee is, as long as it has the same relaxed and informal way of dealing with this bill.

**MR. SPEAKER:** The Honourable First Minister.

**HON. STERLING R. LYON (Charleswood):** Mr. Speaker, it is not my intention to delay the date on this bill for any great length of time, but having heard some of the comments of the Member for St. Johns today and on earlier occasions, I thought it was perhaps worthwhile during the course of consideration of this bill, to set a few facts straight on the record as to what is really being attempted by the bill, and to deal more particularly with the topic of outside auditors, which has seemed to engage the attention of the Member for St. Johns unduly, and who for reasons that only perhaps he could explain, he is trying to make it appear as though the present Government of Manitoba is doing something unusual by the reappointment of outside auditors, to assist the Provincial Auditor in the auditing of the books of the biggest business in this province, namely the Government of Manitoba, its Crown corporations and other entities.

So if I may, Mr. Speaker, may I say just a few words on the bill at the present time. Number one, it is a compendium of a number of recommendations that have been made over the years by the Provincial Auditor, which were not acted upon by our friends opposite, and I'm not attaching any opprobrium or blame, but they were not acted upon, and we in our wisdom as government, as part of the defined policy that we had set forward when we were in opposition, and consistently again in government of greater accountability, have decided to bring these recommendations forward in the form of the bill that is in front of us. —(Interjection)— It would be fine. Mr. Speaker, I'm not going to stand here and say that the bill is perfect. Some of the objections or some of the suggestions that may be made by honourable members opposite, may well be improvements to the drafting of the bill, and I think that their suggestions in this regard should be considered carefully, because no piece of legislation of this complexity is ever, certainly by anyone who's been in this House for any length of time, has ever thought to be perfect. So we do listen with interest to the positive, constructive suggestions that I'm hopeful will come from the other side of the House, and if the legislation can benefit from that, from those suggestions, then, of course, it would be in the interest of the House and ultimately of the taxpayers of Manitoba that the suggestions be



So that's why the bill is here, because it does represent something that the Auditor has been asking for over a number of years; it represents as well a compendium in general terms of provisions that can be found in most other jurisdictions, including the federal legislation, to arm the Provincial Auditor with powers that are now, generally speaking, common in most of the jurisdictions across Canada.

I must say, just by way of aside, Mr. Speaker, that I find it a bit ironic to hear the Member for St. Johns stand up in the House and stand as the great defender of the Provincial Auditor, and of the powers and of the independence of the Provincial Auditor, and so on, because I'm one of those whose memory goes back awhile. And I remember so vividly in 1977, when the Provincial Auditor appeared before the Public Accounts Committee, when the then members of the opposition, including myself, were defending the Provincial Auditor against some of the criticisms made by the Member for St. Johns. The Provincial Auditor then criticizing the administration, of which the Honourable Member for St. Johns was a distinguished member.

**MR. CHERNIACK:** I didn't fire him, did I?

**MR. LYON:** Well, Mr. Speaker, the Member for St. Johns says he didn't fire him. He couldn't fire him. We found ourselves in the position, Mr. Speaker, only two years ago, and I know that there are people in the press gallery, and there are others even in this House, who won't recall this, where the Member for St. Johns found very distasteful, the Auditor carrying out his legal responsibilities to this House by pointing out areas of maladministration in the former government.

**MR. CHERNIACK:** That's not true.

**MR. LYON:** Mr. Speaker, my friend from St. Johns says it isn't true. Mr. Speaker, I remind him of the incident, I don't have it in front of me but it's easily found in Public Accounts — it's easily found in Public Accounts where the Provincial Auditor brought to the attention of the Legislature of Manitoba, the manner, the negligent manner in which a piece of property had been purchased by one of the arms of government — I believe it was CMHC — without a search having been done, and so on. And they found subsequently, and I'm paraphrasing the story, just from memory, they found subsequently that there was an outstanding mortgage against the property because the legal work had not been properly done. And as a result of legal and audit inquiries, they were able to straighten the thing around, but really it had just been one of those quick actions that had been taken by somebody in the administration; it wasn't any of my honourable friends opposite so far as I'm aware, and the Auditor saw fit to comment upon that and say, "This is no way for an administration to be operating, or to be running public affairs." Now, that's quite a legitimate thing, and may I say right away, Mr. Speaker, I'm sure that during the life, the several terms of life of this government, the Provincial Auditor is going to find areas where the administration have probably made errors in the conduct of public affairs, which he will wish to comment upon. I would only hope, Mr. Speaker, however, that we would never find ourselves in this side of the House, in the position that the Member for St. Johns put himself into, only two years ago, when he was criticizing the Auditor for even mentioning this topic in the Auditor's Report.

**MR. CHERNIACK:** That's not true.

**MR. LYON:** Well, Mr. Speaker, the Public Accounts are there, the incident is there, and the record of Hansard is there, and I'll be quite happy, Mr. Speaker. . . if I had enough time to do that kind of research, I'd be quite happy and I will — I'll get it looked at — refer my honourable friend to the pages. Because I was in the committee, I sat, I must say, Mr. Speaker, in amazement, and listened to this kind of back and forth going on between the Member for St. Johns and the present Provincial Auditor, on an item which was really beyond question. The Auditor was doing his job; the Honourable Member for St. Johns for reasons that I can't remember, the Member for St. Johns thought that there was really nothing too terribly bad about it. Well, Mr. Speaker!

And that was not the only incident, Mr. Speaker. There were other occasions as well, where the Member for St. Johns was really not all that enamoured — let's put it that way in general terms — of the work that was being done by the Provincial Auditor. Now, I mention that not again by way of opprobrium or anything at all, except by way of irony, because when this bill is brought forward to the House, to give the government and the people of Manitoba greater accountability, it is the Member for St. Johns who stand up and casts himself in the role of the knight in the shining armour and says, "Ah, well yes, we must do this, we must do that, and the government is bad for doing this and for doing that, and so on" and I'm not going to get into all of the detail. But I merely wish to point out the irony of the situation, which does not go unnoticed among all

members of the House, Mr. Speaker.

**MR. CHERNIACK:** . . . the waters should know the truth.

**MR. LYON:** Well, Mr. Speaker, we all know the truth about the Member for St. Johns — yes we do.

Mr. Speaker, on the question of outside audits. We've heard a great deal of palaver across the way about outside audits, the fact that they aren't needed, and so on and so forth. Well, Mr. Speaker, what was the situation in 1969 when my honourable friends came into office? All of the major Crown corporations, under the guidance of the Provincial Auditor, had outside auditors. What was the situation in all other jurisdictions in Canada? — so I am informed — the same. What is the situation in other jurisdictions in Canada today? They all, according to the best information we can get from the departmental staff, they all have outside auditors, precisely as we have proposed the Crown corporations will have here. Why? To erode the work of the Provincial Auditor? Not at all, Mr. Speaker, but to assist the Provincial Auditor in one of the most difficult jobs. If it's wrong, Mr. Speaker, to do it in Manitoba, why is it being done in every other province and in the federal jurisdiction? My honourable friends you see, Mr. Speaker, have this penchant, as I've said before, for trying to make their eccentricities appear to be normal, for trying to make their aberrations of policy appear to be normal. And I find it particularly amusing at times for particularly the Member for St. Johns, to be up on his feet complaining about the hiring of outside auditors to assist the Auditor in doing a better job of accountability when . . .

