

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Saturday, June 14, 1975

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills; Questions; Orders of the Day. The Honourable House Leader.

ORDERS OF THE DAY

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I don't assume that the Member for Riel is prepared to proceed on Bill No. 63. It's the Income Tax Act. I'll then, Mr. Speaker, want to make a motion that we move into committee to consider clause by clause of Bill No. 61.

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

COMMITTEE OF THE WHOLE - BILL NO. 61, AN ACT TO
AMEND THE FINANCIAL ADMINISTRATION ACT (NO. 2)

MR. CHAIRMAN (Mr. Jenkins): Bill No. 61, an Act to amend the Financial Administration Act (No. 2)--(Interjection)--Page by page. Page 1. The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Chairman, I wonder, I must say that the Hansard advance copies have been traced down in the last couple of hours, but we haven't yet got through the Hansards with regard to the introduction. I'm not sure what extent this was introduced but one item in particular here is Item (e) on Page 1, Item 19(1).

MR. CHAIRMAN: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Well, Mr. Chairman, all I heard was the reference by the honourable member to (e) of Section 19, but I'm sorry I didn't hear what his query was.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: I wonder if the First Minister, in view of the fact we haven't really had a chance to review the Hansards, the introduction, he may well have discussed this. What I thought we would do is ask him for the explanations on the items as we go through, and the first one I would ask him for some explanation of his Item (e) in 19(1) on Page 1 of the Bill. It refers to securities issued by any corporation, "51 percent of the outstanding common shares of which are beneficially owned, directly or indirectly, by the government or a government agency." You know, the Minister may invest in such an organization. What is the purpose of this? Is there a particular case the government has in mind that it wants to exercise this one?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: No, Mr. Chairman, this is one of those cases where there is no particular or specific object or case in mind but rather it's put forward here for purposes of what I described as "tidying up" or "housekeeping" within the ambit of the Financial Administration Act as it now exists. Frankly, in the discussion of this it was regarded as a moot point whether we should even have this in here because we feel that existing authority under the Financial Administration Act is there but it is in our opinion somewhat ambiguous. That's really the reason it's here. It has nothing to do with any specific objective or case in point in mind.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, I think that up until this point, under Part 2 of the MDC Act, the provision was there whereby the government could invest equity position, common shares indicated here. To read this would imply that the government is asking for sort of blanket authority to invest directly rather than through the MDC in common shares of a corporation which a government may own more than 51 percent of. It isn't prefaced by the statement that there has to be an Act of the Legislature in order for it to take a position in a company. It simply is prefaced here as you notice in (19)(1), "Investments of public moneys. Where he deems advisable for the sound and efficient management of public money or public debt. the Minister may invest," Period. Some of the other clauses are prefaced by "in cases where there is authority enacted by the Legislature".

MR. CHAIRMAN: The Honourable First Minister.

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MR. SCHREYER: Mr. Chairman, I can't fault the honourable member for reading and interpreting that literally, and literally interpreted, he is quite right. This is, however, we do not feel any deviation from existing authority, but rather putting it much more clearly than what the present Financial Administration Act lends itself to interpreting and in fact to execution.

MR. CHAIRMAN: Page 1. The Honourable Member for Riel.

MR. CRAIK: You know, what we want is an indication here, that the items prior to that indicate all sorts of things - promissory notes, certificates, deposits, refers to chartered banks; then it refers to securities of the different governments, Canada, Provincial, American, United Kingdom, so on; securities of payment guaranteed by the Government of Canada, and then it brings in this one here simply where the government owns more than 51 percent of a company. I think we really need more explanation on this before we could vote for it.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I'm quite prepared to have this sub-section held over. And by that I don't mean that there is any much more explanation than I've already given. It's a matter of more precise and clear language than is the case in the present provisions of the Financial Administration Act. However, in order to convey that to the honourable member, perhaps with the added authority of having it in some written form, I think I would suggest that this subsection (e) be held over.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Chairman, I just have a question for the First Minister. Could he just indicate in the Section (19)(1) and it applies as well to Section (19)(2), what kind of public reporting procedures would be followed in terms of the various transactions that take place under these sections in terms of their enumeration in the Gazette or other forms of information so that there can be an ongoing and current record of the transactions that do take place under these two sections?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, the recording of any transaction that would be carried out pursuant to Section 19, which is before us now, would follow in the same form as is the case at the present time. The Crown cannot invest in promissory notes, certificates of deposit, securities, etc., without there being made a definite record of the matter, in some cases by virtue of Lieutenant-Governor-in-Council, Orders-in-Council which are a matter of public record file, and of course, everything done is answerable through public accounts ultimately and in this House during the Estimates of the Department of Finance, during the question period, etc., etc.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I perhaps could pursue the line of questioning with the Minister to determine whether there is any consideration on his part to begin providing a more concise monthly information scheme in terms of maintaining a financial profile of what the government is investing in and what, in fact, it is also selling. So that rather than having to look into the Gazette for certain Orders-in-Council and then be treating things a year hence in the Public Accounts' record, would there not be some very direct merit and benefit in terms of keeping with the principles of openness which the government indicates that it wants to maintain, of maintaining a monthly or a quarterly kind of statement in terms of its investments and sales in these kinds of transactions so that there is a more precise picture for members to follow; so that when we come to treating the accountability in estimates and in Public Accounts Committee, it's better able for members on this side who don't have quite the same research staff that the Minister has available in his own department to maintain a better assessment of what the financial fiscal picture is of the province?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I think I understand, if not all, almost all of what the Honourable Member for Fort Rouge is suggesting. It would be, I would have to caution him, a rather complicated and perhaps not so productive exercise, and it would be not without its attendant cost. I must also say, that obviously all of the securities issued by the Crown and purchased by the Crown and held, are a matter of public record and can be obtained on a request basis; and indeed, more than that, certain documents such as the annual report, such as the public accounts, do list the kind of securities issued and securities held by the Crown.

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(MR. SCHREYER cont'd) My honourable friend is suggesting some kind of weekly or monthly publication of this. I would think that prudence would dictate that I would have to resist it, for the reason that some of it would be duplicative and what wasn't duplicative would be without doubt rather cumbersome and costly to prepare. I'm not aware - if my honourable friend wishes to become more specific, perhaps we can deal with it on a more specific plane - I'm not aware in what particular respect our record-keeping and publishing from time to time of assets and liabilities listing of the Crown is deficient in comparison with whatever reasonable methods are used by other jurisdictions.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Just before the proceedings continue, I wonder if there would be any objection by honourable members for the Deputy Minister of Finance to be in the House in the same way. Thank you.--(Interjection)--It's okay - it's in the rules - okay then.

MR. CHAIRMAN: . . . government, of the government as required by a Minister, may be admitted into the Legislative Chamber and shall be permitted to sit at a table placed on the floor in the House in front of the Minister, but this rule does not apply during the debate on the Minister's salary in Committee of Supply. Mr. Craik.

MR. CRAIK: Mr. Chairman, I just wanted to say, that with reference to those sections . . .

MR. CHAIRMAN: I beg your pardon, I beg the honourable member's pardon. I referred to him wrongly. The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, with regard to (19)(1), those sections we were asking about, we're straightened away on that now and so it's okay, there's no need for it to come back. We've got it sorted out here now.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, just to provide a brief response to the First Minister, the requests or inquiry that was being made was to whether there was any point, and not on a weekly basis obviously - but if costs will be determined, whether even on a quarterly basis, there would be a statement issued that would record the different transactions that had taken place - and particularly, looking at amounts that have been invested in different kinds of securities and debentures and notes, as well as the interest rates that may be obtained and the other kinds of returns that may be garnered. I think that the relevancy of that particular source of information would be of importance to members of this side of the House obviously in trying to maintain a more current picture of the investment profile of the province - and its importance, I believe, is indicated by the fact that we are in a period when we are facing capital short markets and where there is a tremendous pressure for varieties of funds, where other provincial governments have enforced in some instances or cases to issue bonds of a fairly inordinate interest rate in order to attract funds and in some cases have had to withdraw issues. I believe that the Province of Ontario has had problems in this respect in terms of its Hydro bonds. And it would be, I believe, as many corporations do when they issue quarterly statements on their different financial portfolios that they're holding, would be of importance at least to opposition members. I realize that it may not be convenient for members of the government who already have that information, and I also realize that the bits of information are there but they are just scattered in different kinds of records and they come forward at different times. There isn't any way of assembling a more complete picture on an orderly basis, and maybe a quarterly basis would be the requisite, just so that in times where there is such an extreme pressure on the financial market and when the investment portfolio and the securities held by the government is of such critical importance in terms of its inflationary position, in terms of its fiscal position, that information would be of great help in terms of our making assessments.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, the honourable member has become a little more specific - but just a little - and I can only become a little more specific in turn. I indicate again that it is a matter of public record as to the quantum of debentures issued by the Crown, and conversely purchased or held by the Crown. The honourable member, I'm confident he's well aware that the financial management of the province is not a static situation, it's very much of a dynamic phenomenon. There is a very large and substantial cash flow, there is roll-over financing taking place on 30, 60 and 90-day bases, short term treasury bills or paper issued and then called in, etc. If the Honourable Member for Fort Rouge has something

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(MR. SCHREYER cont'd) specific in mind in the way of seeking certain information, then there is always the instrumentality for the Order for Return which, putting forward a specific inquiry, will obtain a specific answer; but I hope he is not suggesting that on a weekly or even monthly basis, that it would be prudent and feasible to list exhaustively all of the financial transactions of the Crown because some aspects of it, you know, are not without a certain element of, shall I say, competitiveness, inter-jurisdictional, on the money markets of the world. The honourable member mentioned - I'm not sure that I got the full context of it - that one or two provinces had to abort their debenture issues, so to speak. I'm not sure how that relates to his inquiry in this context, but in any case it is academic in Manitoba's case since we have not fortunately been faced with that prospect to my recollection ever, and certainly not in the last year or two. Now I don't want to fob my honourable friend off with an overly general answer. If he can become a little more specific still, I will try to reply in turn.

