

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

9:30 a.m., Wednesday, April 20, 1966

Opening Prayer by Madam Speaker.

MADAM SPEAKER: Presenting Petitions  
 Reading and Receiving Petitions  
 Presenting Reports by Standing and Special Committees  
 Notices of Motion  
 Introduction of Bills  
 Orders of the Day

HON. STEWART E. McLEAN, Q.C. (Attorney-General) (Dauphin): Madam Speaker, before the Orders of the Day, may I make reference to the Order for Return in which the Honourable the Member for Lakeside is interested respecting Mr. Arpin and his firm, and say that we've had unexpected difficulties in connection with Items 6 and 9 in that Order. We believe that the Return will be "nil" with respect to those two matters but for one reason or another the Boards have been unable to give us a formal answer, and my question to the honourable member would be, would he be satisfied at this stage with a Return which would answer all of the questions except those two. If that would be of assistance, we could get it in today and provide the balance just as soon as it is available.

MR. DOUGLAS L. CAMPBELL (Lakeside): Madam Speaker, I didn't memorize the questions well enough to recall just what Questions 6 and 9 are, but I don't suppose it makes very much difference whether I remember them or not, because if the information isn't available at the moment, I can't have them anyway. So I appreciate the courtesy of the Honourable the Attorney-General in mentioning this and I'd be glad to have what is available now and his assurance that the remainder would follow at a later time.

Madam Speaker, I have a matter to bring up before the Orders of the Day are proceeded with, and it deals with what I believe is both a point of order and a question of privilege. The point of order is that I think according to our practice, which in time becomes a rule of the House, that Standing Committees of this House are actually prevented from sitting while the House is in session, and I raise that point of order because of the fact that the Private Bills Committee is sitting at this present moment.

But the even more serious question that I raise is that of the privileges of the members. In this case, I am only one of several that find it most embarrassing to be unable to be in both places. As I said to the Committee as I was leaving, in my professional career in this field I have become reasonably proficient at being on both sides of a question, but when it comes to being in two places at one time, I have not yet solved that problem. There are bills before the Private Bills Committee in which I am particularly interested, and I am in the unfortunate position that here I have at least two of the bills - the adjournment standing in my name, and I reason not only on my own behalf, Madam Speaker, but on behalf of the other members of the Committee because I am sure there are many who would wish to be here, and indications are they'll be going for some time.

So I do not want to disrupt the work of the House unduly, but I raise this on both points. First, I think it's against the rules, and certainly it's against the privileges of the members of the House, and I just do not see the necessity of Committees of the House sitting at the same time as the House. I think it's undesirable and that in this case it's actually a breach of the privileges of the members.

MR. NELSON SHOEMAKER (Gladstone): Madam Speaker, I find myself in exactly the same position as the Honourable Member for Lakeside. I'm supposed to be in at the Public Bills this morning and yet I want to be here to present the bill for the Town of Neepawa, and I'm at a loss to know which one I should attempt to attend or whether I should dodge back and forth from one to another. So I hope that something might be done to alleviate this apparent hardship that rests with certain members in this House, and by the look of the number of vacant seats over there, I suggest that quite a number of the government are in the same position.

MR. SAUL CHERNIACK, Q.C. (St. John's): Madam Speaker like the Honourable Member for Lakeside, I left that Private Members Committee, which is still in session as far as I know, although I see that the Honourable Minister of Welfare has also left that meeting.

I find here on my desk a notice of Law Amendment Committee meeting tomorrow morning at 9:00 o'clock. I assume that whatever policy will be followed this morning will be followed tomorrow morning, and then I'm beginning to wonder - is there a difference between Law

(MR. CHERNIACK, cont'd) . . . Amendments and Private Members? Do they get different treatment as far as the bills are concerned, or are we going to meet in Law Amendments tomorrow morning and in the House tomorrow morning. If the plan is to adjourn the House in order to sit at Law Amendments Committee tomorrow morning, then surely the same approach ought to be made this morning. Like the Honourable Member for Lakeside, I feel I have a dual responsibility; I cannot discharge it. I feel the first responsibility is in the House.

MR. GORDON W. BEARD (Churchill): Madam Speaker, in rising, I also am a member of the Committee and it doesn't appear this would in all probability take any longer than an hour to complete the Private Members Committee and that would put us back in at 10:30, and I would certainly like to be out in the Committee at this time too.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Madam Speaker, that was the suggestion I was going to make and one that we have followed in the past on many occasions, that the House meets at the appointed hour and then adjourned until the Committee ceases its functions. I am sure that the members who are not on the Private Members Committee will find plenty to do on the bills that are still to be read in the meantime, and then we could come back here either at 10:30, or, say 15 minutes after the Committee rises. This would certainly suit our group and we would be sure that our people are here and, hopefully, ready to speak on any matters that are before us.

MR. J. M. FROESE (Rhineland): I would certainly support the suggestion that has been made, that we do adjourn here and the members that are members of the other committee go to their respective committee and take part in it.

HON. GURNEY EVANS (Minister of Industry and Commerce) (Fort Rouge): If there are no other comments, Madam Speaker, if I might have your permission to discuss the matter. I am sure honourable members will realize this is a situation which I inherit and that I recognize the force of the points that have been raised. I think it's true to say, as the Honourable Member for Lakeside has pointed out, that while no rule covers the point as far as I have been able to discover, nevertheless practice in the past has been to have Standing Committees of the House sit at times when the House is not sitting. That exists.

I'd like to deal with one particular point that my honourable friend from St. John's raised, and that is about the proposal for tomorrow. I would propose tomorrow morning, as soon as we enter on the Orders of the Day, to adjourn to the Law Amendments Committee, and I think there will be enough work for that Committee to sit all the rest of tomorrow morning.

I have been discussing the length of the adjournment tomorrow morning, and we were wondering whether it was possible to adjourn the House until an indefinite time such as the rising of the Law Amendments Committee. I don't think it's possible under the rules. I think a motion has to be made that the House adjourn until a time certain. I believe that's the form, at least in my experience, that the motion has always taken in the past.