**MR. CHERNIACK:** It's a waste of money.

**MR. LYON:** He says it's a waste of money. We'll get to that point in a minute, Mr. Speaker. — . . . when it is the practice that is followed according to the best information we have, in every other jurisdiction in Canada.

**MR. URUSKI:** It's a waste no matter where it is.

**MR. LYON:** Oh, so we hear that great, we hear, Mr. Speaker, from the second row, the Member for St. George, that great expert in accounting matters, telling us that it's a waste of money. Well, Mr. Speaker, the only point I wish to make, and I think I've made it without repeating myself, and I don't wish to fall into the errors of the ways of my friends opposite by confusing repetition with making a point or with sealing an argument. The only point I wish to make is that the Government of Manitoba today is restoring to the auditing situation in the Province of Manitoba, something that the NDP took away, for no good reason that I know of — now, you may speculate, it may be because of the notable anti-professional attitude that is present among some of their members, not all of them, but some of their members. It may well be, Mr. Speaker, because they thought, but I must say wrongly, that this was going to save the taxpayers money. But, Mr. Speaker — (Interjection)— no, I wouldn't even ascribe it to Marxism, I wouldn't even ascribe it to Marxism for the benefit of my honourable friend from Inkster. You know, I'll make that ascription any time it's appropriate, but I know that he says that in good humour, and I respond in the same way.

I really don't know why, Mr. Speaker, I really don't know why my honourable friends opposite saw fit to make Manitoba the only province in Canada out of step with the regular process. And then when the regular process is reinstated in Manitoba to try to make it appear unusual that Manitoba should be hiring outside auditors. It is this kind of irony, it is this kind of everybody's out of step but our Saul, you know, kind of business that I find particularly amusing.

**A MEMBER:** Your Saul, not ours.

**MR. LYON:** So, Mr. Speaker, the argument is even more amusing, when one considers that during the course of office of that same government, over a period of eight years, did they disengage from private auditing firms doing the books of certain Crown corporations of the government? No, of course, they didn't. They hired private Crown corporations, and I'm sure the Member for Inkster can give you instances of where he or other members of the Executive Council at that time, preferred to have private auditors come in and do the books, under the guidance of the Provincial Auditor. And I've been given, Mr. Speaker, an indication of some of the companies that were audited, both by the Provincial Auditor and by private companies. And I merely remind my honourable friends opposite, because we heard some word from the Member for St. Johns about consistency.

Well now, let's get on to the question of consistency. They say it is wrong for the present government of Manitoba to have major outside audits done by private auditing firms, but was that practice wrong when they were doing it when they were in office?

Well, Mr. Speaker, they had Cybershare Limited for some time audited from 1973 to 1976 by the Provincial Auditor, and then in 1977 they brought in Coopers and Lybrand to audit Cybershare under the guidance of the Provincial Auditor. They had William Clare, another one of their creations, audited privately from 1971 right through to 1978 by private firms, and the names of them were: R. S. Ball and Company; Arthur Andersen and Company; and in the later three years, Wintemute Randle. Mr. Speaker, they had Dawn Plastics Limited, another one of their creations audited from 1971 to 1973 by W. D. Love and Company, and then by 1974, and 1975, and 1976, by the Provincial Auditor, and then in 1977 they called in Bert Newman and Company to do the audit of Dawn Plastics. And, Mr. Speaker, nobody complained at the time that they were trying to line the pockets of the auditors, in fact we said when we were in opposition — and I said in the same committee meeting to which I referred earlier on the Public Accounts Committee — and I asked the Provincial Auditor, the same Provincial Auditor we have today, if he would object to having private audit firms come in to assist him in the overall responsibility? And his answer then was clearly: "Of course not." Because of course we have that kind of assistance going on at the present time.

So, Mr. Speaker, I find it amusingly odd that the member for St. Johns thinks that all of us have such short memories that we would now hear him stand up in this House and condemn us for doing what everybody else in Canada is doing, and what his own government did when he was in office, and yet ascribe some false or gutter motives to it — we're trying to line the pockets of our accountancy friends or words to that effect. I don't want to get down to that particular level of debate with the Member for St. Johns, but he knows what I think of it, and he knows that when he and his administration were assigning private audits we never made any such allegations because we wouldn't believe them. These are all reputable firms. If they're not there's a professional association to make sure that they remain reputable and honest in their dealings with the government and all other people.

But let's continue. Dormond Industries Limited, another one of their creations, audited 1971, 1972, by Deloitte, Haskins, and Sells; 1973, 1974, 1975, by the Provincial Auditor; 1976, 1977, and 1978 by Abbott, Harrison and Company. Is there anything wrong with that, Mr. Speaker? We see nothing wrong with it — no.

Morden Fine Foods was audited during all of the years that they were in office by the Provincial Auditor. Flyer Industries Limited from 1969, Price, Waterhouse and Company continued all the way through to 1976, and they were replaced by my honourable friends in 1977 according to the figures I have here by Dunwoody and Company who continued to audit them, 1977 and 1978. There is nothing surreptitious about that, nothing wrong with that when they did it. Why is it wrong now for the government of Manitoba to use the same procedure for outside corporations?

Mr. Speaker, Saunders Aircraft, another one of their creations that they perhaps best like not to think of too much, 1971 audited by Deloitte, Haskins and Sells, and right through until it was finally disposed of by Price, Waterhouse and Company. I'm sure the Member for Inkster who had some considerable connection with that company of Saunders Aircraft during its ill-starred years of life before bankruptcy had no objection to outside auditors doing their books, in fact I'm sure that if you ask my honourable friend, and he spoke frankly as he always does, that he would agree that they were probably good auditors to have for that company. The Venture Manitoba Tours, Mr. Speaker, that was done by the Provincial Auditor all the way through. A. E. McKenzie Company Limited which has been a Crown corporation for many many years was audited in 1970 by MacDonald, Currie and Company; 1971 the same company and then 1972 to 1978 by Meyers, Norris, Penny and Company, I believe that's a Brandon firm of chartered accountants. Anything wrong with that, Mr. Speaker? I think not. Were the honourable members opposite committing some act of robbing the taxpayers of money when they assigned these outside audits to these companies? Not at all.

The Pas Forestry Complex in receivership; 1971 to 1977, Touche, Ross and Company, all the way through — anything wrong with that? No. The Manitoba Forestry Resources Limited, the successor company, done by the Provincial Auditor. Tantalum Mining Corporation of Canada, 25 percent owned by the Manitoba Development Corporation, audited 1970 by Deloitte, Haskins and Sells, and since 1971 to the present time, according to the information I'm given, by Thorne, Riddell and Company, another outside auditing firm. Anything wrong with that? Were they lining the pockets of their friends in the accountancy profession? Of course they weren't, Mr. Speaker. They were following the acknowledged practice in all other jurisdictions in Canada, to have the Provincial Auditor assisted by reputable outside auditing firms.

Misawa Homes of Canada, Mr. Speaker, 1972 — MacDonald, Currie and Company; 1973 through to 1977, Coopers and Lybrand Company. Now is my honourable friend from St. Johns going to

stand up and say that it was wrong of his administration in retrospect to have hired these private auditors? I think not, Mr. Speaker. No, but my honourable friend can't have it both ways as he so often tries to do, Mr. Speaker, he can't have it both ways and say when we do it, we, meaning the NDP, when we hire outside auditors we're doing it for only pristine pure reasons, but when you hire them, when you terrible Conservatives hire them, of course your hiring them to favour your friends, your hiring them to line the pockets of the accountants and so on.