MR. AXWORTHY: Well, Mr. Chairman, the specific point that we're trying to make is that in order to maintain a consistent appraisal of the fiscal transactions of the government, that under the present information system, the way that information is recorded and received, it is scattered and in many cases can only be obtained through the mechanism that the First Minister indicated, Orders-in-Council. Oftentimes that information is pretty tardy in its reporting, it may be 6, 8, 9 months after a fact - and what I am asking about - and I didn't say on a weekly basis, I made it quite specific that, say, on a quarterly basis, if there was any form of reporting - particularly when the House itself is not in session and we don't have the opportunities and mechanisms of the House and the procedures of the House to gain information - that it still would be important for the basic principle of obtaining a clear statement of fiscal requirements and investments so that there is both a public, and particularly in terms of elected representatives, an ongoing ability to maintain in a profile of what's happening - particularly, because as the Minister indicates, the thing is so dynamic and so ever-changing and because the money markets themselves are of such a volatile under the present circumstances.

This may not be a procedure that's been followed in the past, and I'm not saying, I'm not trying to make the case that there is a precedent for it, but I am simply saying that increasingly there are demands for better disclosure of information and as a result, presumably, that that makes the process work a little bit better if more people know and understand what's going on. If there are some areas of fiscal investment that would be reserved or not want to be made public, I'm sure that can be so designated, if the Minister feels that way. But I am just simply saying that now in terms of maintaining an ability to have an understanding and appreciation of the investment procedures and the sales when debentures and securities are sold and at what interest rates and the specific amount, it would be an important asset for us to understand that. Now I'm not criticizing the government for not having done it in the past, I am simply saying that under these circumstances, it may be worthwhile looking at as a further addition in its efforts to make better information available.

MR. CHAIRMAN: Order please. I'm going to allow the First Minister to reply, but then I'm going to have to ask that we stick to the rules. We can't have debate all over the shop. If the honourable member wants that kind of debate, he can debate that portion when we put the motion, "Shall the bill be reported", but the rules are quite clear and concise in respect to bills before the Committee of the Whole, it's item by item and that's where the debate shall be. The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I don't want in any way to appear to be second-guessing or anticipate your ruling. I would merely say to the Honourable Member for Fort Rouge that while I sympathize entirely with the objective of his questioning, I really must say to him that it is not possible to be more precise in reply than he is in his questions in this regard. I accept the premise upon which he is making his comments and addressing his questions, namely, that the principle of more information is always desirable. There are, however, certain practical considerations that loom very much in this picture. For example, long term investments by the Crown, long term securities issued by the Crown on the bond market are indeed a matter of full and systematic public record and information, and I don't think that my honourable friend can hope to find much way of improving upon what is already the practice and has been for some time.

I gather he would like somehow there to be some more complete and systematic recording

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(MR. SCHREYER cont'd) and disclosure or information with respect to short term financial management or short term paper financial management by the Crown - and there, one really does have to wonder out loud what my honourable friend has in mind. If he can produce a model that he could point to as being one that we should consider following, not only would we not resent it, we would welcome looking at it. I'm not aware of any jurisdictions able to provide in any practical way the kind of fullness of disclosure with respect to short term financial dealings of the Crown as compared with long term. The reason is obvious because of the sheer quantum and frequency of roll-over or turnover every week, and in some weeks, I daresay on more than one day in that week. The Crown is either buying or selling short term paper. There are sinking funds in the order of \$100 million plus - I don't know exactly, I think about \$120 million--(Interjection)--\$130 million I'm advised - and in the management of that portfolio, if I may term it that way, quite frequently there is a purchase by the Crown of various paper issued by various financial houses, etc., and the converse applies as well. Various banks in the city call every Monday to bid, I think, on treasury bills or provincial short term paper. I don't know just how it would be practical to have all that listed out in as detailed a way as the major long term financial management.

MR. CHAIRMAN: Page 1, Section 1 - and I think we should go down the item, because otherwise we're going to go all over the shop. 19(1)(a)-passed; (b)-passed; (c)-passed; (d)-The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Chairman, in respect to 19(1)(d), where the authority is asked to - where the investment of public moneys and securities issued by any government agency - I'd like to inquire of the First Minister whether or not this is related directly to the comments of the Provincial Auditor as contained in his report of this year and of last year, where he points out that the corporation's financing of - Manitoba Development Corporation, that is - is set up in such a way as to leave something to be desired and that there should be some changes in the situation. I'm wondering if the authority requested here would apply to some changes being made in the Manitoba Development Corporation's funding from the Provincial Government, and if it might also apply to (c), (e), (d), (f), and perhaps Leaf Rapids Corporation. This area, it would appear, would have some connection with the position of the Provincial Auditor, and the amount of money that has been advanced to various government agencies over the past year and where he has taken the situation to require some specific comment by him.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, again it's a case of wanting more precise and clear wording. If the Honourable Member for Brandon looks very carefully at (1)(d), he will see that reference is to the Minister of Finance being authorized to invest - (d) in securities issued by any government agency - and in that regard, I'm sure the Honourable Member for Brandon will agree that - I was going to say "commonplace" - but certainly with a good deal of precedent in the case, for example, of the Department of Finance having over the years from time to time purchased securities issued by Manitoba Hydro, so this is not without precedent. This would also cover a situation, for example, of being able to invest in the securities issued by, for example, ManFor, you see, and that would be analogous to Manitoba Hydro.

(d) and (e) taken in tandem will provide authority for the purchase of equity by the Department of Finance in the equity stock of an agency and also provide for the purchase of securities issued by said agency and of course - the Member for Brandon West will agree, I'm sure - the financing of any operation is almost always a consideration of what ratio of equity to indebtedness or equity to debt financing, so if the authority is there for one, it has to be there for the other type of financing. I'm advised also --(Interjection)--Well, it's always of course encouraging to have the reinforcement of the printed word. In answer to the Member for Brandon West, and earlier to the Member for Riel, I indicated that (d) and (e) really are not providing for something that isn't already a matter of a previous authority and practice but presumably it was merely for more concise and clear wording - and indeed, if one looks at the existing Financial Administration Act, they will see that the wording is identical, which now has me a little puzzled, but at least I didn't mislead my honourable friends.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: That's exactly why I stood the last time and said that we were cleared away on 19(1), because the new Act portion of it, we were including the old part with the new part

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(MR. CRAIK cont'd) until we had gone back and sifted it out, but I'm not sure that that answers the concern with the Member for Brandon West.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I was probably leaping to a conclusion here that was not justified. I know the chronic problems that relate to a government agency like Manitoba Development Corporation in respect to its continual funding by government, and of the comments of the Provincial Auditor where he suggested that some changes should be made, and I sort of jumped to the conclusion that there was perhaps some activity on the part of the government to enable a change to be made - but I understand now that that was not intended, and that these clauses are essentially identical to those previously.

MR. CHAIRMAN: (The remainder of Section 19(1) and 19(2) and 19(3) were read and passed).

The Honourable Member for Brandon West.

MR. MCGILL: I'm sorry, Mr. Chairman, I was just . . .

MR. CRAIK: Are you on 2, Mr. Chairman?

MR. CHAIRMAN: Section 2, 19(6). The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, we would ask for some explanation here of 19(6). It would appear that a very high degree of arbitrary power is really being placed in the hands of one individual as designated by the Minister from time to time to cast really, I suppose, all the voting shares in these cases - and how do you . . . ? It would appear to me that there might be some more specific way of saying that it has to be a certain senior member or some designated person such as the Deputy Minister - or otherwise - that's going to be doing this, because it appears to be a very powerful instrument here that's going to be delegated by the Minister to some person from time to time. I presume it's all the voting shares in cases where the government holds all the stock.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, to reply very specifically to the honourable member, I would say that the reason this is here is because it is simply not possible to avoid the necessity in the final analysis of having a person designated to vote. A Cabinet as a whole cannot vote shares, a person must vote shares - and that one person must have the trust and confidence of the Lieutenant-Governor-in-Council. Well then clearly, whether it's the Minister or a person designated by the Minister - but as my honourable friend well knows, and if he is at all querulous about that, I think the Member for Swan River would support me in the contention that the delegation of authority is part and parcel of our system of functioning. And the Minister, in any case, bears the ultimate responsibility regardless whether he exercises it directly or whether he delegates it, so that I don't know that anything is lost in the final and ultimate sense.

MR. CHAIRMAN: 2, 19(6) - passed; 2 - passed; 3, 24(1) - passed; 3 - passed.
Section 4 - The Honourable First Minister.

MR. SCHREYER: By leave - and this would require leave - because I feel that I should harp back to give one very important point of information with respect to (19)(1) which has been dealt with. So if I have leave, I would like to put that point of information on the table . . .

MR. CHAIRMAN: Does the Honourable Minister have leave? (Agreed)

MR. SCHREYER: . . . and that is, that what is new in (19)(1) in a nutshell, is that it is proposed here - all these sections are largely re-enactments, but what is new is that the Department of Finance or the Minister of Finance on behalf of the Crown would be authorized to cause the Crown to invest in securities issued by a municipality or school board; whereas before it had to be done, it was done, but it had to be done by Order-in-Council - it would now be done by means of a more routine administrative procedure but it, clearly, it would still be answerable for in the usual way. And I might also add, the same applies to the certificates or receipts of a trust company or trust certificates. That is new as well. But again we are proposing it because as the name of the bill implies, financial administration and greater expeditiousness in financial administration. Thank you.

MR. CHAIRMAN: Section 4, 24(4) - passed; Section 4 - passed. Section 5, 54(1) - The Honourable Member for Riel.

MR. CRAIK: Well, Section 5, Mr. Chairman, 54(1), performance bonds, etc., was the question I raised this morning on second reading of this bill, and we have - before we get into it further, maybe we should just ask the First Minister to give some further explanation for

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(MR. CRAIK cont'd) the government getting into the performance bond business.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, the Honourable Member for Riel is quite right in raising this. It is indeed a substantive point. Fortunately the explanation or the reasoning here is quite simple, and it's a case of one either accepting it or not accepting it, but I don't believe that there is any convoluted or complicated reasoning involved. We are proposing this because up until the present time, it was not a case of the Crown not having the authority to issue a guarantee on behalf of itself or any agency thereof, but under wording in statute to date, if the Crown was going to issue a guarantee on behalf of a Crown agency, then we had to resort to the provisions of the Emergency Fund legislation; and that in turn meant that if we issued a performance bond, say for \$10 million, let us say, the only way it could be done would be by encumbering a fund, in this case the Emergency Fund, to the extent of the guarantee of the performance bond, say \$10 million. And we feel that it is not entirely logical, nor desirable in our opinion, to encumber a fund to that extent, when it is possible to extend the faith and credit of the province to provide what is just, in our opinion, just every bit as good a guarantee without having to tie up a given quantity of a capital fund. So this section, if enacted, would have the effect of enabling the Crown to continue to extend a guarantee, and to do so on the basis of its cash flow capacity and without in any way tying up or encumbering a capital fund. We feel that this has value. We feel that the reasoning stands on its merits and therefore we are recommending it. That is the reasoning. It's almost as pure and simple as that.