So tomorrow morning, I think perhaps if the Press would take notice, it is proposed that the Law Amendments Committee meet tomorrow morning shortly after the House rises, which -- oh, the Law Amendments Committee meets at 9:00 o'clock. Oh yes, I am reminded by my honourable friend that the Law Amendments Committee is called for 9:00 o'clock tomorrow morning, and I am sure that through the Press the public will know that. Then when the House meets at 9:30, which is the time that we are called to meet, I would propose to adjourn as soon as we can. I think we have to enter on the Orders of the Day, if I'm right, before we can adjourn, but that shouldn't take very long, and we would immediately return to the Law Amendments Committee and continue with that business tomorrow morning.

Now we're faced with the position as to what to do today. Alternative courses are open. One would be to ask the Public Bills Committee to rise and join us here; the alternative would be to ask the House to adjourn and wait for the Public Bills Committee to be through. I'm not quite sure whether honourable members gave any preference as to which course would be better this morning. I would like to entertain -- or rather to propose or to agree to whatever course seems best for the conduct of our business. It's a rather confused time and let's do the most sensible thing. Could I ask for an expression of opinion as to whether it would be preferable to ask the Public Bills Committee to join us here or to adjourn the House say for an hour, in the hope that by that time they will have finished their business and be available to meet again.

MR. MOLGAT: Madam Speaker, as far as we are concerned, I think the choice of our group would be to adjourn the House and let Private Bills continue. I think there's some sound reasons for doing that in that the Committee has started its work. There are people who have

(MR. MOLGAT, cont'd) . . . . come this morning to appear before the Committee and I think we should suit the convenience of the public. The only people that will be disturbed by an adjournment of the House will be the members themselves. The Committee can complete its work and we could meet in say, well an hour and a half from now or two hours from now at a set time, and I think the work would be completed. This would suit us. Supposing we met at say 11:15 or 11:30.

MR. ELMAN GUTTORMSON (St. George): Madam Speaker, continuing on the same point of order, with respect to tomorrow morning, the Law Amendments is called for 9:00 o'clock. Is there any need to call the House? When Madam Speaker adjourns the House tonight, she can adjourn the House till 2:30 tomorrow afternoon. There's no need to come back, because it's obvious we're going to have enough work in the Law Amendments tomorrow morning.

MR. CHERNIACK: I support the suggestion of the Honourable Leader of the Official Opposition. I would indicate that the meeting is still going on and some of us are still missing what's going on there.

MR. FROESE: Madam Speaker, I would certainly support that suggestion as well. I have already indicated that before.

MR. EVANS: Madam Speaker, I'm acting on the assumption that it is necessary to adjourn the House until a fixed time. Now, I'm just wondering now, should I propose a formal motion to adjourn the House to meet again at a certain time, or that the business of the House be suspended until 11:15. Is that possible?

MR. GUTTORMSON: Madam Speaker, recently the government requested leave of the House because it wanted to introduce a special bill and one of our members requested time to examine the bill because he hadn't seen it before. At that time, I believe we just recessed for a period of ten or fifteen minutes. Can't we just recess now for 45 minutes, an hour, or whatever the case may be and then resume?

MR. EVANS: Madam Speaker, may I suggest then that by unanimous consent of the House that Madam Speaker be requested to leave the Chair until 11:15.

MADAM SPEAKER: Have I the unanimous consent of the House? --- Agreed. I call it 9:40 and leave the Chair until 11:15.

11:15 o'clock

MR. EVANS: Madam Speaker, as entered on the Orders of the Day now, may I ask you to call the second reading of Bill No. 80, on the bottom of Page 3.

MADAM SPEAKER: The second reading of Bill No. 80. The Honourable the Minister of Industry and Commerce.

MR. EVANS presented Bill No. 80, an Act respecting The Manitoba Development Fund, for second reading.

MADAM SPEAKER presented the motion.

MR. EVANS: Madam Speaker, one of the chief findings of the Committee on Manitoba's Economic Future was that the development of secondary industry was the key to the future growth of the province. COMEF stressed that vigorous efforts would be needed and that we must be continuously alert to new methods of encouraging development, and we must be prepared to adopt new techniques to stimulate and promote industrial growth. COMEF suggested that this would require innovations, and in some cases the provision of new financing devices, and of course this is the subject matter of the present bill. The Manitoba Development Fund has been in operation for more than 7 years and it has obtained what we think is satisfactory and gratifying results.

I would like now, on this occasion, to publicly compliment all the members, both those who are presently members of the board and those who have been on that board from time to time, the Board of Directors, for the able management that they have provided. The Fund has proved itself in the role that it has been asked to play, and I think the time has now arrived to expand that operation for the further stimulation of the economy of the province. Manitoba has to guard against the tendency which is presently in big business today to establish their operations both east and west of us and simply to use this province as a market than as a production centre. This is a tendency which I think can be attributed very largely to the movement towards centralization which in some aspects probably has attraction for industry. My opinion is that it is a short-term run, a short-term economy, a short-term profit that they make out of this

(MR. EVANS, cont'd) . . . tendency, and that their own best interests would be served by decentralization rather than centralization. However, this is a tendency that we find and at the present time we have to fight against it.

We do not want a repetition of the kind of centralization which was represented by the movement from Winnipeg of the TCA or the Air Canada facilities, and we must constantly be on the alert. On the other hand, we are not in the least bit interested in encouraging farms to locate here unless this is a correct location for efficiency on straight business principles. We are only interested in long-term sound growth for the province because anything else will be only short-lived and doubtless would cost more in the end than the temporary advantage gained.

I would like to also emphasize that we are not going to buy business. I think it's probably just a restating of the same proposition that it has to be a sound economic proposition for the company concerned, and we are not interested in buying industries nor trying to steal them from other provinces. We believe, however, that there are certain key industries - that's a generalized phrase; it's almost a cliché these days, the term "key industry," but I do want to use that term and I want to emphasize it. There are certain specific important industries which I'm going to term key industries, which we require in this province for further growth which they themselves will bring. You can get all mixed up between primary and secondary and tertiary and other kinds of industries, but there are certain industries which, if they become established, act as a further stimulus to the economy themselves. So we believe that there are certain key industries that should be established in the province, and which in turn will develop supporting services in industries themselves. In the next few years - in the next few months even, and certainly in the next few years, they're going to be established somewhere in western Canada and we intend to do everything possible to see that they establish in this province, or to see that the advantages of this province as a location for them are certainly stressed and brought to their attention.