Now my honourable friend, Mr. Speaker, can't have it both ways. He's got to choose the bed that he is going to lie in and he's made himself, as the English expression goes, he's fouled both nests. And he's got to —(Interjection)— Mr. Speaker, I remember years ago my honourable friend being titilated by a well known English expression which is used by the best parliamentarians in the western world. I wish he'd acquaint himself with it and he wouldn't perhaps be so funnily upset about statements that are made —(Interjection)— decency, Mr. Speaker I would never sit at the feet of my honourable friend for St. Johns for a lecture on decency.

Well, Mr. Speaker, I thought it was worthwhile to interject in the debate these few comments about outside audits, merely to prove the absolute fragility, if not indeed the absolute nonsense, of the arguments being put forward by principally the Member for St. Johns opposite and arguments that he has put forward time and time again throughout the length of this Session; trying to indicate that my colleague, the Minister of Finance; trying to indicate that the senior officers of the Department of Finance or the Provincial Auditor himself are being forced into some kind of erratic behaviour, some kind of erratic bookkeeping system that doesn't apply anywhere else.

And I come back, Mr. Speaker, to the fundamental point that my honourable friends have a tendency, but in particular, some of them to try to make what is eccentric appear normal and to try to make what is normal appear eccentric, and that's the example that we're seeing. It's an old, and I'll use the term, it's an old socialist trait to try to make what is eccentric appear normal and, Mr. Speaker, I merely rise in as good humour as I can to point out, once and for all on the record, how silly, how silly the arguments are that have been used by the Member for St. Johns in the light of his own record, of the record of his own government. And how, in his attempts to put words into the mouths of other people such as the Provincial Auditor, resenting I think was the verb that he used, the Provincial Auditor resenting the appointment of outside auditors.

I ask my honourable friend, Mr. Speaker, to go back to the debates of 1977 in Public Accounts Committee where, as Leader of the Opposition, I asked the Provincial Auditor if he objected, or would object at any time and his answer, as I've said before was "No", because in fact, we do this. And, Mr. Speaker, my honourable friend would make it appear as something surreptitious that we're doing.

We campaigned on the basis of having more accountability in government because we were not satisfied that my honourable friends opposite were of that mind. And, one of the points that we made publicly, Mr. Speaker, was that we would restore the outside auditing firms to the audit of government books and Crown corporations to assist the Provincial Auditor in his job.

So, Mr. Speaker, it was on the record; we campaigned on it. If my honourable friends felt so badly about it, why didn't they raise it during the election? Why didn't they apply all of the words of opprobrium that we hear today, from the Member for St. Johns who has repeated and repeated this throughout the length of this Session?

So I welcome the opportunity to make these few comments at this time and to indicate to my honourable friend, with respect to the outside auditors, that he is really trying to make a case where no case exists; that Manitoba is restoring the auditing situation to what it did obtain prior to 1969, and what does obtain in all other jurisdictions and, notwithstanding, his attempts to make that appear to be wrong, to make that appear to be a waste of the taxpayers money; to make that appear to be something that really shouldn't be done by a government, that those arguments disappear on the winds in the face of the facts of life, both in Canada and in this jurisdiction.

And I invite my honourable friend from St. Johns to take a look at some of the back Hansards in Public Accounts Committee, and to remind himself of some of the statements that he used to make when he was on the government side, and to refresh his memory a bit as to what we were saying at that time about restoring, as we are doing and as the Minister of Finance has done, restoring normality to the province by having outside auditors come in to assist the Provincial Auditor.

Mr. Speaker, it's one further way of guaranteeing that you can have the administration of government and of Crown corporations, under whatever party is in office at the particular time, at least exposed to some of the tests that apply in the private sector, and some of the management tests, some of the accounting tests. And if you have to pay a little bit more for it, I think it's well worthwhile in the public interest to have that kind of benchmark available for the administrators.

I rather think, Mr. Speaker, if the administrators were allowed to speak on this they would tell

you that they prefer very often, if not in most cases, they prefer to have this kind of outside benchmark always working under the direction of the Provincial Auditor.

And I finally remind my honourable friend this, and it's only a small point, a niggling point, but I sometimes get trapped into using niggling points myself because I hear so many picayune arguments, particularly from the Member for St. Johns. But, Mr. Speaker, if it is wrong for the government to hire outside independent auditors to work with the Provincial Auditor, why then has every Parliament of Canada and every Legislature of this province required private corporations to have outside independent auditors? Why? Because it's thought to be in the best interests of shareholders; it's thought to be in the best interests of the public, and that is done. And it's not really an argument that is worth repeating, Mr. Speaker, but what's wrong with having private auditors come in to assist the Provincial Auditor in the heavy job that he has to do, particularly when the books of account of the province, of the inner government itself, now stand at about \$1.7 billion a year, and when the Crown corporations added on to that give you a multi-billion dollar operation?

I'm satisfied, and have been satisfied for many years the best operation that any government can have is to have private auditors assisting the Provincial Auditor for the sake of the taxpayers, regardless of what government is in office.

We proposed that when we were in opposition; we are effecting it now that we are in government; it is in the public interest, and I ask for the support of this bill.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Yes, Mr. Speaker. I welcome the participation of the First Minister in the debate. If it only serves, Mr. Speaker, to point out a distinction which, I rather believe from his remarks, that he really doesn't see, because Mr. Speaker, one thing I always respect the First Minister for is that he believes 100 percent the position that he is putting forward. I've always indicated that his greatest strength is his conviction; Mr. Speaker, it also happens to be as a corollary his biggest weakness, because his conviction that he is right in this respect Mr. Speaker, has prevented him from seeing the distinction.

And let me say, Mr. Speaker, that he directed most of his remarks and his criticism to the Member for St. Johns, when the matters he was dealing with really reflected that criticism should have been directed at me rather than the Member for St. Johns, because I am the one who made the distinction which had nothing to do with the Member for St. Johns with respect to commercial corporations operating within the ambit of the Manitoba Development Corporation.

And what we said to the boards of those corporations is that if it is commercially unfeasible to use the Provincial Auditor we will say that the Board of Directors will be able to hire whatever auditor they want to. And that's why, Mr. Speaker, the First Minister has referred to a whole series of corporations where the Provincial Auditor was hired by the board without any interference, encouragement or otherwise by the government of the province of Manitoba. They only asked for authority to do that, and they were told that they can't. And the most glaring example and the one that I think should even convince my honourable friend if he will think for a moment, rather than talk about hoary socialists, is Tantalum Mines. I mean, he brings up that we hired a private auditor for Tantalum Mines. What did the government of Manitoba have to do with the hiring of the auditor for Tantalum Mines?

First of all, Tantalum Mines had an auditor in 1969, hired by that Board of Directors. I'm not sure that they changed it, but if they did, we were a 25 percent shareholder in Tantalum Mines. Not that our 25 percent would have appointed the Provincial Auditor, but can you imagine, Mr. Speaker, 75 percent shareholders of a private of the corporation which has to file Income Tax with the province of Manitoba hiring the Provincial Auditor to do its accounting? I mean, it is incredible that the Minister will not see the distinction. I have had no argument, nor has the Member for St. Johns had any argument with the Provincial government hiring private auditors under those circumstances.