MR. CRAIK: Mr. Chairman, our concern here is that in specific cases such as I would assume arose when the Flyer people got into trouble with their performance bonds in regards to one particular delivery contract of their buses, the government moved in and through the Emergency Fund did actually provide the guarantees that were required. And so there was the power there for the government to do it through that particular fund. But the question is, as to whether or not the government is not losing some of the normal checks and balances that are provided by a bonding company that's operating in the normal private sector, coming in and actually reviewing the set of circumstances that provide them with the background as to whether they can bond or not, and therefore having some positive input into the whole process of government in business. Now I suspect there must be a very legitimate reason why the bonding company in that case refused to issue the bond to Flyer Industries for that particular order. I think maybe it would be helpful if the First Minister could indicate here what the reasons were for - I think it was in that case Canadian Indemnity Company - withdrew or refused to renew their bond, or cancelled - or whatever the situation was - and the government moved in and bonded instead. And I think that we need some justification for the government going this one step further, which would formalize a procedure for bonding as opposed to bonding under emergency conditions which are now still available to the government through the Emergency Fund.

MR. SCHREYER: Mr. Chairman, I must say I don't fully understand the honourable member's argument and therefore invite him to elaborate. But to the extent I comprehend, I would say as follows: that it is not as though any of the so-called checks and balances are being removed or eroded here, because the member, if he looks at Section 5, 54(1) carefully, he will see that we do not propose that this extending of a guarantee by the Crown or performance bond be done in the routine daily way. It clearly requires approval of the Lieutenant-Governor-in-Council, and that then becomes a matter of Order-in-Council and therefore becomes a matter of public record within the usual time - 24 or 48 hours or whatever following the passing of the Order-in-Council. If we were proposing here to create the authority for the granting or extending of a guarantee by the Crown, by the Minister, in a routine fashion without the check and balance and more full record and disclosure by way of Order-in-Council, then I think the honourable member's fears would be valid, but that's not what we're proposing. So, the only difference, really, is not in procedure but merely in whether or not a capital fund is being encumbered or not. That is the only substantive point here. The procedure itself is not much, if at all, different, and insofar as how this will be looked upon or received by any third party - or I should say any party with whom the Crown is contracting to do business - I don't see that this should be received in a way any different than at the present time under the present arrangement. The Honourable Member for Riel probably knows that the granting or extending of a guarantee or performance bond by the Crown - in fact, the extending of the guarantee is insisted upon by those that are in a contractual relationship, including a bonding

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(MR. SCHREYER cont'd) house. They naturally would prefer to have the guarantee backed up by the Crown, that is to say, the Crown in its generality, or the Crown in the right of the province. It's a case then of negotiating the best possible terms. Nothing of that is changed by this section. It merely provides for what we do in any case in other circumstances, extend the faith and credit of the province, just as when we issue debentures. Therefore, why we should tie up a capital fund or encumber it, doesn't make sense to us, any more than if we were to get into the almost unreal really silly exercise - every time we issued a debenture, we had to encumber some fund as a guarantee thereto. That would be perfectly circular, Mr. Chairman, and quite silly, quite non-productive.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, the point that I was attempting to make to the First Minister obviously isn't very clear to him. There's no suggestion in raising this that we have any way of judging whether this bond is any more or less acceptable to a customer than a bond coming from anyone else. That's not the question. I assume a bond is a bond, and if you're bonding Flyer for the City of San Francisco for delivery of buses, that the City of San Francisco assumes that bond's as good as if Canadian Indemnity supplies it providing there's a bond there. My point is that if a private company that is bonding all sorts of different companies, manufacturing companies, set up certain yardsticks that they use to determine whether they can bond or not and to what extent, that as soon as you cease to use a source like that to come in and examine the operations of a government-owned corporation, you no longer have that check and balance on the operations of your government corporation. And I'm suggesting that a company that is in the bonding business that does this for a whole spectrum of manufacturing operations, develops a certain amount of expertise that in general applies to a whole industry. And when they say, as I assume they did to Flyer, "You no longer meet our requirements for bonding that we would require of any other company," then Flyer is getting some feedback that they had better either pull up their socks and operate in a more normal fashion, or we lose our bonding capacity, or our capacity to be bonded. But when the government does it, of course the government's objective isn't necessarily the same and it probably is quite different than what a private bonding company takes into consideration when it bonds. The government has far less concern, I would bet, than the private bonding company that is going to adjudicate very closely the performance of that company.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, the Honourable Member for Riel is taking the argument - really, he's not relating it to the pros and cons of the contents of Section 54. He is now really, in a sense, passing comment - whether accepted or not accepted on this side is another matter - as to the credit-worthiness or bonding worthiness or acceptability of Flyer Coach by some contracting purchasing firm either in Canada or the United States, and that's an entirely separate issue. I wouldn't mind at all speaking to that matter, and perhaps my colleague the Minister of Mines and Resources would like to. But that sir, let's recognize, is a separate issue. The credit-worthiness of Flyer is not better or worse by reason of whether the Crown, in standing behind on a performance bond, is encumbering a capital fund or whether the Crown is doing so by means of its general faith in credit, but, to use the honourable member's reasoning, would then, for example, with equal validity or lack of it, raise the same point with respect to Manitoba Hydro, because for the past I don't know how many decades, Manitoba Hydro has managed to get better consideration on the bond markets of the world by virtue of having the Province of Manitoba, the Crown in the right of the province, guarantee behind it. There's no question that Manitoba Hydro could by itself go to the money markets, but it would be marginally less well received. And the same applies to any Crown agency when compared with the Crown generally in the right of the province. But I really would think that the Minister of Mines would deal with this better, sir.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Mr. Chairman, I believe that the First Minister has dealt with it very well, but I just want to have one small dispute with the honourable member as to what the bonding company is looking for when it is posting the bond. If we adopted the honourable member's reasoning, then the bonding company has had tremendous confidence in the performance of Flyer Coach Industries, because the bonding company of San Francisco has bonded 75 per cent of the performance. In other words, if there is a problem, the bonding company is paying

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(MR. GREEN cont'd) 75 percent despite the fact that it looks at Flyer's balance sheet and sees unequivocally that Flyer would not be able to respond financially to that bond if it wasn't able to produce the buses.

The bonding company is bonding Flyer Coach Industries. Flyer Coach Industries is the one that has to pay the damages. What the bonding company says is that if it came to Flyer Coach Industries paying these damages, there is not enough equity in Flyer Coach Industries to pay the damages, and therefore we will not bond them unless we have some knowledge that they are able to pay. Now, we could handle that in a different way. The honourable member wouldn't be happy with it, but we can handle it. We could, under the Development Corporation Act, pay the Flyer Coach Industries \$7 million - let's say that was the amount of the bond - in a trust fund to pay any damages, and then they could go to the bonding company and say, "We have a trust fund to pay damages; will you issue us a bond?" And the bonding company at that point - and I'm not saying entirely, but the performance capacity of Flyer would be secondary to the capacity of Flyer to make good its contract, or to make good its damages. Because if Flyer makes good its damages, the bonding company is off the hook.

Now in connection with Flyer, they have bonded Flyer to the extent of 75 percent on the San Francisco orders without any effective look at Flyer's capacity to respond to those damages, and I believe that they have done that because they are aware that the government has faith in the company's capacity to produce buses and that the government is going to see to it that the company is given the tools with which to finish the job - and I believe that that will be the case. Neither the bonding company will pay nor will Flyer pay, but if there is damages to be paid as has been paid by other companies, then Flyer will pay it; because if Flyer doesn't pay it, Flyer will be bankrupt and will be owned by the bonding company, which they don't want either.

So if the honourable member is saying that the bonding company looks at the capacity of the company to produce the buses, that may be a factor - I'm not denying that - but they are far more interested in the capacity of the company to pay damages. And they look at the balance sheet of the company; they see assets, liabilities; they see loans for the Manitoba Development Corporation secured by debenture, and they say, "If this company goes belly-up, there's nobody to pay the damages," and that is the essence of which the bond is on. So that is what the bonding company has done with regard to the San Francisco orders.

When it came to the Dayton orders, the bonding company felt that it was sufficiently on the risk - that is 75 percent of the two San Francisco orders - and therefore they were not prepared to issue a bond on the Dayton order without the full guarantee by the Government of Manitoba. If this section wasn't there, the Government of Manitoba could advance to Flyer Industries a trust fund to pay damages, which would be made available for damages on the Dayton order, and I assume that on that, that either the bonding company would issue a bond or the company that is buying the buses would accept a bond in cash there to guarantee performance of the contract.

Now the honourable member says that this is a reflection on Flyer's capacity to produce. I know that they are saying that. I can't do anything more than to deny it. The Board of Directors, when they considered these two contracts, did not consider that they have to keep the plant in operation for the purpose, as the member would somehow have you believe, to satisfy a political position. They felt that those two orders could be fulfilled. And therefore the argument that is being made about checks and balances, although I can't dispute the entire validity of it, I dispute the validity of it in which the member says that that's the main thing that the bonding company looks for. The bonding company is looking to see whether the company that it is bonding can pay the damages. And they can't. One can look at the balance sheet - there isn't any money, there isn't any equity in Flyer Coach Industries which on a dissolution will be able to pay that kind of damages.

The point is the same as if there were a parent company. Let's say General Motors was a parent company, spun off a little company that bid on a contract. If the small company did not have assets, the bonding company wouldn't issue a bond for the small company even if they thought they could perform, unless the parent company issued a guarantee. And that's all we're doing.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, on this point. I think the Minister, though, would have to admit that if the bonding company's main concern is whether there's an ability to pay for

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(MR. CRAIK cont'd) damages, they first have to be watching to see if there may be damages, and that's the point that I'm trying to make; if they're a watchdog, at least an out-side watchdog, that can tell government and the public that owns this company that there could be damages, and if there's going to be damages then they're going to be concerned about who pays for them.

MR. CHAIRMAN: The Honourable Minister.