Among these are the chemical industry, primary iron and steel, soft goods, and certain agricultural - processing industries, particularly those using the products of our own farms, and natural resource - based industries, and what are termed scientifically - oriented businesses. These are some of the more sophisticated electronic and scientific instruments, for example, which have a high value in relation to their weight, and consequently we can reach export markets from Manitoba and overcome some of the handicap we have here of distance and high freight rates. And so we include in the list the scientifically-oriented industries.

Further, if we are going to grow as fast as we must, we must attract to this province bigger manufacturing projects, and in most industries this necessarily means that we must have industries which cater to the export market because the natural market centered on Manitoba at the present time by reason of distance is limited largely to the prairies and to the head of the lakes, and of course as far north as we want to go, but we find that this market is of itself in many cases not big enough to support big industries, industries with big runs which will enable us to produce sufficiently economically to enter into competition with other countries. And so in many of these cases, these new large industries which we want to attract here must be based on export markets rather than just the purely local market.

Well, we're in tough competition - I don't think there's any question about that - both as a government agency and the individual companies concerned are in tough competition from other provinces. Saskatchewan, Alberta, Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island all have provincial development fund agencies of a character somewhat similar to the Manitoba Development Fund.

In Nova Scotia, through the agency of the Industrial Estates Limited, in addition to provincial assistance for buildings and equipment, they provide freight rates that are subsidized, and in some instances the full cost of plants is being provided for some of the larger corporations. The government of Nova Scotia indicated that it is prepared to put up to \$60 million of provincial funds into industry. That, for their size and for their resources, is a very large sum indeed. The Province of Saskatchewan has become extremely active and in many ways this is our chief competition. They are widely advertising the attractive inducements that they are prepared to make to attract industry to that province.

Well, to meet all competition it's our intention to broaden the scope and the activity of the Manitoba Development Fund, which will become much more development-orientated. The Manitoba Development Fund has proved itself. In fact, it can be said not to have suffered any

(MR. EVANS, cont'd) . . . losses. It is true to say that no losses have been sustained by the Fund and the amount of payments due it which are in arrears is the very small fraction of one percent. Some would say it has not been sufficiently venturesome and could contribute more to the industrial growth. It's ready for the next step forward and it's believed that it can be somewhat more aggressive in seeking out development situations, and in certain circumstances be prepared to advance a higher proportion of loan capital than in the past.

Under this new and expanded program it is proposed that in addition to the present activities which are to be continued - and I stress that phrase, and I think my honourable friends will see that it has some application when we come to consider the bill itself - that in addition to carrying on its present activities, the Manitoba Development Fund will act as a vehicle for the development to attract successful firms to Manitoba by making loans that will be effective to them.

Loans to be made available to established firms under this new program should fulfill the following conditions, and again I stress the fact that the Manitoba Development Fund will be instructed to continue to maintain the soundness of its business operations. We are a private enterprise administration. We believe in private enterprise; we believe in good, sound, business principles and the policy of the Development Fund will continue to be directed to maintain the soundness of their financial operations. So in pursuance of that policy, the following conditions will be maintained; that the loans for corporations must make a substantial contribution to new employment particularly in the less developed areas. Second, they must result in the increased utilization and processing of the resources of the province; they must foster the growth of scientifically-oriented industries, produce products which may be exported outside of the province, and foster further opportunity for other secondary and tertiary industries.

The new Manitoba Development Fund Act will, if the House agrees to it, represent a new offensive in the Manitoba Industrial Development Program and an intensification of the government's drive for new jobs in the province. The Act is in three parts and I would like to discuss each separately.

Part I of the Act deals with what may be termed the normal Manitoba Development Fund operations as they have been carried on in the past. The Fund has been an arms-length operation, and it has been the policy of the government to recognize the independence of the Board of Directors in the administration of the affairs of the Fund. It is the intention of the government to maintain this policy in the normal operations of the Fund. It has also been our policy to respect the policy of the Fund itself in maintaining in confidence all its financial relationships with individual plants, and we intend to continue this policy. In other provincial loan agencies there is no disclosure of loan details. A change in present policy would make Manitoba the only province making such information public, and would only make our problems more difficult and in fact would scare away potential investors.

To carry out its new and expanded role, the following are the highlights of changes to be made and which are to be provided for in the new legislation. To remain competitive with other Canadian provinces in their programs and to encourage industry, the Manitoba Development Fund will offer services available in other provinces in addition to the services that it now provides.

2. The Fund will provide a financial management advisory service. I pause here to note that engineering services, marketing services and economic services of various kinds are available through the Department of Industry and Commerce, but we have not been in the position to offer advice to clients on the financial management of their companies, and it is intended to provide this through the Fund now. So the Fund will provide a financial management advisory service to Manitoba businesses in the same way as the Department of Industry and Commerce now provides engineering and marketing services.

3. The Fund will act as a clearing house for seeking and attracting local and external capital to develop and invest in enterprises in Manitoba. It will also attempt to develop a closer liaison between the investment houses and brokers as recommended in the Report of the Committee on Manitoba's Economic Future. This will be an endeavour to more closely mesh the operations of the Manitoba Development Fund with the regular institutions which provide capital for business and for industry.

4. The Fund will place more emphasis on the expansion, rehabilitation and rationalization of existing industries, particularly if this will increase employment and where the firm is involved in exporting outside of the province. There have been limitations placed on the Manitoba Development Fund up to this point, prohibiting them from considering near reorganizations, or

(MR. EVANS, cont'd) . . . near strengthening and reorientation of businesses, and this handicap will be removed to expansions of that kind.

5. The number of industries eligible for financial assistance will be increased, including service industries and transportation. These industries - if industry is the proper title there - these industries have not been eligible in previous times and it is proposed now to make them eligible.

6. The Fund will construct buildings and provide machinery to responsible firms on a lease-back basis, and to encourage rural development the Fund will be prepared to consider building multi-purpose factory buildings in key centres, and dispose of them on a lease-back basis.

7. Much of the credit for the success of the Fund in the past has been due to the care with which the members of the Board of Directors have examined each individual loan. The amount of detailed work done by otherwise very busy and occupied businessmen, extremely experienced in their own fields, has been a wonder to me. Some of these men have taken trips out of town and spent days examining a single business operation, in many cases staying a good many hours to offer advice to the proprietor or operator as to how he can improve or conduct his business in a better way, all, I might add, without anything resembling remuneration. A scale of fees is merely the scale for directors attending meetings. The Fund has grown to the size where it has become increasingly difficult for the Board to give detailed attention to each new loan while continuing to watch those already made. There's a large number of loans, some of them are now in quite important and large operations, and the responsibility is getting heavier and requires more and more work to watch. Provision is being made for certain operational procedures and a delegation of further responsibility to the permanent staff.