Indeed, Mr. Speaker, although I have had argument with it, I have not raised the point about them hiring private auditors in other Crown corporations where the statute hasn't said that it shall be the Provincial Auditor. Even though I have disagreement with that, I recognize that that is a prerogative of the government. I may disagree with it. I may criticize it in debate, but I have not made a serious issue out of it. But Mr. Speaker, what these people have done is told the Provincial Auditor not that he may hire a private auditor but that it is government policy that he hire a private auditor for corporations where the statute says that the auditing shall be done by the Provincial Auditor.

Now Mr. Speaker, I tell that to my honourable friend. I say that there is a distinction. I say that

it is clear to me. I hope it is clear to the public. I hope it is clear to the members of the opposite side. I hope that they know that that is the dispute, and not bring up another dispute. Dormand Industry, a board of lay people chose the auditor. The government did not direct that it shall be public or private. At one point we told those subsidiaries that we would like them to hire the Provincial Auditor. That's why in one case, and I can't remember, but my friend read it to us — they had the Provincial Auditor. I think it was Dormand Industry, a small door company, and the Board of Directors said, "We are getting charges from the Provincial Auditor which are much beyond that which a company of this size should be paying". And we said, "That's fine. You have the authority to hire whichever auditor you want. You are not going to have foisted on you the Provincial Auditor."

And all of the companies that my honourable friend refers to were not Crown corporations, they were subsidiaries of the MDC and in no case and I tell the Honourable First — Minister whether he will accept it or not — in no case did the government direct who the auditor will be. Will he believe that? It was all done by the directors of those commercial companies. That's not what's happening now. We have the government saying that they are going to select ten auditors to work for Crown corporations. And the ones that I have been particularly critical about — not from the point of view of philosophical reasons, but from the point of view of reasons of procedure — are those where the statute says, "It shall be the Provincial Auditor." And for my honourable friend to go after the Member for St. Johns saying that the government hired these auditors, I would challenge the First Minister. The government as Executive Council — not that we are not ultimately responsible — had no role in the selection of the auditors for Tantalum Mines, for Cybershare, Flyer Industries, Saunders Aircraft, Venture Tours, for any of them except where it's stated to be the Provincial Auditor. Because we did, Mr. Speaker, in the same way as we said that we would like our Crown corporations to buy general insurance if it was competitive from the public corporation, we said we would like them to use the Provincial Auditor.

But if they didn't, we were not going to put the brakes on. You cannot have people serve as lay people on a board of directors if they do not have some flexibility in how they are going to operate the company. And my honourable friend just cannot make a case on the basis of his argument. He can make a case in this case, philosophically. Really, this is the one point where he did not use hoary Marxism as being our motivation. There is a little bit of socialism in it. We said that we would like the Provincial Auditor used for Crown corporations. We'd rather have him as a public auditor than a private auditor, and we say that he will be just as accountable. That really is the difference, and I think the Minister of Finance, a couple of weeks ago — or no, it wan't — it was the Minister of Consumer Affairs, the Member for Brandon West, who said, "It's a philosophical difference." and I think that in this case it is.

What I said was not a philosophical difference. And what I urged the First Minister to look at and try to see it without the blazing conviction that is within him that we are absolutely wrong and he is absolutely right, the statute says, "It shall be the Provincial Auditor." At least change the statute before you make the change in the auditor. I mean, he fired three Deputy Ministers before he became the Premier. We said that that was wrong. I sympathize with the First Minister. I think he knows that I would behave in government similarly.

Mr. Speaker, I would behave similarly, except I wouldn't do it the day before. I would do it the day after. But there is no doubt about that. I would not keep on Deputy Ministers who I felt were adverse to the policies of the government. I see nothing wrong with that at all. Why would I fool the people into electing me to government and then have working for me people who are going to do the exact opposite of what I want to have happen? So I tell the First Minister, the argument isn't that he made the change; that is a philosophical argument, but even philosophies aside, we are saying that you become First Minister first and you deal with your Deputy Minister second. I note for the First Minister's possible amusement that Joe Clark has now asked all the Deputy Ministers to be part of his team. So much for Joe Clark.

I can't understand that. I mean, there was this brave new world. I mean, I don't believe in conservatism, but if I voted for it, I'd want it. And now we have Joe Clark going to his captives and saying, "I permit you to imprison me". Maybe this is some type of sleight-of-hand, but certainly he has certainly changed his tune. And I tell the First Minister, Mr. Speaker, that the criticism or the response to the criticism does not wash, that none of those private auditors that he was talking about had anything to do with appointment by the government.

Mr. Speaker, I'm not even going to deal with that point because I described an attack on the First Minister as being a picayune point. He didn't repay us the compliment of saying that the point that he is raising is picayune, but it was picayune. Mr. Speaker, it was picayune. There is a grand distinction between those auditors that he is talking about. Think of Tantalum, Mr. Speaker, think of Tantalum. What have we got to do with appointing Tantalum's auditor? Why would you raise that? It's a weak position.

Mr. Speaker, I want to get away from that because the First Minister invited something from

this side which I think is useful on this question, particularly useful. He invited criticisms which he said could improve the bill for all. I want to tell the First Minister that I am now going to talk about how I would like this bill to be if I was governing or if I was in opposition. And Mr. Speaker, there are two sections of this bill which I say no government should want, they will come to regret and they will rue the day that they were ever included in this section. Mr. Speaker, they've already been referred to by the Member for St. Johns, but I would like to go just a bit further, or at least to reiterate the point, if that's all that I'm doing, that is, the sections which say that the auditor in his report will talk about whether public moneys have been expended without due regard to economy or efficiency, and that satisfactory procedures have not been established to report on the effectiveness of the programs.

Now Mr. Speaker, I do not think that the Conservative government would want some person — without any reflection on his integrity — saying that public moneys have not be expended with regard to economy or efficiency with respect to the hiring of auditors. Or, , that public moneys have not been expended with regard still worse to economy or efficiency with regard to the government deciding that they are going to subsidize Hydro rates out of consolidated revenues. Those are not matters upon which any auditor permitted to inject should be invited or permitted — I go further — himself in a political debate. And I respect it, what the Member for the Minister for Consumer Affairs? Crown Brandon West — corporations. When a question was asked as to whether or not the auditor commented on the reserve bid and how land will be sold, the member got up and said, "Those are questions of policy, and we will not have the Provincial Auditor commenting on the question of policy and saying whether that means that public moneys have been expended without regard to economy or efficiency."

Mr. Speaker, I tell the First Minister that if there was criticism, and I'm not even saying "criticism" — if there were words thrown back and forth between the Provincial Auditor and a member of the Executive Branch between '69 and '79, it was not the Member for St. Johns that he should be attacking, it was the Member for Inkster. it I saw from time to time as I believed it. I never said that the auditor should be dismissed. I never criticized him for what he has said, but I argued with what he had said. I do not permit the Provincial Auditor to be the last word upon a question, and I say that there are some questions in which he should not invest himself. I tell my honourable friends that, and I tell them that from the point of view of governing, and I say this, Mr. Speaker, probably more because I'm interested in protecting myself than I am interested in protecting them, because I'm hoping that we're going to be back on the other side.