MR. GREEN: . . . one more illustration. If Flyer Coach Industry had a break-out equity of \$20 million - let's say they had a break-out equity of \$20 million - and the bonding company was entirely satisfied that that break-out equity was not going to be removed from the company, they would have very little concern for performance in guaranteeing the contract. They would have some concern; they wouldn't ignore it - they would want to know that there's a plant there. But what they would know is that that plant had not performed, there was \$20 million to pay for the contract, and they would issue a bond for half that amount.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: I would only say to the Honourable Member for Riel, and I'm well aware that he will be either influenced or not influenced at all by what is said, as the case may be, and that is that all of these considerations which he raises can exist, with or without validity, after the passage of this section just as well as before. All this section does is merely provide for a different method of providing a guarantee, and that is without encumbering a capital fund. That's all that this section by itself will do.

MR. CHAIRMAN: (Sections 5 to 8 were read and passed.)

Section 9, 57(3) - The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, Section 9 - 57(3) is a new section here and I wanted first of all to ask at the present time - it's just a general question - are moneys advanced to the Crown corporation on temporary basis now to the likes of Manitoba Hydro while they're waiting to finalize borrowing from other sources? Is that the case at the present time?

And perhaps the First Minister could indicate whether there's any particular importance to this particular section. I'm really asking him for some further explanation on this section in view of the fact that we didn't have an earlier description of the bill - 57(3).

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, again, this section, the only substantive change in it is, I think, primarily to accommodate the ManFor restructure and refinancing. I say primarily, because it has been open to the Crown in the past, obviously, to make advances by way of loan, but then once that was done, the statutory interest rate and calculations commenced automatically pursuant to statute. By virtue of this section, the Crown would be authorized to either not only make a loan that could be for an interim period interest free, or to make a loan forgiveness or an equity type of advance. That was not clearly provided for in the Financial Administration Act as heretofore worded. And that's the purpose of this section, to provide the discretionary room or latitude, in the event of the making of an advance by way of loan, that the loan could be deemed to be non interest-bearing for a stipulated period of time, or it could be an outright contribution.

I think that this, perhaps ironically, does come in turn to answer the point raised by the Member for Brandon West on an earlier section, and that is the concern which purports the Provincial Auditor felt obliged to raise, that is that in the context I believe, of ManFor again, under the Financial Administration Act we were required to define certain funds as being loaned, extensions of loan financing, therefore bearing interest, and the Auditor's concern was that to some extent, which perhaps one could argue about quantity, but to some extent, I think without argument, we are not really in a position to attest that it was realistic to assume that the operation would be able to pay interest in accordance with the statutory requirement. So the Auditor was indicating that conundrum, or that dilemma, and he felt he was obliged to have given the wording of the Act heretofore.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, the First Minister has indicated, and I see now that my questions would have been more appropriate at this stage in the consideration of the bill. To pursue the matter just a little further: as an example, in the case of McKenzie Seeds, and I'm not suggesting the government has any intention, but would this legislation enable the government to provide additional funding in the way of equity in the McKenzie Seed operation if

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(MR. MCGILL cont'd) that was considered to be a useful policy? I'm thinking of that as one extreme example. I'm thinking of MDC as falling more directly probably into this general category. But perhaps the Minister might comment on the problem which McKenzie Seed has, of being financed in such a way that the major portion of their money that they have used for expansion has come by way of loans rather than from equity capital.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well again, Mr. Speaker, it's a case of really having, you might say, two alternatives. Up until now, it was possible for the Crown to take an equity position in McKenzie Seeds, but most emphatically not under the provisions of the Financial Administration Act. That was precluded; therefore, if an equity position was needed, it was possible but through the provision of the MDC and only through the MDC. If for any reason it is felt to be preferable to have a particular asset functioning as a separate entity - separate, that is, from the MDC - then the answer to your question is no, it would not have been possible. On the other hand, with the passage of this section, it will be possible to do what you were inquiring about without the instrumentality of the MDC, rather directly by the Crown through the Department of Finance rather than through the agency of the MDC.

MR. CHAIRMAN: (The balance of Bill 61 was read and passed.)

Preamble passed. Title passed. Bill be reported. Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of the Whole House has considered Bill No. 61, recommends it to the House without amendment, and asks leave to sit again.

IN SESSION

MR. SPEAKER: Order please. The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Point Douglas, that the report of the committee be received.

MOTION presented and carried.

THIRD READING - BILL NO. 61

MR. SPEAKER: The Honourable Attorney-General.

BILL NO. 61 was read a third time and passed.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I wonder - there are some bills that I'd like to see whether we can get cleaned up, on Page 4 of the Order Paper. Bill No. 51 - I believe that that has been adjourned by the Member for Radisson, but for the Minister of Municipal Affairs.

PUBLIC BILLS - BILL NO. 51 - R.M.'s OF MORRIS,
ROLAND, S.D.'s OF KANE AND NO. 19

MR. SPEAKER: The Honourable Minister for Municipal Affairs.

HON. HOWARD PAWLEY (Minister of Municipal Affairs) (Selkirk): Mr. Speaker, unfortunately I was not present when the Honourable Member for Pembina introduced this bill to the Legislature, and I assume that the honourable member gave a pretty far-ranging analysis of the events which rose to the need felt for this bill in the House. The Morris-McDonald School Division, I'm informed, includes the R.M. of McDonald, the R.M. of Morris, but lying immediately to the south and to the west of Morris there is a tier of quarter-sections lying along the easterly boundary of the R.M. of Roland and immediately adjacent to the R.M. of Morris itself.

Apparently in 1967, the R.M. of Roland was re-assessed. Lands in the westerly part of the municipality have been increased greatly in value, more so than the lands in the eastern part of the municipality. The result was a substantial increase in the equalized assessment for the R.M. of Roland, including those quarter-sections in the easterly edge of the municipality which lies in the Morris-McDonald School Division. The result is that the lands lying in the R.M. of Roland were paying up to \$100 a quarter section more in taxes than the lands across the road in the R.M. of Morris but in the same school division. The matter has, from records of the department, been discussed in 1967, but by the time apparently the department had identified the problem, the right to appeal the equalized assessment had expired. It was acknowledged apparently at that time by the provincial municipal assessor that the equalized

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(MR. PAWLEY cont'd) assessment for the R.M. of Roland was inaccurate to a degree, but the major problem apparently arose as a result of doing a re-assessment of only one municipality which formed the school division. Apparently the matter then dragged on after 1967 through 1968 and early 1969, and the eight or ten owners affected were advised to appeal the equalized assessment, but of course this could not correct the problem insofar as the years 1967 and 1968 were concerned, but did of course correct the problem insofar as 1969 was concerned.

I note that, a couple of years ago, the Honourable Member for Morris intended to present a bill to the House in connection with this matter if he was able to obtain the consent of the two municipalities affected, the R.M. of Morris and the R.M. of McDonald, in order to correct the inequity, and I gather that this bill would involve a contribution from the ratepayers in the two municipalities to the extent of approximately \$5,000. Apparently the Honourable Member for Morris was unsuccessful in obtaining the consent of the two municipalities involved and thus refused to sponsor the bill. The bill, of course, proposes to refer this matter to the Municipal Board to review the equalized assessment for the years 1967, '68, '69, and would give the board the authority to make the necessary adjustment and to determine the portions in which the compensation should be paid by the municipalities to the owners. We would, in general, be concerned about establishing a precedent insofar as a bill of this nature would be concerned, that others might come forward claiming the same type of inequity occurred in their situation, but we have checked records very carefully and we know of no precedent that would be established by approving this bill. I'm also assured that this problem could not occur again in the future, as the situation now is that the re-assessment, when it is done, is done for all the areas contained within the school divisions, so there'd be no strip as was here left done and the major part of the school division lands within the school division not done. I'm assured that that is not occurring now. I'm also told that the only instance that's known where this did occur was back in 1967, 1968, and 1969, so that on that basis, Mr. Speaker, I would like to indicate that I think that the bill does warrant support in second reading so that we can proceed to committee and hear what the R.M.'s have to say that are affected, and also the ratepayers that are petitioning through the Honourable Member for Pembina for this legislation.

MR. SPEAKER: The Honourable Member for Pembina shall be closing debate.

MR. GEORGE HENDERSON (Pembina): Thanks, Mr. Speaker. In bringing up this bill, I was hoping that the Honourable Member for Morris would be present because I know it affects his municipality. I didn't know, however, when I asked the House Leader for permission to deal with it today that he was going to be out at the present time. I do feel, however, that I'm not going to be here Monday and I'd hate to see it called Monday and then this here bill may slip by another year, and it's already far too far behind. I want to explain to the members that because this thing has happened, it's really not been the fault of the individuals so much as actually the government of that day when they did their assessments on the unitary school divisions and they weren't taking in the full school division. And I understand that this has been corrected.

Now the gentlemen in question, or the people that own these 25 quarter-sections of land, they had been trying to deal with it in different ways. They'd gone to the Ombudsman, and we also know that out in the division of Morris that Harry Shewman was the member, and he passed on; we know that Warner came in, the Honourable Member for Morris came in, and then there was an election called in 1969. There was talk of a Private Member's bill that didn't go ahead because of some little thing that happened. So the gentlemen in question with this bill have really been getting the run-around for a period of years, and it seems now that the only way that they can get justice done to them is to have it brought up before committee and have it turned over possibly to the Municipal Board.

Now, before it's turned over to the Municipal Board, I know that the people from Morris will be here to represent their side of it, and I know that the gentlemen in question are going to be represented and they'll have a lawyer here, so I feel that we'll be able to hear it in more detail than. All I'm asking you people is to give it a chance to go to committee where these people can be heard.

This is the main part of this bill. The purpose of this bill is to give the Municipal Board jurisdiction to hear an appeal against the apportionment and allocation of the requirements of the School Division of Kane #2006, and the Morris-McDonald School Division No. 19,

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(MR. HENDERSON cont'd) respectively, for the years 1967 and 1968, because after that time it was corrected through the equalized assessment and there was no more problem. The main reason I think we should get this settled is because these individuals have really been pursuing it over a number of years. They missed it the very first year because they had a chance to appeal through their Assessment Branch, but there's any amount of farmers that don't look at their assessment and it happens that they don't appeal in time, and these particular individuals didn't know it until they went in to pay their taxes and they noticed the land owned by the same man in one division and owned by the same man in the other division had such a big disparity in the taxes. That's why the whole question is being brought up, and I would appreciate it very much if we could get it to committee where each side could be heard and it would be settled for the last time.

QUESTION put, MOTION carried.

BILL NO. 45 - THE CONVENTION CENTRE CORPORATION ACT

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Bill No. 45 at the bottom of Page 5 of the Order Paper.