8. The Fund will actively seek out development situations, and in particular concentrate on the development of key industries where financial assistance and detailed negotiations are involved.

9. The Fund will be authorized to establish sales offices in major market centres for industry groups on a rental basis.

10. To handle increased activity, the staff of the Fund will be increased by qualified specialists, and a General Manager will also become a full-time chairman.

11. At present the Fund is restricted in the amount of money it can borrow to the sum of \$20 million. This restriction is being lifted, and while no fixed amount has been set, the Government of Manitoba is prepared to provide the Fund with \$100 million if required, to ensure sound development takes place in the province.

12. Where experienced management is available to operate a business successfully, the Fund will take equity positions and advance funds for working capital purposes for desirable industries that will develop supporting services, increase employment, and develop exports.

In this expanded role I would like to emphasize that the Fund will continue to be an arms-length operation and will continue to conduct its affairs in a businesslike way. Financial assistance will only be provided to ventures that are economically sound on regular banking terms, where management is available to operate the business successfully in the province, and where adequate security is available to ensure repayment of any loans made.

The remarks that I have made to this point have concerned themselves with Part I of the proposed Act, Part I of the bill.

Part II of the legislation is entirely new. It provides that when it is feasible to develop industrial enterprises, or an industrial enterprise that is in fact urgently required for the economic development of Manitoba, and where private enterprise can be encouraged to proceed by special arrangements, the Fund, with the approval of the Lieutenant-Governor-in-Council, may make such loans with a view to disposing of -- may undertake the development, may physically undertake to create an industry under contract with a view to disposing of it to private interests as soon as possible. This proposal is based quite frankly on the success achieved by the New Brunswick Development Corporation. In other words, the government if necessary is prepared to be a creative partner in key industries when local capital cannot or will not take the initiative. This new legislation makes it possible in a strictly businesslike way for the Fund, with cabinet approval - for the Fund with cabinet approval - to establish the feasibility, construct and sell key industrial projects in a manner similar to the New Brunswick Development Corporation.

Part II also provides for the Fund to act as an agent for the province in projects undertaken

(MR. EVANS, cont'd) . . . pursuant to Order-in-Council for the advancement of industrial and economic development of the province. It will be the medium the government uses to establish pilot model plants for Indians and Metis; the establishment and operation of an industrial research park and the establishment of certain special loan funds which the government may establish in the future. Provision is made in the legislation for a special report of the Fund - or a special report by the fund each year outlining its activities in its capacity as agent for the province. In cases of arms-length operations as contemplated in Part I of the Bill there will be the usual and customary report that has been made. With respect to special operations which are undertaken by the Fund at the request of the government there will be special reports outlining what I think will be a very satisfactory outline of information for the members of the Legislature.

Part III of the Act is merely the formal provisions for bringing the new legislation into operation. The faster expansion of manufacturing is required to provide the jobs needed to employ future graduates of our technical schools and universities. This fact remains true even in a situation today when we appear to have full employment and lack of certain skilled people to fill positions. We believe that the importance of continuing the industrial expansion is certainly not lessened by this present employment situation and that we must press forward as hard as we can. Too many of our graduates are leaving this province for jobs in other parts of Canada and the United States. We want to keep business expanding fast enough to provide employment opportunities for all our young people and also to reverse the flow and attract more people to this province. This can only be done by developing manufacturing opportunities and growth in trade and service industries which in turn will result in expansion in the whole province and a pronounced increase in the levels of prosperity.

The prospects are good. New developments are needed and there must be further expansion and modernization of Manitoba industry. The new Manitoba Development Fund Act is one measure that can help. The onus of course, will be on businessmen to make use of this new legislation, but I believe that this is another important step in our program to create new jobs.

MR. MOLGAT, Madam Speaker, I thank the Minister for his statement. I must confess that I have not had a chance to study the Bill in very great detail. It was placed on our desks on Monday night which does not give us a great deal of time to study it in a detailed way. I would like to make some comments in general terms about the operation of industry in the Province of Manitoba and the efforts of the government.

I think that by and large I can support the propositions that are here to encourage the development of industry. I have been pressing the government now for some years on this very issue and a number of my want-of-confidence motions over the past few years in either the Throne Speech or the Budget Speech have been geared directly to this, because I've had the feeling, Madam Speaker, that while the COMEF Report was a very useful report - gave us a great deal of information - that the government did not act upon the report. Well now, we find that some three, or two or three years after the receipt of the report the Government is going to take steps to get industry going and do some active work in promoting industry to the Province of Manitoba by this Bill.

Madam Speaker, the point is that regardless of what bills we pass, regardless of what facilities are put in the hands of the Minister, unless there is going to be aggressive and active work by the Minister and the Cabinet, then all of these bills don't end up by producing results for the Province of Manitoba. That is my key complaint in the way that this has been handled. Quite frankly I feel that the Minister has not been sufficiently aggressive in dealing with this matter. During the course of the Throne Speech Debate in my comments then I specifically stated that in my opinion this was a job that had to be done right from the top. Well, my suggestion was followed subsequently by the First Minister and I see now that he apparently is going to take over the matter of industrial development in the Province of Manitoba and we have a bill before us on Tourism setting up a department, presumably, he is going to shift his present Minister of Industry and Commerce over to that department.

Well, regardless of what actions the cabinet takes insofar as its own reorganization, Madam Speaker, the key to the whole thing in the Province of Manitoba is active aggressive work by the Ministers. This is why when the Minister talks for example of the TCA Air Base, I say that there was not sufficient active aggressive work on the part of the Minister, that the Minister knew long before, he knew early, back in 1962 - no back in 1960 - he had correspondence at that time and no action was taken.