But whoever is there, they should not set up somebody responsible to nobody, who appears to be in a position of passing on the economy of government policy. He should pass on whether the moneys have been expended in accordance with the law; he should pass upon whether they have been under the proper appropriations, but I urge, Mr. Speaker, and I urge it really with some passion — you've given us this bill, my friend the House Leader — you say, "You're always bringing in these important bills on the last days of the session." This is a very important measure. You don't need (d) and (e) this year.

I mean, some of the other things are rather unimportant, necessary, but do not have the same impact; you don't need (d) and (e). It will not be a victory for any opposition to get them out; they're not particularly important matters. I would ask you really to consider whether that kind of thing is something that is expected, and I want to remind the First Minister of James Coyne. James Coyne had no business whatsoever running around the country politicking against the Conservative administration, as Governor of the Bank of Canada. And yet at that time, it was looked upon, well, this guy is outside of politics. He is a super-bureaucrat. He is talking from on high.

What happened to that guy? The Member for Morris knows what happened. He had to vote to dismiss him. Eventually it went to the Senate. Didn't the Senate overturn the vote? I mean, it became a . . . —(Interjection)— Pardon me? Mr. Speaker, it was absolutely scandalous, scandalous. And that's what we are doing here.

You know, I heard the Federal Auditor on television. The First Minister will appreciate this. Air Canada was losing money. Their profit and loss sheet showed a huge loss, and I heard the Provincial Auditor criticizing the government. What was his criticism? That the government did not put in more share capital into Air Canada. That if they put in the share capital it would relieve Air Canada of interest, the company would show a profit — and these were his words — and everybody will be happy. Now, that's what the Auditor said.

Now I tell you, Mr. Speaker, if I was in that government, I might not win but I would say, do something about that Auditor. He is not saving the people of the country one cent. He is saying that he is going to make something politically palatable. Who told him to? If he wants to make something politically palatable, let him run for Prime Minister. Let him run for office. Don't tell us how to be nice or how to look good, tell us where we are overspending money.

And what he said, Mr. Speaker, I remember it as clear as I'm standing here, that if you gave

Air Canada, converted some of their debt to equity, then the balance sheet would show a profit and everybody would be happy.

I wouldn't be happy, but that's what he was trying to do. And I don't blame some of the federal Cabinet Ministers — they were not friends of mine but I don't blame them for being downright angry. And, Mr. Speaker, don't let the Provincial Auditor, for your sake and for our sake and for the sake of good government, and lastly, because he is my last concern, for the sake of the Provincial Auditor. Don't let him become involved in that type of question.

Mr. Speaker, there is one other provision of the Act on which my position differs somewhat from the Member for St. Johns, and that is with respect to what brings about independence, a feeling of non-pressure from the Legislature. You've put in ten years. The Act now says two-thirds of a majority of those voting. Mr. Speaker, I believe that I am a political realist. The Auditor is here because 51 percent or 50.-infinite percent of the Legislature says he should be here. That's the only thing that protects him. That's the only thing that will ever protect him. Just because it says two-thirds doesn't mean that 51 percent can't change two-thirds. And ten years can be changed by 51 percent.

So ultimately, if you carry it forward, it's 51 percent. And the day that a government says that they want to dismiss the Provincial Auditor and that they feel that they can go to the people and show that they are right, and show that the man is not doing his job, all of those so-called protectors of individuality go by the boards and what counts is whether the government can justify their position to the people of the province.

Now, I'm not suggesting, Mr. Speaker, that I would fire a Provincial Auditor by 51 percent because I didn't like what he was saying. Has that been my style in government? I mean, did we find that people in my department were reticent about making criticism, or the agencies that I set up, were they reticent? There were times that people were let go, for the reasons that I have given the Honourable the First Minister.

When Mr. Newbury on my staff says that he wants to be paid by my department and then fight politically against a program to develop power through the Churchill River Diversion and wants to go out on the hustings and debate it, my answer is: I am going to relieve you from working in my department so that you will feel complete freedom to debate that program. Yes. Would you act differently? Would you, if you now had on the Department of Finance somebody running around the province saying that the Finance Budget is a hoax, it should be turned around, would you say that that person should continue to work? I would say, "That guy's in politics; he should be free to engage in politics."

But, Mr. Speaker, I believe that I have been and would be — and I hope that I am right — as much able to withstand criticism and argument and try to justify my position, that I wouldn't say that a Provincial Auditor should be let go because I don't like what he is saying. No. I might argue with him; I might try to show that he doesn't know what he is talking about and hope that I will succeed, but if he starts to invest himself in such a way as to affect the political process, Mr. Speaker, then I say that the ten years won't help him, the two-thirds majority won't help him, because the government can come in here on the day that that happens; they can pass a bill, that bill will pass by a majority of members in the House. The majority of members in the House can make it that the government can dismiss him, and he will be gone. And that's what happened, Mr. Speaker, when it comes to the crunch and when the issues are really those of — how do you say it when we're playing stuke, you or me; wasn't that the expression? When that comes to that —(Interjection)— Oh, you don't know anything about that. When it comes out to that, Mr. Speaker, it will be 51 percent. And therefore I know that these types of provisions are looked upon as giving some insurance of tenure. Maybe they do have, maybe I take them too lightly but, Mr. Speaker, I like to carry things through to their conclusions, and the conclusion that I see is that this Legislature can pass this bill, change this bill by a majority of members in the House, and that's all the tenure that is there. That being all the tenure that it is there, it should not be a deceit that there is more tenure there, because that's all that there is. And if you had as bad a situation as caused you to use it, you would use it, and I would use it. On that kind of thing, Mr. Speaker, I would use it.

And therefore I merely want to indicate, Mr. Speaker, and my friend, the Member for St. Johns, did when he was speaking, that there is a difference of opinion. I hope that the Minister of Finance will look at that bill, and I plead with him, Mr. Speaker, you do not need those two subsections.

I don't care what Provincial Auditor is urging them upon you. You do not need them. If the Provincial Auditor is not urging them, there is even more reason for not having them. They are not in the interests of sound government, and they should be removed.

With regard to the other section, I am not sure that it has the importance which my friend, the Member for St. Johns' placed on it, and I merely, Mr. Speaker, wish to present an alternative



point of view for consideration as to whether that is a real problem in terms of what is the ultimate real-politik, in any event.

I am glad that the First Minister stayed here. I have no illusions that I have, in any way, unconvinced him about his feeling that we are saying two different things about the hiring of private auditors. Maybe I can only counter that by saying that I am as convinced that I am right and he is wrong, as he is convinced that he is right and we are wrong.

But we have both presented the facts, and the facts are that in the companies that he is talking about, the government had no choice in the selection of an Auditor and did not do anything about the selection of an Auditor except for the reservations that I made earlier in my address; that the ones that we have complained most strenuously about are the ones where the Auditor is named in the legislation and you have proceeded to ignore the legislation and named private auditors to do the work.

**MR. SPEAKER:** Are you ready for the question? The Honourable Minister of Finance.

**MR. CRAIK:** Very briefly, Mr. Speaker, I will just sum up. The bill was introduced by the Member for St. James because, as everybody has acknowledged, it's basically a House bill, although it does have a financial connotation to it and had contained a message from His Honour because it does involve funds. So it can't escape being a government bill, from that point of view.

But basically the Auditor is the person who reports to the House and the reason for it is because he has to have an autonomy that removes him as far as possible from any influence of the government in terms of him in having any way in a position that could be considered or regarded by the taxpayers as being subservient to any particular government. And we all recognize that.