MR. SPEAKER: Proposed motion of the Honourable Member for Radisson. The Honourable Member for Emerson.

MR. STEVE DEREWIANCHUK (Emerson): Mr. Speaker, I adjourned the debate for the Honourable Member for Radisson.

MR. SPEAKER: The Honourable Member for Radisson will then be closing debate. The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, you will recall that Bill No. 45, among other things, exempts the Convention Centre and its land from all municipal taxes. I would like to at this time indicate that there will be an amendment which was proposed in committee, which had been omitted in the original drafting of the bill. The City of Winnipeg Act under subsection 158.11 and 155.1 required that the City Assessor tax the occupiers of exempt property. The City Assessor has satisfied the City of Winnipeg Council that, in carrying out that requirement to assess the occupiers of the Convention Centre property, great difficulty would be encountered, and because of the changing occupiers and dates of leases and various improvements made to the particular premises, etc., that procedure would, in his opinion, be impractical. The City Council has therefore adopted a resolution requesting an amendment to Bill 45 that would require the Convention Centre Corporation to make a grant to the City of Winnipeg in lieu of those taxes that would otherwise be assessed against the occupiers of the Convention Centre property. That amendment would allow the City Assessor to simply assess all of the property being used by occupiers of the Convention Centre, and would require that the Convention Centre Corporation pay to the City a grant in lieu of taxes in that assessed amount.

The Corporation has incorporated, in its existing leases, a provision that calculates as part of the rental paid by occupiers an amount for those taxes. In effect, the amendment would require the Convention Centre Corporation to pay to the City that amount which has been collected in the rentals for the payment of those taxes. I'd like to inform the members that this amendment has been reviewed with Mr. J. A. McDonald, City Assessor, Mr. Plunkett, Mr. McCormick, Law Department of the City of Winnipeg, and Mr. Ross Nugent, Solicitor for the Convention Centre Corporation. They all agree to the amendment which will be proposed in the committee when it goes to Municipal Affairs Committee.

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

MR. HARRY GRAHAM (Birtle-Russell): Will the member permit a question? Will the member be prepared to give members on this side of the House copies of his proposed amendment prior to the meeting?

MR. SHAFRANSKY: Yes, I will make the proposed amendment available to the members of the committee, and I'll have it xeroxed and distributed.

QUESTION put, MOTION carried.

BILL NO. 59 - ACT re TRANSFER TO FEDERAL
BDB PROPERTY ETC. OF IDB

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Bill No. 59, Mr. Speaker.

MR. SPEAKER: Bill No. 59. The Honourable Member for St. Matthews.

MR. WALLY JOHANNSON (St. Matthews) presented Bill No. 59, an Act respecting the transfer to Federal Business Development of all the property, rights and obligations of Industrial Development Bank, for second reading.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: I believe that we should send that bill to Law Amendments Committee, Mr. Speaker, and the people should be advised that it's at Law Amendments Committee, Bill No. 55.

BILL NO. 55 - AN ACT TO INCORPORATE LA
CENTRALE DES CAISSES POPULAIRES

MR. SPEAKER: Bill No. 55. The Honourable Member for Radisson.

MR. SHAFRANSKY presented Bill No. 55, an Act to incorporate La Centrale Des Caisses Populaires du Manitoba Ltee., for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Member for Radisson.

MR. SHAFRANSKY: Mr. Speaker, this bill is similar to the bill that had been passed two or three years ago in regard to the Co-operative Credit Society Credit Unions of Manitoba - I forget the title - Credit Society of Manitoba, and it's simply to allow the French-speaking credit unions the same type of opportunities as has been allowed under the amendments to the bill which we passed in this House about two years ago. The solicitor and members of the Caisses Populaire will be available and answer any questions when it goes to committee.

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

MR. EARL McKELLAR (Souris-Killarney): I was just very curious to know why the language barrier would be any barrier in a credit union. I can't simply understand why the - I thought the laws applied to all credit unions regarding the language involved, and the operations. Just because you say oui oui behind a desk instead of yes yes, what difference does that make? I'd like the member who is sponsoring this bill to answer that. It must be more than that. They must have their charter under the Province of Manitoba the same as any other charter. Could you answer that for me?

MR. SPEAKER: Order please. Is that a question or is that a reply? If that's a reply, it closes debate. The Honourable Member for Radisson.

MR. SHAFRANSKY: Well, Mr. Speaker, those two separate organizations - one is the one that we are also familiar with and English speaking, the other one is French speaking. That is all there is to those particular - they all represent the same idea.

QUESTION put, MOTION carried.

The Honourable House Leader.

MR. GREEN: Mr. Speaker, I'd like that bill also, just so that it's heard, to be referred to Law Amendments Committee, which meets on Tuesday afternoon at 2:30, so that the people concerned will know that that is where it's going, unless there is a disagreement and people want it sent to Law Amendments Committee.

MR. SPEAKER: Tuesday afternoon, 2:30.

MR. GREEN: Mr. Speaker, I move seconded by the - yes, before I go on to Supply, Mr. Speaker, I'd like to table the annual report for the Clean Environment Commission.

MR. SPEAKER: The Honourable Member for Fort Rouge on a point of order.

MR. AXWORTHY: Mr. Speaker, just a question for the House Leader. I was just wondering, considering that he was considering Private Members' Bills, if he had any intention to call Bill 60.

MR. GREEN: Mr. Speaker, I explained to my honourable friend, that where we are dealing with a bill which facilitates a private organization to which there is no objection, we call those bills; where we are dealing with a bill which attempts to change the general law of the Province of Manitoba, we do not give a preference to that bill over government business.

MR. SPEAKER: The Honourable House Leader.

BILL 55

MR. GREEN: Mr. Speaker, I move, seconded by the Attorney-General that Mr. Speaker do now leave the chair and the House resolve itself into a committee to consider of the supply to be granted to Her Majesty.

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

COMMITTEE OF SUPPLY - MINES AND RESOURCES

MR. CHAIRMAN: I refer honourable members to Page 35 of their Estimates Book. We are on Resolution 81, Water Management Administration (a), Salaries and Wages. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Well, Mr. Chairman, I think that before noon we were dealing with some of the problems that occur with the operation of the control structures on the Assiniboine and Qu'Appelle Rivers. I want to point out to the Minister at this time, that while the operation date have proven, sir, that we have had inaccurate estimates in three of the last five years, that the results that occur from that quite often are the exact opposite of what the original intent of the operation is. And I want to more or less give you the chronological sequence of what occurs if a decision is made to hold water back and then release it at a later date. What you have happening in the Assiniboine River below the dam is that the land does drain, the farmers start to get prepared to sow their crops, and then if later on they find out that the controls or the forecast were not that accurate and once water starts to go over the overflow, all control has been lost on that river. And then we find that, rather than the flooding occurring, say early in May as it would have had there been no control structure, you find the flooding occurring either late in May or the first week in June, which means that the entire year's agricultural operation may have been lost. So I would like to urge the Minister that, in the future, if the Department figures that there may be danger of an inaccurate estimate occurring again, that that water be released earlier in the season - a two-week period earlier in the season can make a difference between whether or not the farmer is able to get a crop or not. And those decisions can be made, and the alterations, and the time when the excess water is released can be determined - and thereby while there may be some flooding early in the season, it will then become controllable later on and the farmer can get on to his farm and proceed with his farming operations.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I really can't deny that there would be change as to when the water comes. The point that I tried to make by reading the figures, is that they have a better situation for a longer period of time than they would have had without the Shellmouth Dam. I do think that I should clarify because I've been advised that I'm incorrect, that the cost benefits of the Shellmouth Dam were not primarily designed for that area; that when the Shellmouth Dam was designed - this was before my time, before the honourable member's time - it was part of a three parcel program to protect Winnipeg. The Floodway, the Portage Diversion and the Shellmouth Dam were all cost-benefitted in such a way that they would help Winnipeg and there would be a fringe benefit to the area of the Shellmouth. Now, in every case where that has happened, people have shown that it could be used for something else. You know, the people south of the floodway say that yes, that is what it's designed for, but if you give Winnipeg a little extra water, we could save a lot of water south of the floodway. People in the Portage Diversion on the other hand, have often said that if you send more water or less water down there, you will do a benefit for other areas - and there is always that temptation, there is always that tremendous pressure to utilize the dam in a different way than what it was designed for and what produces the greatest cost benefits. And I have resisted that in every single area. I have to tell the honourable member, that water, if released in one area, may solve somebody's problem but it creates another problem; and the dam, the Shellmouth, is being operated in the manner in which it was designed to operate and that it is resulting in the benefits that I indicated, despite the fact that there is flooding. We have not been able to stop all flooding. But I appreciate the honourable member's remarks, because I can see the farmers being of the opinion that they're going to have dry land, and then finding that because the dam did not hold back more water, or it reached the top level, that they do not - so they have had an expectation which has not been justified. But I think I'm safe to say, that even though that expectation was not justified, they are not worse off than they would have been had the dam not been there.

SUPPLY - MINES AND RESOURCES

MR. GRAHAM: Well, Mr. Chairman, I think that we all recognize that the ultimate goal in the operation of the Shellmouth Dam is that the prudent use of the opening and closing of the gates is such that water never goes over the emergency spillway. That is the ideal situation, because once it does go over the spillway, you have lost all control, and the ultimate aim was to control the rate of flow in the river.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. J. WALLY McKENZIE (Roblin): Mr. Chairman, just one comment on the same subject matter. I watched this thing very carefully. The dam this year, as an example, has worked satisfactorily for those people downstream, because the water can be regulated so that people in the Virden area or north of Virden, certainly when the water became high there, the flow was cut off at the dam and naturally solved their problems reasonably well. But the concern of the Honourable Member for Birtle-Russell and myself is those 4 or 5 farmers right below the dam who seem to be the ones that are being penalized the most, almost on an annual basis. The rest of the structure I think works reasonably well, except for those 4 or 5 really close to the dam, and they seem to - well they've suffered severe flooding 3 years out of 5, and that's our concern, and I don't know how to deal with it - unless as I suggested to the Minister this morning, take another year, take another look at it, and maybe the best thing was take it to - I'm sure they'll consider the government taking the purchase of that and put it into grassland.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: I'm not going to spend a lot of time, Mr. Speaker. I just want to say that the language could be different. The honourable member says they have been penalized the most. One could say they are being helped the least, and I agree that that kind of thing can happen.