There are other instances of this in the Province of Manitoba, Madam Speaker. I can

(MR. MOLGAT, cont'd) . . . speak for example of one industry in particular in the Town of Minnedosa, the company is called Agristeel. This company producing farm equipment of a specialized type found itself in difficulties because of some export regulations and import regulations by the Americans. While the products that they were producing here could be produced in United States and brought into Manitoba tax-free the reverse did not exist. The products made by this firm and going to the United States were subject to an American tax. This of course, is a problem that is not in the hands of the Province of Manitoba. I agree to that. It is in the hands of the Federal Government. This industry attempted through the department here, through various Ministers, to get its case heard and have something done about it. They got nowhere. They then started considering establishing in the United States. As soon as they issued a statement, Madam Speaker, that they were thinking of moving to the northern States, they immediately had visit after visit from industrial commissioners, Chambers of Commerce, town officials from every town neighbouring the Province of Manitoba across the line, every centre in North Dakota that thought it might be able to attract an industry to it. These people didn't wait, Madam Speaker, they came up immediately. They phoned this company, they drove up, they flew up to prove to them the advantages of going to settle, be it Rugby or Fargo or what centre they were representing. They took an aggressive attitude toward getting the industry, Madam Speaker. They didn't sit back and wait. They did it by aggressive salesmanship. The result was, Madam Speaker, that Agristeel was ready to move out. They were prepared to move down to North Dakota a portion of their operations. This could have meant the complete move of the company.

During that time they were in contact with the Department of Industry and Commerce in the Province of Manitoba, the Minister, and no action was taken, Madam Speaker. Indirectly this matter came to my attention. These people came to see me. I arranged for a meeting with the Federal Minister of Trade and Commerce. They explained their problems to him. He outlined to them the difficulties insofar as the export and import regulations, because this is a matter of negotiations with the United States and is a long term process. But he outlined to them the work or the possibilities that existed under the designated area plan of the Federal Government. Key officials were sent in to assist them and the company decided to stay; and today that same company, Madam Speaker, is expanding in the Town of Minnedosa. But we came within a hair's breadth of losing it, Madam Speaker. They were ready to go and there seemed to be no action from the Minister to preserve that industry for the Province of Manitoba.

So I say, Madam Speaker, I'm prepared to support these measures to bring industry to Manitoba, but it doesn't make any difference what measures we pass if the ministers are not going to take an aggressive attitude to get business to Manitoba and if they are not going to go out personally and do the work that is required to attract these industries here, then all of this legislation will be useless. We can put all the legislation we want on the books, but it will not be fruitful unless there is a determined and aggressive effort on the part of the government to make this work. I have not seen that action over the past few years, Madam Speaker, and I think that my statements in this regard are confirmed by the action that the government is taking now; after eight years in office we now find them bringing in new legislation, shifts in departments, moving ministers over in an attempt at this time to make it appear that they are going to do something.

Madam Speaker, I sincerely hope that they will do something, because we desperately need that in the Province of Manitoba. All the indications that we have from our own Economic Consultants, from our population losses is that we are not keeping pace. This is something that all of us Manitobans want to see corrected, Madam Speaker. All of us want to see Manitoba grow and to be proud to be Manitobans. We want to see our province in the forefront. I'm convinced that it can be. I'm convinced that if we go at this in the right way that we have the assets in the Province of Manitoba and the opportunity to do things. But we can't sit back, Madam Speaker; we can't simply say as the Minister of Mines and Natural Resources said the other day, "Well, if the mine is going to close, it's going to close." I say that that's not good enough. We have to take every step possible to preserve every industry that we have now, to work directly with them; where there are problems to sit down with industry and discuss the problem to see where government action can be helpful. We have to take advantage of every single federal program that is available to us. The Federal Department of Industry, while it is responsible for national development, I think there is a place there where they can fit into our own operations, where we can use them, use their resources. The National Research Council is one that can be used by ourselves. We recommend it to the House, for example, the expansion of the



(MR. MOLGAT, cont'd) . . . designated area plan because we feel that this would be helpful throughout the Province of Manitoba. Certainly it has been a great asset to the Town of Minnedosa where it has enabled the retention of an industry there. I think it is contributing a major share in the development in Brandon. It is one of the factors in the Monoca development in The Pas, because all of these things mean to industry an opportunity for them to establish; and when they establish, Madam Speaker, it means for the Province of Manitoba growth and employment for our people.

We don't want, Madam Speaker, to be in a position where we export our children to other provinces, and this is what's been going on in the Province of Manitoba. So I say to the Minister we are prepared to support this bill; but Madam Speaker the bill is not good enough in itself unless this is backed by aggressive work, by a change in attitude on the front bench over what been happening over the past eight years, then the bill will not accomplish what it should for the Province of Manitoba.

MADAM SPEAKER put the question.

MR. MARK G. SMERCHANSKI (Burrows): Madam Speaker, I wish to move, seconded by the Honourable Member for Gladstone the debate be adjourned.

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

MR. EVANS: Madam Speaker, I would ask you to be good enough to call the adjourned debates on second readings on Page 2.

MADAM SPEAKER: The adjourned debate on second reading of Bill No. 82. The Honourable the Member for Rhineland.

MR. FROESE: Madam Speaker, I adjourned debate in order to have a better look at the Bill that is before us, a bill to expropriate land, and I listened with great interest to what previous speakers had to say on this particular Bill.

I'm inclined to agree with what was said by the Honourable Member for Lakeside much more than what the Minister of Agriculture said yesterday. I feel that we're flouting the law as far as individual and property rights are concerned in this province. We have certain rights under the BNA Act as individuals in regard to property rights, and I feel that this right is being eroded very fast in this province, and especially with this Bill that is presently before us. What is of particular interest in this Bill too is that the onus is continually put on the owners instead of the party that is expropriating. This is a practice that is followed right through the bill almost from finish to start and I certainly cannot go along with this practice at all. Then too we find in so much of the legislation that is presently passing through the Session that we're continually delegating these powers of expropriation to so many bodies. We can hardly have a Bill before us setting up committees or corporate bodies of some kind that do not get the power to expropriate and I feel this is basically wrong.

A year ago or so when we discussed this matter of expropriation the Member for Brokenhead at that time brought out that in Denmark every expropriation bill has to go through the Legislative Chambers out there; this matter of expropriation could not be dealt with by any other body than the Legislature or Parliament of that particular country. And here in Manitoba we see this power just delegated to almost any Joe, Dick or Harry that comes along. I take exception to this power being delegated so freely and to almost everybody in this province.