To talk directly about the bill. Of course, the bill is pretty much the draftsmanship of the Auditor himself. There has been some change, some give and take between the different people involved in Finance.

There is one other item that I think since we're speaking quite directly on this and openly and frankly, the Auditor has been involved in pre-audit as opposed to post-audit. I'm not sure that that is necessarily a good thing. I think probably you're caught in the position of, in you're post-audit, passing comment on something that you may have been a party to in the beginning, namely the pre-audit. And so I've always found that to be a contradiction of the role of the Auditor and although he can still do it, I think that the Auditor recognizes that as well.

So the government is responsible for administration and the Auditor is responsible to carry out the audit.

The Member for Inkster raises an important point in (d) and (e) and certainly the way it reads, if the Provincial Auditor carried it out to its fullest, exercised every opportunity that was available by those two sections, he could create an administrative operation that paralleled that of the government. So what you do in cases like that is assume that the Auditor will do it to the extent necessary for him to carry out his audit.

I think the points that have been made by the Member for Inkster and to a similar extent by the Member for St. Johns on those points, I think that they are valid and have to be considered. It's a question, certainly if you read it literally, there's no doubt that we all would have concerns about that being carried out to its fullest extent and the costs that may be incurred on the government, if that were to happen.

So that is a point and that's something that we can discuss further in the Law Amendments Committee, and I think it's a valid one.

As far as the term is concerned, the 10-year term is the same as the federal Auditor-General and was recommended by the Provincial Auditor. It wasn't changed by the government from the format. Ten years is a little longer than the average; I think Alberta is eight and some of them are seven, and others are six. Ten happens to be the federal one. It would appear to give a sufficient amount of tenure to anyone in that office. I don't know that that is a major point. I have heard the arguments back and forth on it. I fail to think that regardless of whether I was in government or opposition, that I would think that it was a very important point, whether it's ten or whether it's something else.

So since a decision has to be made, the one that is contained in the bill is the one that the Auditor himself recommended, namely 10 years. As far as the government is concerned, or members on the government side are concerned, that's acceptable.

There were other points that were raised. I think that probably they dealt with the specifics of the legislation, which more appropriately might be dealt with when the Auditor is present and when the comptroller is available, or the Finance people, staff, to deal with the specific items in the legislation. So Mr. Speaker, I think I'll close with those comments. I think the bill is an important one. It makes changes that strengthens the position of the Provincial Auditor. Certainly the Value

for Money Audit, the Efficiency Audit, is the major change contained in the bill, or is one of a very fundamental major changes in the bill, and is worth some discussion, and I'm glad that the members opposite have identified that and we can discuss it further when we get into the Committee stage.

**MR. SPEAKER:** The Honourable Member for St. John with a question.

**MR. CHERNIACK:** Yes, Mr. Speaker. I'd like to ask the Minister of Finance if he would agree with me that it would be more correct to say, in relation to the proposals from the Auditor, that what he gave us in his report was the consensus of a uniform bill that had been drafted by all the auditors meeting together rather than his personal recommendation.

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Well, the fundamentals of the bill comes out. For instance, the move towards the — if I'm getting the member's point — the item, such as the Value for Money Audit, the Efficiency Audit, is a standard part of the federal legislation, and is common to most of the auditor's powers in the various provinces. I'm not sure it's all of them, but it's common to most of them at least. So I think the Act does emerge out of the meetings of the various provincial auditors, or Auditor-Generals, or whatever their name is in the different provinces, plus the Auditor-General of Canada. Certainly the effort was to bring about common legislation. There are some variations.

**QUESTION put, MOTION carried.**

**BILL NO. 59 — AN ACT TO AMEND THE MANITOBA HYDRO ACT  
AND THE PUBLIC UTILITY BOARD ACT**

**MR. SPEAKER:** Bill No. 59, An Act to amend The Manitoba Hydro Act and the Public Utility Board Act. The Honourable Member for Inkster.

**MR. GREEN:** This is another bill that I think probably would generate quite a long debate, perhaps under different circumstances, and I've indicated in the House that I don't intend to be in this particular stage of the proceedings any different than I would if the bill was introduced in February. I will, however, not want to stand debate for any period of time, and like to facilitate my friend by making my views known at the present time, even though it will mean that I'm put in a position of speaking three times in one day, so that's the only change that I make. Ordinarily I would not want to have the members of the Legislature subjected to what appears to be an overabundance of discussion, but I have no choice unless I'm to stand the debate, and I don't think that my friend, the Member for Morris, would like that very much. I will use the occasion to tease him a little bit because he said in opposition that all of the heavy legislation is brought in after the, or what he used to call, the closing days of the Session, and I said that they are not the closing days of the Session; the Session can go on and on.

But now what have we had, Mr. Speaker, in what he calls the closing days of the Session. We've had, like the Hydro non-rate freeze Bill; the Public Utilities Bill as to whether it will; the Auditor's Bill. I see something about Legislative Assembly Act. I suppose that is a completely non-controversial piece of legislation. Mr. Speaker, those kinds of things are being brought it in — and I want to tell my honourable friend, not that I consider it a big point, but I don't want him to think that it has gone by without notice — he was trying, Mr. Speaker, to indicate that we brought in many, many more bills after the introduction of Speed-up, and the passing of Speed-up then was done by this legislation. He had to do some pretty fancy footwork, Mr. Speaker, to get to that question. The Member for Morris, whose attention I'm trying to get, will not think that it has gone unescaped, Mr. Speaker, that he introduced the Speed-up Resolution; made one speech; saw it adjourned; saw it stood, got angry or a little bit annoyed, which is his right; and then Mr. Speaker, about four or five bills were introduced after that, and he did not then bring it forward again until those bills were introduced, and since then we have had more bills. So I wonder whether the count has changed any from the count that he gave. If he had taken that count from the day that he introduced Speed-up to the end of the Session, I wonder whether he wouldn't find that there are many more bills than he was referring to because there were a whole slew of them that were introduced after . . .

**MR. SPEAKER:** Order please. May I suggest to the honourable member that we are discussing a particular bill, Bill No. 59. The Honourable Member for Inkster.

**MR. GREEN:** Well, Mr. Speaker, I rather think that the House Leader kind of needed that life belt thrown out, and I'm going to let you throw it. I'm going to stop right there because he knows exactly what I'm talking about, and to me it was never a matter of great concern, so I will accept your admonition and go on to the bill.

Mr. Speaker, I want to say, with respect to this matter, that for the same reasons as given by the Member for St. Johns, and it's not going to be unhealthy, there will be some differences of opinion on this bill with respect to what should happen, and I tell the Minister of Finance that, as far as I'm concerned, my position is not changed. I believe that making it a requirement for a public utility to go to the Public Utility Board has great potential for damage, great potential for damage, because theoretically the Public Utility Board can look at the program and say that part of it is not necessary, and if that part was not gone ahead with, then there would be no need for a rate increase.

And I tell this to the honourable member because he indicated that this debate is never going to end; the Hydro thing is going to go on for years. Theoretically, the Churchill River Diversion could have been taken out of this Chamber, out of the power of Hydro, out of the power of the Cabinet, put into the Public Utility Board, removed from the Board — that's one thing that he is not calculating — removed from the Board by certiorari or by another prerogative writ in the Court of Queen's Bench, and put into the hands of a judge. Now, maybe the Minister of Finance wants a judge to set Hydro policy, but I don't. You have a Hydro-Electric Board; you've got a whole staff of engineers; they are responsible for coming through with a program which they have to bring into the Legislature through the Public Utilities Committee. A Rate Board, which is suddenly approached by a whole bunch of citizen groups, with big stories in the paper, somehow gets affected and says that your rate will not go up, or it will go down by 10 percent. What, Mr. Speaker, does this do to the integrity of Hydro Planning?