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

MR. McKELLAR: I'd just like to say a word, because I was around here when these projects were all decided on. I'm not going to relate whether it's just too much water going over the Shellmouth Dam or not, because to tell the truth I haven't been there.--(Interjection)-- A lot of the other - there sure is. But one of the problems that we had at that time was trying to relate which projects would be the best for all the people of Manitoba in that general area, and the First Minister has always argued that we made the wrong decision at that time, like he - say for the Holland Dam as part of the whole complex, the Shellmouth, the Holland Dam and the Floodway here, and do away with the Portage Diversion. I remember when he was sitting over here telling us we were doing the wrong thing at the time and it's quite true, and the Minister of Agriculture at that time, Mr. . . .

A MEMBER: He was for the Shellmouth Dam.

MR. McKELLAR: George Hutton. Yes, I know he was for the Shell, but he thought that diversion at Portage was crazy and then he wants the Holland Dam. Well, . . .

A MEMBER: So did George Hutton.

MR. McKELLAR: He thought it was wrong? No, he didn't. No, Thelma Forbes thought he was wrong, but no, I can - Thelma Forbes was the one that thought he was crazy, completely out of his mind. I know quite well what went on. I have a great memory for some of the facts that went on both in here and out behind.

But the problem we had - here we were faced with a situation they had to have flood control, and also we wanted recreation involved too. So the first thing, we decided we had to get a ditch around Winnipeg; next thing we decided we had to have Shellmouth Dam to control the water at the headwaters of the Assiniboine; the next thing, we had to decide whether the Diversion at Portage would be better for that particular area below Portage la Prairie rather than the Holland Dam. Now the Holland Dam - and our engineers told us at that time that under normal runoff, 24 hours would fill the Holland Dam and then it would be no good, just like what was explained here today; the Shellmouth, once you get it full, it's full, there's no place for the water to go but down the river. So the decision was made at that time to go for the Shellmouth, the Portage Diversion and the Floodway around Winnipeg, and I think you know, with all due - about the only problem that's been created is the one they mention here, that I suppose nobody knows just how much rainfall in the spring, and how much snow is going to come in March or April, and this I suppose nobody can calculate that, not even a computer. But I must say the Portage Diversion with the floodway around Winnipeg has relieved all the

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(MR. McKELLAR cont'd) problems from Portage to Winnipeg, and also in the Winnipeg area.

One of the problems we had selling at that time, was half the people in the western part of the province, when we stood up and voted for it - why the hell are you voting to save Winnipeg? Let them get wet if they want to live in Winnipeg. Let them get wet. But we stood up and voted for them at that time and had to be counted anyway. I'll never forget the First Minister as long as I live though, he said we're still crazy putting that crazy ditch from the Assiniboine River to Lake Manitoba.

A MEMBER: Not the Red River Floodway.

MR. McKELLAR: Not the Red River, no, you were only against one project. You were on Thelma's side that time. I'm really a little off the cuff here, kind of - we did have some crazy coalitions in those days.

MR. CHAIRMAN: Resolution 81(a)(1). The Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, I'd like to bring up the question of the flooding at Carman. I know it's been a very favourable spring and it doesn't seem like the appropriate time to bring it up, but it's flooded there so often in the last number of years that I'm sure that the people of Carman would like to hear the Minister report and state their position on the flooding conditions at Carman at this time, what they might plan to do.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Well, Mr. Chairman, given the fact that I was responsible for Carman being flooded last year, I assume that I am to be given credit for the fact that they were dry this year. The Carman situation has been given as almost or equally as much attention as the Pasqui farmers in The Pas. They are both very aggressive insistent groups and have been listened to, but we have not been inclined to change what makes good economic sense on the basis of the persistent and sincere attempts on the people in those communities for us to do so. We have given them a report, they were in my office on many occasions, we've spent a lot of time with them, we've spent a lot of engineering time in looking at the problem, and they have been advised that as the present cost benefits now stand, that they should not consider this to be a priority project and that they should not look forward optimistically to a diversion of the Boyne River around Carman. What we can hope with them - and only some supreme force will be relied upon to either help them or not help them - is perhaps there will be more good years in the future; and the engineers' assessment that these are 'one in 25' year floods that used to be 'one in 50' or 'one in a hundred', 'one in 75' - we hope that the kind of flood that they had in 1974 in any event is 'one in 75', we hope that that is right.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Well, Mr. Speaker, I know the Minister says it doesn't make economic sense - the people in my area, when they hear what's been spent in other parts in the province like out at Gimli at Saunders Aircraft, they say that don't make economic sense either. In fact, I think at the time that the floodway was built around Winnipeg, it really didn't seem to make economic sense to an awful lot of people. I realize the cost-benefit ratio doesn't seem to show up too good, but the point that you didn't mention is, that because of things changing in that area where sloughs have been drained and where bush has been broken and where ditches are larger than they were, that this is going to occur more often; and that Carman is always under the threat now, of when there's a real heavy rainfall in the spring or when there should even be a heavy snowfall, even after the main water has got away, that they have a flooding problem. And I was wondering if you couldn't maybe relate it to somewhat in the way of a Stephenfield dam, or more holding back capacity, or whether we could gain more by going into the watershed idea on the thing.

Another thing I'm wondering is Bill 44, the Municipal Planning Act, and this is one of the questions that councillors were asking me, was now if we go in on a planning area and we recommend this, what's the Minister going to do with it? And of course I had to tell them that the way the Act stands now that the Minister or the Cabinet could veto it. And this is one of the things that they don't want, because I'm sure these people are prepared to pay a reasonable amount for the security of knowing that their town won't be flooded every spring. I know that it's only happened every odd number of years and that it don't justify that amount of money being spent, but there's many more things than that enter into the growth of a town and to the life of people in that town and whether industry locates there, and all of these things. So I was

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(MR. HENDERSON cont'd) just wondering, could the Minister relate as to whether - I know there's been a lot of surveys taken - whether there's any possibility of extending holding areas, or if there was a planning area, or if there was a watershed, how probably this could be handled a little different.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Well, Mr. Speaker, I will accept the fact that the honourable member has done his duty and has put in the proper word at the proper time for the flood problems of Carman, and certainly within the total range of water control activities we will try to see to it that Carman is not left out of consideration, but they will not be given special consideration. I know the honourable member would not want to argue, you know, that - let us assume, and I don't think that the judgment can be made at this time, that there is a mistake in the amount of money that has been advanced to Saunders Aircraft, that that justifies us doing the same thing in other parts of the province. I gather that his party would say, "Don't make the same mistake twice." They are not suggesting, and I don't say that the judgment should yet be made, but the fact is that we do not intend to, with open eyes and knowing in advance that that kind of thing would be a mistake, to do it; and that was not the situation with Saunders Aircraft.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I note the Minister, at the urging of a number of my colleagues, has been negotiating some fairly tricky currents in the Souris and the Assiniboine and the Boyne. I'd just like to advise him in advance that he has one more river to cross here.

Mr. Chairman, I want to talk to him a little bit about the Little Saskatchewan, now known as the Minnedosa River. Perhaps he hasn't heard about any problems relating to the Minnedosa River but I am now about to inform him on certain problems that I have become aware of, problems which, incidentally, I had occasion to consult with one of his senior people, Mr. Weber, who was very helpful and knowledgeable in this field and was able to give me much of the information I needed. So I thank him and the department for that assistance.

Mr. Chairman, the problem which I wish to relate to the Minister is one that probably is not unique to the Minnedosa River. It is because the Minnedosa River northwest of Brandon flows through a number of pasture areas, and pastures are owned by farmers, their holdings extending on both sides of the river; and the problem relates to the fences which the farmers have to extend across the Minnedosa River in order to have some control over their cattle and stock during the summer season. The problem, again, is partly federal and partly provincial, because the Minnedosa River, I understand, is a navigable water, and a navigable water has certain rights of freeway attached to it that are difficult to reconcile with the requirements of containment of stock by farmers. The problem also relates, Mr. Chairman, to the use of snow vehicles in the wintertime and whether or not the passage of snow vehicles on a frozen river represents navigation and is entitled to the same rights and privileges that would apply to a canoe or boat on the river, and whether then a snow vehicle using the Minnedosa River, if it came in contact with a fence erected by a stock owner, might have a case in law and damages to claim for any injury that might result.

Mr. Chairman, it seems an extremely complicated problem. There is again an ancient right in law, I'm told, of the right of passage of an individual across private property in order to reach another destination, providing he passes without injury or damage to the property of the owner. I have come to the point where I have reports of 37 fences which cross the Minnedosa River and which are a subject of debate as to whether or not they are legally erected.

Now, Mr. Chairman, I should also at this stage declare my interest in this matter, because I happen to own some property that is dissected by the Minnedosa River and there are some fences relating to my property, so the biases which may enter into this debate that you perceive coming from my positions, you will know in advance that I have an interest in the whole argument, and I would like to know, along with a number of other farmers, what my position would be should someone who is using a navigable river comes in contact with a fence which I have erected to contain the stock on my land, and I therefore present this problem to the Minister. It's been suggested that perhaps the farmers who are owners in this area whose property is divided by the river should first examine their titles to see whether or not they own the river bed and, if so, then their position in law may be somewhat different than if their title indicates quite clearly they're not paying any taxes on the river bed. The problem may

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(MR. MCGILL cont'd) be unique to this river bed because (a) the river is very shallow in the summertime, and (b) the bottom is firm and gravelly so that stock are encouraged to walk in the river. I'm told that if it is a boggy, soft bottom that there is not nearly the problem with stock crossing the river and using it in that way.

Mr. Chairman, that's a preliminary description of an extremely complicated problem which I no doubt have further complicated by my words up to this point. I am putting it to the Minister because I think it's time, with the increasing use of snow vehicles, that farmers understand clearly their position, not only in respect to this problem, and perhaps I shouldn't introduce the other one, but there is another problem relating to the passage of snow vehicles across parts of private property that are not river beds. But the two come together and clearly present a single situation in respect to a navigable waterway which is shallow, which dissects owned land and where pastures extend on both sides, and where there is a need to contain the stock. The question I put to the Minister, then, is: what is the position of the farmer who has a fence erected for that purpose which remains up during the winter season and which may be involved in the passage of vehicles on the river?