There are various principles set out in the different sections which I should comment on. One is, too, that I think we're giving greater consideration when it comes to expropriation to corporate bodies than to individuals; whereas certain corporate bodies have acquired properties we're giving greater consideration to these than we do to the ordinary citizen who has property of some kind and which is being expropriated. This is definitely a fact.

Then, too, I'm amazed at what some of the particular sections are spelling out when it comes to the various forms that are submitted to us under the various sections and which are contained in the schedules at the back of this Bill. For instance - and another point that I would like to raise is when and at what time does ownership transfer? Is it at the moment that notice is given of expropriation, once the plan is registered in the Land Titles Office, is this the time that ownership changes? Or exactly when does this transfer take place? Because we find that once the plan is registered that the owner certainly has no right or certainly has no purpose in making any further improvements, and yet later on the party that does the expropriating, probably in a year or so or two years because, under certain sections we can have long drawn out affairs, and after a certain period of time they can then come under the abandonment section and just not take over these properties and just leave the owner sitting there, and probably the properties were reduced in value because of this. I think this is a section that could even come

(MR. FROESE, cont'd) . . . under the Unconscionable Transactions Act because here apparently they're taking some action about which we're not having any conscience taken into consideration.

I've already pointed out the other point that just when does expropriation take effect. This I would certainly like to see answered because we find under Section 20 that there's no definite way to indicate just when this takes effect and yet the owner is liable to pay all the taxes that accrue. He is still liable to pay the taxes and other matters, and I feel this is far too one-sided under this Bill. Also on other occasions in connection with the compensation due to the owner, after a certain period of time the onus again is put on him to inquire as to what compensation he will get. This is not made to him voluntarily, I understand. The authority that does the expropriating can withhold this information for a 90-day period and the owner who's involved he then has to write, the onus is put on him, to write and find out just how much will they offer him. And here again there's another time lapse that can take place until he has a right to tell the authority, to make a claim as to the value that he puts on it. And apparently also, once it goes to the Board, he is told to shut up and not tell the Board at all what he expects.

I just can't go along with the requirements of this bill. I think we're fast getting into a police state and especially with legislation of this kind, if this is passed, this is definitely going a large step further than what has . . .

MADAM SPEAKER: Order please. It has just been brought to my attention by the Clerk of the House that the honourable member has already spoken on this motion.

MADAM SPEAKER: If you look at Votes and Proceedings of April 7, Bill 82, the Honourable Member from Rhineland has spoken.

MR. FROESE: Not to my knowledge, I'm not aware that I did speak.

MADAM SPEAKER: Are you ready for the question?

MR. McLEAN: Madam Speaker, if the honourable member wishes to speak I would . . .

MR. LAURENT DESJARDINS (St. Boniface): Madam Speaker, I would like to move, seconded by the Honourable Member from Gladstone that the debate be adjourned.

MR. McLEAN: Madam Speaker, I would just direct your attention to the fact that the Honourable Member for St. Boniface spoke on this Bill April 19, yesterday.

MADAM SPEAKER: Are you ready for the question?

MR. SHOEMAKER: Madam Speaker, then I move, seconded by the Honourable Member for St. Boniface that debate be adjourned. I don't think I spoke on it.

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

MADAM SPEAKER: The adjourned debate on the second reading of Bill No. 105. The Honourable the Leader of the Opposition.

MR. MOLGAT: Madam Speaker, I just want to make a brief comment on Bill No. 105. The results of this Bill - while the Bill itself appears to be not too important and not too involved - the results of this Bill will have a very far-reaching result on the Province of Manitoba itself.

I would like to know from the Minister before the Bill goes through all our proceedings, exactly what are the timings anticipated insofar as the various steps and areas that this Commission will be studying? Section 2 gives us all of the areas that Local Government Units covers, and there is certainly a very broad choice there - 12 different areas that the Commission is asked to recommend upon. Now during the Committee stage the Minister indicated to us some of the priorities. Since that time some of the newspaper reports indicate that this Commission might be sitting for 10 years, if I read correctly. Well, that's a very interesting statement, Madam Speaker, and I would like to know from the Minister whether there is some truth to this or not, because 10 years seems to me to be a very long period of time, if the Minister is serious about having some reorganization.

I would like to know as well whether he has progressed any further on the matter of the personnel on the Commission. This seems to have raised a good deal of interest across the Province of Manitoba. I see the choice of the personnel linked with other likely events in the near future in the Province of Manitoba, and I would like to know from the Minister if he is in fact in a position now to inform the House as to the personnel?

It would appear to me that there might be some areas of conflict, Madam Speaker, between this Bill and the one that is --portions of which at least -- our companion Bill No. 16. When we were discussing these in Committee stage in fact the discussion roamed over both. It seems to me that here the Commission is empowered or asked to study the whole matters

(MR. MOLGAT, cont'd) . . . . of the school districts established under The Public Schools Act; school divisions established under The Public Schools Act; school areas established under The Public Schools Act, and regions. Yet Bill No. 16, if I may be excused for referring to another Bill, Madam Speaker, but I think it is pertinent to the principle, Bill No. 16 has sections in it whereby certain areas are specifically mentioned giving the -- the Local Government Boundaries Commission recommend that the Lieutenant-Governor-in-Council may form or enlarge or alter or dissolve one or more of the Consolidated School Districts in a number of divisions. Now I don't know if there is a conflict here or not, but I would like to know from the Minister because it appears to me that we are doing one thing here by setting up a Commission to do something, and here it appears that the Lieutenant-Governor-in-Council is going to be doing something in certain divisions at least. Now it may be that it's simply to permit, maybe one is merely a permissive one, but if so I would like to know from the Minister what it is.

Madam Speaker, I would hope that in their deliberations this Commission will keep one very important factor in mind. I realize that there is in certain areas a good deal of pressure for the enlargement of municipal areas in particular, and a number of various points could be made recommending this course. On the other hand, I think it is very important to keep in mind the question of local interest and that the Commission will not simply take the matter from the standpoint of pure efficiency, because there comes a time when efficiency itself can actually destroy the purpose of local government which is the self-control by the people in the area, I think this is a very important item. I realize that with improved communications and better roads we are now in a position to cover a wider area of responsibility in a municipality. On the other hand, there is the question of the local contact between the individual and his representative, be he a councillor or an alderman. This is a rather nebulous concept I agree and one that you can't put down exactly in a Statute, nor can you measure it in any specific term, and yet, it is I think crucial to our system of government. The more we remove the responsibility from the individual and the further the contact with his representative, the less interest there is very often by the individual in the operation, I can only express this in general terms. I'm sure the Minister agrees with me, he can only express in general terms, because it is that sort of a concept that you cannot put down specifically in a Statute, and yet I think it is very important to our municipalities that they not become such a size that the local people simply feel "Well, it's another distant form of government with which we are not related."