So the Minister has a reservation, and the reservation is that the Cabinet will be the ultimate authority. I gather that that is the safeguard. I tell the Minister that he may have problems with that if it starts getting involved in court proceedings beyond the Utility Board, and there is a provision in the Act which says that there can be a stay of any increase pending the proceedings at the Utility Board, that not necessarily, but there could be. —(Interjection)— Yes. Mr. Speaker, I shouldn't be trying to be so helpful to tell the Minister what he is going to be subjected to. All of a sudden there's a big movement to the Public Utility Board to stop a rate increase. Of course, he's not worried. He says, "There will be no rate increases for the next five years".

To initiate a rate decrease — now, that won't affect him but if there was — let's say he's in government ten years from now, let's hope it won't be so, but let's assume, try to help the Minister — and there is a need for a 15 percent rate increase in Hydro, and there is some type of successful demonstration which lines up at the Municipal Board, and they say, "We want the Cabinet to stay the increase pending the decision of the Board". What is your political position? You say that you don't have to do it. But if you say that the Public Utility Board has a right to prevent the increase, and there is a hearing before the Public Utility Board, how long can you withstand the pressure to stay the increase on the grounds that the matter is now being considered by your own Board? Now, you want to live with that, go ahead. I'll tell you that I think it's a problem, and I tell you, Mr. Speaker, that I think this is a problem without in any way detracting what has been said by members of this House on this side, and maybe on both sides, with respect to the need to provide for mechanisms of public involvement.

I do not believe that I can be accused of not engaging in public involvement with respect to every kind of program that we instituted. On Lake Winnipeg Regulation the Minister knows that he had meetings throughout the province in all of the important — I shouldn't say important that will cause some people to think they're not important — in several major centres around Lake Winnipeg and Winnipeg itself, that I went and dealt with the Hydro program at universities, and town halls, and Liberal gatherings, and what have you, and with my honourable friend at St. Johns School, wherever there was I welcome that, and I also, Mr. Speaker, welcomed the opportunity of having a reference if the Minister wants one, and perhaps he should use it. But that is all available to him. There's nothing to prevent the Minister from saying that I am going to refer certain questions to the Public Utility Board where there'll be room for public input, and I agree with that. I want to tell the Member for Transcona who I think sincerely has a real concern for this, and rightfully so, that I agree with that, and from time to time it should be done. And that's why we had the Water Commission have hearings with regard to Lake Manitoba. We had them have hearings with regard to flood protection. We used those mechanisms, but we always used them as a matter of executive prerogative.

Now, some people will say, "Well, that's no good. The government shouldn't be the only one", but why, Mr. Speaker, does the Minister say that one ratepayer in the Province of Manitoba, no

matter how wild, has the right to ask the Utility Board to have a meeting with regard to Hydro rates, and maybe affect the whole Hydro program. There has to be some balance to it. There has to be some type of perspective as to what constitutes public involvement.

I remember, Mr. Speaker, three people coming into my office and asking me to do something which I said I wouldn't do, and they said, "Look, we are the public, you are our servant." So I said, "You know, when I was elected to government, and it was a little hard to do that, it was on the basis that I would be able to do things. If you are now telling me that you three are the government, and I am your servant, I'd be better sitting on your side of the table than where I am. What you do not appreciate is that there are three of you in this room. I am considering the public to include the 999,997 people who are not here with you, and I have to gauge them as well." And I ask that Minister, because a group of people says, "We are the public. We want public involvement," "should he risk, not the debate; I'm not concerned with that. I say that there should be all kinds of room for that, but should he have built into the provisions of the Act something that could stop the program, because Mr. Speaker, I know that when we come to government, which we will, I know as I stand here, that if there had been a so-called Bill of Rights, as I've heard some people on both sides suggest when we enacted Autopac, that somebody would have stopped Autopac by going to court and saying it's contrary to the Bill of Rights, and some judge would look at it and say, "Yes, I think so. It is". You know, and the Member for Lakeside knows, that when we were proceeding with the Churchill River Diversion, both of us, somebody filed a Statement of Claim in the Court of Queen's Bench, and the then Member for Wolseley — not when it was your group but when it was my group — got up in the House and said, "Are you going to proceed in the face of a Statement of Claim filed in the Court of Queen's Bench?" And my answer to the Member for Wolseley was that, "Are you telling me that a government can be stopped of its entire program because a citizen has filed a Statement of Claim in the Court of Queen's Bench?"

Mr. Speaker, let me try to assure the honourable member that I believe that the Hydro-Electric Board and its reports to committee is the number one instrument, that there should be room for public involvement — I believe that there is room — that a government should use that government involvement. But a government should not be at the mercy of one citizen, any citizen, as to putting into force procedures which stopped it.

Now, Mr. Speaker, maybe the honourable member will now appreciate what I did with the Water Commission. The Water Commission said that they wanted to hold hearings and I said, I will let you have meetings where this can be discussed, but "hearings" has a different connotation and I will not ask you to hold hearings. And as soon as the Water Commission announced that it was holding meetings and not hearings, the Member for River Heights said, "We demand hearings. We subpoena the Minister of Finance, the Minister of Corporation Affairs, the Minister of Crown Corporations, the Minister of Highways, Cass-Beggs, Dean Wedepohl, everyone."

Why would one want to have the power and the mandate to govern run the risk of meeting that kind of problem? So I am not precluding, indeed I welcome — I mean, would any member of this House, would any of them accuse me of trying not to have public involvement or participate or debate? In eight years of government, when has anybody ever said, "Mr. Green would not show up," or "Mr. Green would not provide a forum."? We did it, but we didn't provide, Mr. Speaker, a roadblock and there is a difference between a forum and a roadblock.

Mr. Speaker, the Act also says, and I ask the Minister to consider that, and I say that it represents, Mr. Speaker, a difference, questions on different sides of the House. He says that the Cabinet will have the final say. Mr. Speaker, the Member for Transcona has indicated, and I agree with him, the Cabinet does have the final say as long as it chooses to say so. The Hydro utility has got to come in and get supply. It cannot operate without the government, and provided the government is willing to accept responsibility, it can say to the Hydroelectric Board, as a matter of policy, "We are instructing you that Supply will not be voted unless (a), (b), and (c), unless you freeze the rates, unless you do not increase the rates." As long as you are willing to accept responsibility, just as we had to in certain cases with regard to Saunders Aircraft, for instance, the board said, look, this is a healthy program, it's costing a lot of money. We can't on our own accept the responsibility of spending this money. We said, fine, we will tell the public so that the board completely preserves their integrity, we are making these advances.

Now, if the Minister does the same thing, he doesn't need this Act. He can do all of the things mentioned within this Act. He can go to the Public Utility Board, if he wants to. He can provide what other type of public forum he wants, if he wants to. He can have the Cabinet set the rate, if they want to.

The more you put down in a statute, the more you cause yourself trouble, because now you are not in control, the statute is in control. Why can't you hire a private auditor? Because the statute says it will be a Public Auditor. You should have learned.