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Well, Mr. Speaker, if I had had this question posed to me seven years ago, I would have been very happy to have been involved in acting as counsel for the honourable member because it sounds like a beautiful case for lawyers. Unfortunately, I'm not able to charge a fee for the advice that I would now give him because that would also represent some conflict of interest which I would have to declare and deal with. The honourable member said that I have one more river to cross, Mr. Speaker. Unfortunately, I can't go back to some of the benefits that were provided to ancestors of mine 2,000 years ago and have the waters parted so that I can merely walk through. I have not heard of this problem. I don't think it's been brought to my direct attention. It is now on Hansard. It's an intriguing type of thing and I wonder whether the honourable member would let me do what I did a year ago, to take this question and then give him a written reply after the session is over, because I'm just not going to be able to deal with it. There's nothing in all of these documents that stand before me that relates to that particular problem, so I may be able to . . . I'm not saying that I would be able to give him a satisfactory answer but I'll certainly look into the question.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: I would accept that. It seems an appropriate time, since the river, as far as I'm able to establish at this moment, is not navigable by snow vehicles and won't be until perhaps next mid-November or December, so in the interim it would be very helpful if this problem should be - if it could be in some way clearly defined, at least for the farmers, all of whom are somewhat alarmed because of certain cases which occurred in Saskatchewan where there were damages claimed. They're also alarmed because snow vehicles do travel that area commonly and some damage is done to fences not on the river, and there's a question of whether or not the farmer himself can take any action against those intruders who decide to pass through the boundaries of his land.

So, Mr. Chairman, I'm quite prepared to leave this matter with the Minister and his staff, and to hope that the problem may be somewhat resolved during the next few months. And I think it's fairly safe to assume that there are many areas of Manitoba in which this problem, or variations of this theme, might be of great interest.

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Chairman, I would just like to tell the Minister, when the Member from Brandon West said he has another river to cross, that you've got another creek to cross at this particular point. Mr. Chairman, I'm aware that there have been negotiations going on, or have been finalized with the City, regarding Sturgeon Creek, because all of the water from my colleague in Woodlands that is being drained down through Sturgeon Creek caused us a flooding situation last year, and the main problem of the flooding is the bridge at Ness Avenue and the culverts on Portage Avenue, which are going to be very costly to enlarge to take large volumes of water, and I believe there is a problem with south of Portage on the banks of Sturgeon Creek that are going to have to have some work done on to be able to take this volume of water.

I'm wondering, Mr. Chairman, if the Minister would be kind enough - and it doesn't have to happen today - if he could let me know where they stand or if the negotiations are finalized

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(MR. F. JOHNSTON cont'd) with the City regarding Sturgeon Creek in my constituency on these two problems, I'd appreciate it.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Well, Mr. Speaker, creeks may be somewhat easier to cross than rivers, although it's not quite that definite. There is nothing in the estimates this year to deal with that problem, but I understand that there will be a recommendation forthcoming to try to get a solution which would not involve the overpass but which would involve the waterways, to be negotiated with the city next year. I understand that that will be the recommendation that's forthcoming. The honourable member should not take that then as settled, because when we get into Cabinet we have to start talking about which part of these things are going to be approved. The fact that it's being recommended is certainly a step in the right direction and I can tell you that the staff is going to be recommending a cost-sharing program with the City of Winnipeg with regard to that creek.

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Chairman, just a few brief questions to the Minister with respect to Water Management. The first one is concerning the Portage Diversion. I understand from some of the rural councillors of the R.M. of Portage that the drainage outside of the diversion leaves something to be desired on both sides, and has --(Interjection)--No, the natural flow of water has been cut off either east/west or west/east - I guess east/west - and for a number of years now this problem has concerned the councillors of the R.M. of Portage la Prairie, and they're not that happy about it. The Minister will recall last year that there was some destruction on the lake end of the diversion where some farms were affected and some of the farmers couldn't plant part of their farms, and there has been a continuing correspondence - I won't say law suits, although it may be getting near that because some farmers are very unhappy, very unhappy that they haven't been able to receive a settlement from the Minister's office, and I don't fault anybody for this because I know that it's a long process. But if the Minister could give a report (1) on the drainage problem that was expressed to me with respect to the last two or three years, and also with last year's problem of a breakout of water from the lake end of the diversion that affected seven or eight farmers. Now, that's one.

The other one is not related to that at all, but it brings up the question as to what authority does the province have with respect to rivers and streams. We know that there's a Canada Navigation Act that says, in effect, that any navigable stream cannot be blocked or impeded by dams or obstructions or log booms or what not, but the case I'm referring to, I'm sure one of the officials sitting in front of you is aware of it - it's on the La Salle River in the Oakville area, where one farmer has been alleged to have put obstructions in the river which caused problems for his neighbour downstream. Now this particular case, and I'm sure one of your officials knows about this, has gone on for years and eventually it ended up in court - it ended up in court this year. And I believe an official of your department attended to listen in on the court case. Really what I want to know is, does the department have the authority to get a court order or to have the authority, where they see an obvious violation of water law, if you like, where someone is putting dead animals in streams or putting in and building a dam to hold the water back to the detriment of the neighbors downstream? What is the policy of the government in this respect also?

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: I'll deal with the items raised one by one. With regard to drainage on the west side of the Portage Diversion - and that's where we understand the problem is - the Whitemud Watershed Conservation District is considering a program to deal with that drainage, and I assume that there will be a negotiation between the Provincial Government and the District as to just what share of it has to be provincially dealt with, but they are considering it as a watershed. There is an advantage there because it's not being considered by separate municipalities, it's being considered by the entire district. Apparently they're evolving a plan and I suppose if the normal rules with regard to watershed don't apply because of the diversion, we will presumably be hearing from them.

Regarding the Portage Diversion plains, we undertook to compensate people 100 percent for any problems which were caused by virtue of the spill on the diversion out of the break. That sounds very simple. Then one argues as to what was the damage. The Department took

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(MR. GREEN cont'd) a position vis-a-vis the damage, and I anticipated that this might not be acceptable and I wrote the people concerned telling them that the Department has taken a position. We are not taking it unilaterally, although I would say in a strict legal sense we could have said that's it, because there is no sort of legal liability - or if there is, we haven't at least taken it away. But we took a position - I took a position, that even though the department had felt that they gave full justification to the plains, denied some, allowed some, that if any of the farmers were dissatisfied with what our department of officials felt were the damages, that we would voluntarily submit it to the Flood Control Board for arbitration. I assume that that's where it is, the Flood Board is holding hearings. If the arbitration is not satisfactory to them and they feel that they have additional legal rights, then they will exercise them, and I can promise the honourable member that we will not depend on the basis that there is no legal claim. In other words, our position will be that if they have suffered damages - I don't care what the lawyers say - that our position will be, that if they have suffered damages by virtue of the break in the diversion, that the province will voluntarily, regardless of legal rights, pay those damages, but we have a right to argue as to whether or not they suffered damages.

La Salle - that has been in court - I tell the honourable member that I am not acquainted with that case. We do have a right to remove obstructions, nobody has the right to put an obstruction in the water. I understand that in this case the man claims that it's been there for 75 years. I'm not saying we accept that, but the man claims that. If that is the case, he may be arguing some type of prescriptive right, because when you have a situation which has existed beyond a period of 20 years, there used to be a law, you have established the right. You will recall on Portage and Main, the Bank of Montreal every year used to put a fence, a temporary fence albeit, surrounding the corner as you came to that bank - and my understanding is that they put it there every once in a while to establish that that sidewalk doesn't belong to the public, it belongs to them, they have permitted the public to use it but they did not let it evaporate by a prescriptive right. Now I'm not sure, but I rather suspect that what the man is arguing is that this is a prescriptive right, that it was there for that number of years in order to establish it as a permanent part of the structure. Now I'm not sure, our Director-General of Water Resources tells me he gave evidence in the case; it's before the Courts, so I don't think that I could comment on it much further until a decision is in.

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

MR. G. JOHNSTON: I thank the Minister for his answers, I find them reasonable on all accounts. But could he inform the committee with respect to the farmers affected by the break-out of waters last spring from the Portage Diversion - how many have been settled with, how many are in the process of negotiation, and how many are in court?

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I advised that nobody accepted the suggested settlements of the department, that none of them was accepted, but that they have all put in additional or higher claims at the Flood Board; that hearings have been held with regard to some of them, or all of them - with regard to all of them - and they're waiting a decision of the Flood Board. Now when that decision comes down, I'm not advising the farmers one way or the other. They may have legal rights that go beyond that, and I would be the last to say that they shouldn't pursue their legal rights to their own satisfaction, as they are advised.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. McKENZIE: Yes. I just have two brief questions for the Minister. The one is from the annual report regarding the feasibility of dredging the Duck River-Cowan area. I wonder, does that include the feasibility as well of diverting the Duck into the Drake or the Drake into the Duck River.

And while I'm on my feet, I just wonder - in the watershed on the east side of the Duck Mountains, is the drainage program to continue there to alleviate those people of the water problems that they've experienced?

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: In answer to the first question, yes. The rivers might be - they may be interchanged, but there is that investigation taking place. With regard to the second count, there is also an investigation of those problems taking place.

MR. CHAIRMAN: 81(a)(1) - passed; (2) - passed; (a) - passed; (b) Operations, (1) - passed; (2) - passed; (3) - passed; (b) - passed; (c) Planning, (1) - the Honourable Member for Birtle-Russell.

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MR. GRAHAM: Mr. Chairman, we find here a sum for salaries and wages which is roughly two-thirds of that per operation, just in the planning stages. Can the Minister indicate just some of the plans that they have in mind or in process at the present time?

MR. GREEN: The honourable member should not take those figures as being definitive, because there is money in Capital Supply that deals also with drainage works and operations - \$1,260,000 - so I expect that will make him feel a little better. In other words, I'm still going to deal with the Planning but that there is considerable more money in Operations than is shown in the current.

MR. GRAHAM: Mr. Chairman, I was just referring to salaries and wages.

MR. GREEN: Oh yes. The only point that I'm making is, that you said the salaries is two-thirds of the amount that's in Operations, and I'm telling you that in the Capital account there is also moneys for salaries, etc., which would raise the amount in Operations to more than Planning. I know the honourable member will be happy to hear that, and desiring to make him a little bit happier, I'm giving him that information.

Now the Planning Division - the studies and investigations presently in process: the Souris River Basin study, 231,000; General Provincial Surface Water studies, 138,000 - I'm leaving off decimals; Water Resources Inventory, 137,000; Ground Water Inventory, 92,000; Intergovernmental Surface Water Studies 90,000; Provincial Waterways Planning Studies, 75,000; Flood Forecasting, 61,000; Churchill River study payment, 50,000; Drainage Cost Benefit Studies - that's like in Carman - 43,000; Watershed Conservation District Planning, 42,000; Prairie Provinces Waterboard payment, 36,000; Groundwater Management Study, 30,000; Rousseau River Basin Study, 28,000; Flood Reduction Studies, 21,000; Groundwater Protection Studies, 14,000; Lake Winnipeg Shoreline Erosion, 7,000; services to other branches - no, that's the Planning Division. Those are the studies which were . . .