I think that the municipal men in the Province of Manitoba as well as the school trustees have done outstanding work for the province. I think it has been one of those areas where there has been more work done on a volunteer basis than possibly another field of activity; many hours spent by these people for the benefit of others for the improvement of a general area, not for any advantage to themselves, I think that we should do everything we can to retain that interest, that co-operation, that desire to help that we do now have in our Councils, and that the Commission should be very careful in establishing its boundaries to keep this in mind, in addition to the other recommendations made to them and the obvious ones of distance and efficiency and so on.

MADAM SPEAKER: Are you ready for the question?

MR. DESJARDINS: Madam Speaker, I have the adjournment of another Bill and have a chance to speak on Metro then, but I think that certain things should be said on this Bill -- I want to keep in order in the future debate -- because this certainly has something to do with the metropolitan area of Winnipeg. It seems here that this is another thing that we have had so often, another repeat from this government of just before an election getting a commission started to get a certain topic, a certain -- somewhere where they failed to get this out of the discussion during the campaign. If we remember right, we know in 1960 how fast and how this Metro Bill was railroaded to this House; and we remember also after, how often the Premier was warned of all the trouble that we would have, how this government was warned, but then they insisted -- they went ahead with Metro not listening to any of the municipal men and so on who were giving them the different advice.

At the time the Metro Bill was passed in 1960, it was decided that after five years it would be reviewed -- the whole system. But then, just a short period, just two years after, before the election of 1962, this government brought in another Bill. Bill 100, Number 100, and that was setting up a Commission to study Metro. Not five years after, but two years after. Now I don't want to elaborate too much on this Metro. I'll have a chance as I say in another debate, but I feel that this is the same thing again. We have had this thing and this government is not

(MR. DESJARDINS, cont'd) . . . taking its responsibility. This government has not taken the responsibility. It has blamed Metro. It has let the people of the province, especially the areas blame Metro. Never come to the defence of the metropolitan government that it created, and just after two years, instead of waiting the five years that had been agreed during the Session of 1960, it brought in the Michener Commission, and now it's bringing in another commission. I'm not saying that this is not a good thing; maybe it is needed. But the fact is that before the election of 1962 the government just pushed its responsibility on the Michener Commission and now it's getting set to do the same thing.

If you ask some of the Metro Councillors, they will tell you exactly what they think. They think that this is not needed, that a lot of these boundaries could be done with the help of Metro and other municipalities and they feel this is just another way -- even some of the --one metro councillor who is a supporter of this government came out very strongly against this because he feels that this is just another way to shove your responsibility on something else. It seems that this is the time to do it just before an election, the same as we had in 1962.

MADAM SPEAKER: Are you ready for the question? All . . .

HON. ROBERT G. SMELLIE, Q. C. (Minister of Municipal Affairs) (Birtle-Russell): Madam Speaker, I don't think that we should let the matter go to the question without answering some of the points that have been raised by honourable members opposite. I would like first of all to deal with some of the remarks made yesterday by the Honourable Leader of the New Democratic Party. He suggested that in this Bill the government thought that perhaps they could proceed without repercussions with the reorganization of municipal boundaries. He went on to say that the government can't get around its responsibilities by Bill No. 105.

I want to assure this House and the people of Manitoba, Madam Speaker, that there is no attempt here to avoid the responsibility of government to do something about the reorganization of municipal boundaries, and indeed, the boundaries of all Local Government Units. This is far from an abdication of responsibility. This is a responsible measure by which government hopes to achieve these ends in a fashion which will be not only in the best interests of the people, but in which they will take an active part and where every citizen of Manitoba will have an opportunity to make his views known, and to make certain that the end result is the reorganization that will provide local government on the best possible basis to serve the interests of the people in the various communities of the province.

The Honourable Leader of the New Democratic Party went on to say that the government had tied the hands of this Commission by giving them terms of reference. Well, Madam Speaker, I never heard anything so ridiculous in all my life; because it would be absolutely impossible for any Commission to undertake a job of this magnitude without having some terms of reference, some guide lines by which they should operate. I think, Madam Speaker, that if honourable members would read the guide lines in the Bill, if they would make some attempt to understand them, that they would know that this is no hand-tying operation. The guide lines are very broad but they do establish certain principles. They are asked to consider - not asked - they're instructed to consider and this is the point that the Leader of the New Democratic Party thought was so reprehensible - the fact that they were told that they must consider certain things. But they certainly have not been told, Madam Speaker, what the recommendations should be after they've given consideration to these items.

Under this legislation the boundaries commission are instructed to consider - what? Well, let's just go over some of the things they are asked to consider. First of all, they establish transportation, communication, economic, social and community patterns in the province. What's wrong with this? Surely these are the things that we would all want a boundaries commission to consider.

Secondly, the natural geographic features of the province. Anybody who has ever been associated with a municipality that was split by a major river knows the problems that can be created by the existence within a municipality of natural geographic features such as a river. I can think of one municipality in my own area of the province where because of a river voters from one particular area of the municipality must travel 23 miles to register their vote on municipal election day. There is a small corner of the municipality which is completely isolated from the balance of the municipality by the river and in order to get to the municipal office they have to travel out of their own municipality on a provincial trunk highway to get to a bridge which crosses the river and will bring them back into their own municipality on the other side. I don't think any member of this House could logically have any objection to this.

(MR. SMELLIE, cont'd) ....

Thirdly, they're instructed to consider the territory included in the boundaries of presently existing local government units. Well surely there's nothing wrong with this, Madam Speaker. We're merely asking them to take a look at what there is there now to determine whether or not this is the most satisfactory form we can achieve. And if it is, it will be left alone but if they come to the conclusion that it is not then surely they can recommend some change.