So what do you want to do? Do you want to have public hearings? Have them. Do you want

the Cabinet to set the rate? Set it. But a bill which gives avenues to one single person to have serious consequences upon a hydroelectric program is a problem. I stand up and say so, Mr. Speaker, not because I'm really trying to help the honourable member, but because other things have been said and I want to make it clear that if I have authority and governmental power, I'm going to argue differently to some of the ways people have argued on this question and I don't wish to be mute at this point. I'm really not trying to help the member that much, I'm trying to preserve a little bit of my own integrity when the fact comes, which I hope it will, that I have responsibility to govern, and it will not be said of me that I said nothing at the time and I approved of this legislation.

The legislation is a problem, Mr. Speaker. It doesn't do anything for the Minister and it does create some problems for him.

**MR. SPEAKER:** Are you ready for the question? The Honourable Minister of Finance will be closing debate.

**MR. CRAIK:** Mr. Speaker, on this bill, the two sides of it have been well put by the two members opposite and the two arguments that have been presented are of course the ones that we have had to deal with in the preparation of this bill and the two sides of that argument are as prevalent on this side of the House as they are on that side of the House and there's no doubt about it.

The reason for the bill, of course, is that there is a problem that arose in the last two years that was never expected to have existed, and that was the appeal to the Public Utilities Board by an interested group or party, a tenant's action group, I think, that initiated it as I recall. They certainly played a very important role in the hearings that were carried out by the Public Utilities Board. As a result, there grew an impasse where Hydro claimed that under their Act the Utilities Board did not have the right; the Utilities Board claimed that their Act gave them the right and of course the impasse existed.

Now, you can over all of the arguments and they boil down pretty rapidly. The final argument in terms of the government having the final position, if the financial position of the province is at stake, and I say you can't take 60-odd percent of your debt and debt guarantee and put it in the hands, in my opinion, or, I think perhaps many members opposite or this side or wherever, and say that you can take 60 percent of your debt and debt guarantee representing some \$3 billion and put it in the hands of anybody other than ultimately the Lieutenant-Governor-in-Council. It just doesn't make sense in a democratic process to have that taken away. It wouldn't wash with the people.

So you have to have that ultimate voice, that ultimate protection device there that the Lieutenant-Governor-in-Council can protect what the people ask it to protect, namely the public purse. And Hydro represents that 60-odd percent of the debt and debt guarantee.

It also is important in terms of the raising of the capital. It has been necessary and will continue to be necessary for the large construction projects that Hydro will get involved in, to be able to say to the investors when you go to them, particularly in the United States, that the rate schedules of Hydro either lie with Hydro or they lie with the government. And since the government guarantees every issue in the United State or wherever anyway, it has to be there. It can't be outside the hands of one of those bodies that is responsible for the borrowing. That's the financial side.

There was, I think, a suggestion, a point trying to be made across the way that wasn't, I felt, on target, and that was that the Hydro is no longer going to be setting its rates. Well, the Hydro basically, if you read the legislation, unless it goes to the PUB, and I would say that it has to be noted here that either by reference . . . the important part of it is that the Public Utilities Board reviews and then makes its recommendation. But the Hydro will basically still be the important party in terms of determining, and that relationship to the government is the same as it's always been. That relationship is there. They will be recommending to government, although I would hate to try and suggest that there would ever be a rate change that the Hydro Board would not want to consult with the government on. It seems incredible to try and suggest that that would not happen. It's not spelled out in the legislation but, my goodness, in realistic terms, those kinds of decisions are made by government.

The Tritschler Commission made the observation that most of the examination that is done on rates for Hydro is a post-mortem examination. What is not post-mortem though, Mr. Speaker, is that the original decisions on capital programs have always required the approval of the government; they have always required the approval of the government. So to that extent, the government does very clearly, and always has, controlled the capital investment program that eventually causes the rate structure to have to be adjusted, and we have had more than good example of that happening. And, Mr. Chairman, I think we won't get into that one at this point in time.

To a certain extent then, it was a very concise observation. A rate review after the fact is very much a post-mortem over which you can have very little control, or very little you can do about it.

But, Mr. Speaker, then comes the other part, the public input part, and that part was put by the Member for Transcona and has been argued by members on this side as we guided this legislation down to its final form. The design of this, we think, provides most adequately for that public input. There can still be a review by the Public Utilities Board that provides the forum where the tenant's action group can go, or some other ratepayer can go, that if he has a grievance, he has that forum. And I think that that is exceedingly important, exceedingly important. How far it should go is open to some question. It has to be a judgmental decision. The final recommendation here is that although it says any one individual can do it, that's true, it can. I would like to think that in the practical sense that it's going to happen where there is a body or groundswell of opinion that feels it has to be dealt with and in the United States you would probably have what is called a class action. Here you will have something similar to it. You might as well say one individual, and that's what's there. But that forum, that essential forum for public input, has to be retained.

I don't think that the Public Utilities Committee of the Legislature can do it. Theoretically it is one opportunity. You could open up the Public Utilities Committee of the Legislature and say public representation can be made at it. I don't think that's the forum. You can refer it to another body to hold meetings, examine, do what you like, but still the best solution that appears to come out of it is to use the mechanism of the Public Utilities Board that has been the traditional mechanism where anybody who is aggrieved with their telephone rates or their Hydro rates, their natural gas, that avenue is there and it's open.

The difference here is that in the legislation it's a review. You have to depend on the good judgement of the Public Utilities Board that the review will not be a costly, long drawn out review that will cause damage one way or the other, either to the utility of whatever it may be. I recognize fully that the government will come under severe pressure, whoever the government is, if in fact they stay a rate change or take other action. There certainly will be pressure there, but that's all part of the political process, that's part of the business of assuming the responsibility of government.

So it's there and it's importantly retained to provide that avenue for public input. I think it's been fairly carefully put together to provide the best interests of the things that have to be done, namely, set rates that are in the interests of the utility, and the interests of the people, and make sure that everybody has a chance at the same time. When I say "everybody", in the sense that there always has to be that avenue, we believe, for an aggrieved party to be able to state their case, state it in a forum where they can be reasonably sure before it happens that they're going to have a full opportunity to have it dealt with in as fair a manner as possible.

The Member for Inkster raises legal points with regards to the courts; I have to admit, at this point, that that particular one escapes me, and he may wish to raise it again at committee stage' in which case we can deal with that point.

With those comments, Mr. Speaker, I think that this bill, in an optimum way, solves the problem that has existed in the Acts and surfaced in the last two years, and that this will solve it.

**QUESTION put, MOTION carried.**

### **BILL NO. 60 — THE ENERGY RATE STABILIZATION ACT**

**MR. SPEAKER:** Bill No. 60. Just before we broke this morning, the Member for Inkster proposed an amendment to this Bill. I have checked the amendment with Beauchesne and without, in any way, attempting to deal with the subject matter of the bill, I find the amendment to be correct as to form.

Therefore, the motion before the House will be the motion of the Honourable Member for Inkster, seconded by the Honourable Member for Lac du Bonnet: That the motion be amended by striking out all the words following the word "that".

Are you ready for the question? The Honourable Member for Elmwood.

**MR. DOERN:** Mr. Speaker, I do intend to speak, but rather than begin now and repeat myself later, I'd prefer 5.30 pm.

**MR. SPEAKER:** The hour being 5.30 pm, the House is adjourned, and stands adjourned until 8.00 pm this evening.