But I think the thing that he really was trying to get at was the fact that we referred to them the recommendations that were made by the previous commissions, sometimes known as the Fisher Commission and the Michener Commission. Well certainly these recommendations should be considered by any Boundaries Commission. Because what were they talking about? They were talking about exactly the thing that we're talking about here today, the need for some change in the organization of local government units in order to meet the responsibilities that we are asked to assume in municipal government and in other forms of local government in this last half of the twentieth century. And anyone who has had any connection with schools or with municipalities or with hospitals can tell you that their responsibilities today are very very different from what they were a few years ago. This is not a local problem here in Manitoba. This is a problem that's perplexed people all across this country from one side to the other. And here in this province we have taken the view that local government is important; that local government is something that should be strengthened and given real opportunity to measure up to the responsibilities we expect them to assume.

In certain other provinces Madam Speaker, they've taken exactly the opposite attitude and in at least one province in this country they have taken away from local governments almost all of their powers and assumed them by the province. That may be right in their province, Madam Speaker, but I'm convinced that it's not right here.

The Honourable Member for Burrows then approached the question saying that this Commission is merely an indirect approach to a reorganization of Metro. Well, Madam Speaker, I suppose that such a thing is possible under this Bill but it is certainly not the contemplation of the government that this Bill is designed to provide any reorganization of Metro. It is true that there has been a feeling for some time that within Metro we have more municipalities than are in the best interests of the people of the metropolitan area. This is not my own opinion alone, Madam Speaker. This is an opinion shared broadly even here in the metropolitan area. In fact the Mayor of one of the metropolitan municipalities would be very happy if there were only one. I'm not an advocate of that principle, but the very fact that we have a bill before this House at this time for the amalgamation of two municipalities that have been separate for several years up to the present time, is some indication that the people of the area are also aware that there is a need for some reorganization of the municipal units within Metro. That is the intention of this Bill, to provide the machinery by which this can be achieved.

The Honourable Member for Gladstone then began to berate us for the cost - the amount of money that was being spent to provide the studies necessary to provide this municipal reorganization. And he went on and gave some rather loose figures about what such things had cost. It was perfectly obvious from the remarks he made last night that he was not interested enough to get the accurate information - and this is the whole trouble with criticism that comes from my honourable friend - he stands up and he runs off at the mouth without taking the trouble to find out the facts. -- (Interjection)-- You certainly were advised - by an Order of Return filed at the request of one of the members of your Party at the last Session. The information was distributed to all of the members of the House for the cost of the Royal Commission on Local Government Organization and Finance for the years 1962 - 1963; 1963 - 1964; 1964 - 1965, in the total sum. The total sum for that Commission was \$185,734.98.

The Fisher Commission was a commission composed of representatives of the two municipal organizations in the Province of Manitoba. They organized the commission, they paid for it --(Interjection)-- Sure, it still cost money but it didn't cost anything like the quarter of a million dollars that my friend tossed around so loosely last night. --(Interjection) -- My honourable friend has no idea of what the two together cost and it wasn't a quarter of a million dollars. The public funds that went into the Fisher Commission amounted to the grand total of \$2,000.00.

I have no idea what the present commission will cost; but I would ask my honourable friend if he's ever read the recommendations of the Michener Report. If he has, he certainly

(MR. SMELLIE, cont'd) . . . doesn't remember them. I would like to refresh the memories of some of the honourable members of some of those recommendations. In recommendation No. 54, the commission said "a national approach to the reorganization of municipalities and school divisions would be to begin with the enlargement of rural municipalities by annexation or amalgamation of the existing 106 municipalities into about 40 to 50 larger municipalities". I'm skipping a bit. "Concurrently with any enlargement of municipal boundaries, consideration should be given to an appropriate revision of the boundaries of the school division or divisions in the area, so as to establish coterminous municipal and division boundaries when possible. As this is a continuous process which will only be accomplished over a period of time it should be put under the direction of a continuing commission."

Madam Speaker, that's what this Bill is all about. This Bill is our reflection of recommendation No. 54, of the Michener Commission Report. I have no idea how long it is going to take this commission to complete this study. I do know that the people who were on the Michener Commission made a fairly detailed study of the different systems of boundaries for various purposes in the Province of Manitoba. I do know that they had a series of some twenty maps on the wall of the commission office. I do know that they tried to make overlays for those maps so that they could try and correlate them, to see if there was any correlation. I do know that they in the end said that this is a program that is much too broad for us to undertake and that it should be the subject of another commission. Subsequently, we didn't believe that the problem was so difficult and we undertook to try and do something about in our own department and again we made maps and we laid out overlays of the different boundaries now existing; and we too came to the same conclusion that it was not a simple matter but it is a matter that is going to take a lot of time and a lot of study and that it's going to have to involve the local people in every area of this province if it's to be successful.

I can't give the Honourable Leader of the Opposition any idea as to what the timing will be, with any degree of accuracy. We do know that there are certain urgent problems in the field of education that must be looked after immediately and therefore we have given that area priority. We know also that the problem in Metropolitan Winnipeg of boundary reorganization is one where there appears to be some desire on the part of local people to proceed on this matter. So we have given that the second priority. But the over-all plan for the Province of Manitoba will proceed concurrently with the other studies because after all the other studies are part of it, and it is our hope that within a matter of a year or two this commission can report. And I would assure the Honourable Leader that there is no conflict between this Bill and the provisions in Bill 16. The provisions in Bill 16 say that when the Boundaries Commission recommends the Lieutenant-Governor-in-Council "may," and surely this is no conflict. The study is still going to be done by the people charged with the responsibility of making that study and the recommendation.

And lastly, Madam Speaker, I would like to say one thing. It's true that the reports - the primary reports - the initial reports of this Committee are going to be given to people in local government, so that they can have some part - some active association in the final recommendation and so that they can be assured that their views are respected by the Commission and by the Province of Manitoba. But I want to assure my honourable friend that when these have been taken into account, the final report will be made to government members of this House will be given an opportunity to review it at the earliest possible opportunity.

MADAM SPEAKER put the question and after a voice vote declared the motion carried.

MR. EVANS: Madam Speaker, I beg to move, seconded by the Honourable the Minister of Welfare, that the House do now adjourn.

MADAM SPEAKER: Moved by the Honourable the Minister of Industry and Commerce, seconded by the Honourable the Minister of Welfare, that the House do now adjourn.

MADAM SPEAKER put the question and after a voice vote declared the motion carried and the House adjourned until 2:30 this afternoon.