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

MR. GRAHAM: Then, the Minister has nothing in there to carry on the Qu'Appelle Valley Basin study, and implementation of any of the suggestions from that study.

MR. GREEN: These are, of course, studies. There is no further money going into that study and there is no implementation program under that, in any of the estimates at this point, Mr. Speaker.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I wanted to raise with the Minister under Planning for Water Resources Management, the question of the anticipated work or plans that might have to be introduced on the Lake Winnipeg shoreline as a result of the changing water levels due to the construction projects at the north end of the lake. One of the things that has perplexed me somewhat, Mr. Chairman - and perhaps the Minister could provide an answer this afternoon - is that even though the spring runoff this year has been substantially lighter than last year and the threats of high flood waters in the rivers draining into Lake Winnipeg have been substantially lower, the lake level on Lake Winnipeg is not; and that the reports - I think the last report I received showed that the lake level as of, I believe it was the April report of this year, was about the same as it was of last year, or just a few inches. Now I stand to be corrected, but that was my reading of the . . .

MR. GREEN: I will just give the honourable member so he will have it, last year in April - yes, he may be right - but from April in last year till July it kept going up, and went up to 18.4. It is now approximately 716.5, which is two feet lower than last year and will be two feet lower in July at its worst. It will be approximately two feet lower at its worst than it was last year, so don't use the April figures because the April figures of last year and this year represent last year's coming down to 716, whereas last year the figures were going up to 716.

MR. AXWORTHY: Mr. Chairman, I thank the Minister for that correction because those figures were of some concern to people, and the fact that they are going in different directions, I think, is of some assurance. It still leaves open the question, however, that nature being what it is and all - and with storms and so on to be expected - that the shorelines upon Lake Winnipeg have suffered pretty severe damage over the past year and there is still the anticipation that with a higher water level ranging at 714 as a result of the Hydro projects and regulation projects up north, that that water level will be at a consistently higher level than it was before. It won't have the same variances but it will be a higher water level by at least a foot, about a foot average higher. And as a result, because of the water action and

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(MR. AXWORTHY cont'd) storm action on the lake, that that could and already has in fact resulted in some substantial alteration of shorelines, the impact upon facilities and services and docks and other forms of construction along the shoreline, and has also resulted in even the changing structure of some of the resort areas. And I'm wondering if in terms of the planning that is now going on with the Water Management Division there has been taken into account the fact that the water situation is now changed on Lake Winnipeg; it now is a different level and therefore will have another, with all the kinds of things that go into it, have a different impact upon shorelines; if there is any work being done to anticipate what those changes will be, what kind of alterations must be made in the settlements and communities along Lake Winnipeg, both the resort and the permanent communities, and what therefore kind of action is going to be required over the next year to compensate or adjust to those changes.

MR. GREEN: Yes, Mr. Chairman, well that is under way. I do have to say to the honourable member that despite the fact that we had 718.4 last year at the highest, which was almost a foot higher than the previous historic high, that such credit, such, again blame as could be attributed to me for the high waters should also be - I should get the benefit for lower winds last year, because although we had higher water, we had an extremely peculiar fall in terms of wind conditions to the extent that we've had worse wind conditions and worse problems on that lake with lower water because of the building up of north winds. Last year, the fall was remarkably free of sustained north winds that would have built up the lake to really serious conditions because of the high water levels. Now when we're talking about shoreline erosion, let us recall that the erosion problems will be considered with an entirely different water regime than we've had in the last two years; that when Lake Winnipeg regulation goes into effect, we will be considerably better off, hopefully, if everything works as it's supposed to work, than we were in the last two years - we would be approximately two feet lower in each case, so we would not have been at 718.4, we would have been at 716.4. And this year where we're going to experience 716, we would have been 715; the range that we're going to have to work with in establishing shoreline conditions will be between 711 and 715, and that has always been considered to be a pretty desirable level for Lake Winnipeg. The suggestion that shoreline erosion studies and programs be looked into was made by the Water Commission three years ago, I think - two years ago - and I believe in the last report that Madam Sauvé and myself issued, there was a suggestion that implementation of recommendations be put into effect and those things will be done.

MR. AXWORTHY: Mr. Chairman, just briefly, Could the Minister elaborate just on his last statement, in effect, give us some indication of the schedule of implementation of those recommendations and what might be required in the way of cost; and we would in fact be in a way directly of assistance to communities along the shoreline, who in fact would be doing the work - will it be through the individual municipalities, will it be done through the Water Management Board in combination with the Federal Government? Could he just elaborate on that point a little further?

MR. GREEN: Mr. Chairman, as far as implementation is concerned, I understand that arrangements for meetings with Federal Government officials are sort of in the process of being made, they have not been made yet but that is being done immediately. I understand that there has been shoreline erosion studies taken by the department for the past three years and before that. With regards to financial sharing, we'd like to get as much as we can from senior governments, but in the last analysis we will have a negotiated reasonable settlement and we will try to be as unimposing on the local areas as we can be.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: It may fall under item 108, but maybe this would be the place to ask it - is there any tabulation on what the flood fighting cost on Lake Winnipeg last year?

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Oh yes, about \$3 million. And the dykes are still in existence this year. We told the people not to take them down because of the fact that the water is still high and they will be in use this year as well, but they were upward - they reached about \$3 million.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: While we're on the same topic, if the average fall water level is going to be 715 under no-wind conditions, what is the maximum that could go to under the worst of wind conditions?

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MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: The windsets, as I understand it, is about two and a half feet at the highest, so that you get about 717-1/2. But then there's wave action in addition to the windset. That could go as high as four feet. So you're talking about in the neighbourhood of 719 feet at worst compared with historical. That's about right. At worst compared with historical. Now, the honourable member should compare that with 718.4 without windset and without waves last year. So it will be considerably better.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. GEORGE MINAKER (St. James): Mr. Chairman, through you to the Minister. I wonder if the Minister can advise if the channel improvement works are now operating, because I understand in a News Service release back in April dealing with this subject that you just discussed with regard to dikes, etc., that at that time it stated that they should be in operation and would be able to use them to reduce the natural level of the lake before the first week in June. Are they now in operation and are they controlling the natural level of the lake?

MR. GREEN: I haven't asked about that lately. I asked about it now and I find it's similar to certifying an airplane. That's what we were told but it will not now be available until the fall with regard to the eight-mile channel, and with regard to next spring for the two-mile. Now that is a projection. But fortunately we have had - fortunately for some, for people who don't like water - we've had relatively dry precipitation this year, good enough for farmers fortunately, but relatively dry as compared with at least April and May of last year. Last year, starting in June, we started to get fairly good, dry weather, but this year the precipitation has been lower than normal.

MR. MINAKER: Then, Mr. Chairman, does that mean that the protection policy set out in April, where I believe the owners were going to be allowed to remove their dikes if they wanted to, will that be now changed until the channel is operating and so it'll mean another year's extension on this particular policy?

MR. GREEN: I think, Mr. Chairman, that it will be left up to the individuals concerned. Combined with the fact that the channel is not able to go in, we've had lower water conditions, so I think that it probably will be up to the individual as to whether he still wants that protection as against tremendously high winds. If we're going to be at 716.5 in the summer, then you know, speaking just off the top of my head, we probably will be in the 715 to 716 range in September. I'm getting a nod for that, so that would be considerably better than last year.

MR. CHAIRMAN: (The balance of Resolution 81 was read and passed.)

Resolution 81. Resolved that there be granted to Her Majesty, a sum not exceeding \$8,143,000 for Mines, Resources and Environmental Management. Passed.

Resolution 82 - Manitoba Development Corporation. The Honourable Member for St. James.

MR. MINAKER: Thank you, Mr. Chairman. I will try and be brief in my comments because what more can really be said about this subject? I think probably, Mr. Chairman, it's been the most discussed item probably this session. As a member of the Economic Development Committee, we've sat through many hours of committee hearings listening to the Chairman of the Manitoba Development Corporation presenting the statements for the Corporation and for the various companies. We've had considerable debate on this subject in this House right here in this Chamber, and really it boils down, as we got into the discussion - I guess it was yesterday on the mining policy - the difference of the two - I guess maybe we can say three - maybe that's not fair, I'll say the two philosophies. I'll let the Liberals speak for themselves. I'm not too sure that I can say three philosophies or two. But the Minister yesterday made it very clear with his comments in regard to participation of mining companies, what in our opinion the role of the MDC is with this government.

The Minister indicated that if he could not have control in this Chamber, if he could not control in this Chamber, he would leave this Chamber as a politician and go out into the private sector and control there. So it's quite obvious from the legislation that was even passed here today in Second Reading with regard to performance bonds, that it's this government's attitude that they wish to become as completely involved as they can, not only in mining but in all industries, and particularly through the vehicle of the Manitoba Development Corporation. It is quite obvious, with the bill that amended the Manitoba Development Corporation, that the government has full intention of not only becoming, as they tried to point out, lenders of

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(MR. MINAKER cont'd) last resort - and we questioned them and debated that issue with them so I won't go into that particular debate - but they are fully intending to become lenders; and I would think, from the bill that was passed today in Second Reading, they would become investors, not only through the MDC, but also through the Finance Department, that they will now have that power.

MR. BANMAN: Crocus Foods.

MR. MINAKER: Also, as my honourable colleague from La Verendrye indicated, we had examples of Crocus Food. So it boils down, Mr. Chairman, to differences in philosophy, one that we believe in, that let the private individual or entrepreneur operate, because we feel that is most efficient, not only from the sense of providing the service, but also from the sense of buying the service, whereas the honourable members on the government side believe that they have to operate. We believe that it can be achieved by regulation. In other words, if there is something wrong with the private enterprise system that somebody is taking advantage of us or the public, then change the regulations. Change the laws. But this government feels that they not only have the power to change the laws and regulate, but they also, it is quite obvious from the attitude of the Minister in his presentation yesterday, also want to operate the companies. This might work, Mr. Chairman, if the rest of our country was operating in this socialistic economy, but we are a million people; in fact we are right in the centre of what I would describe a free enterprising country. And what we see happening with every step of legislation that's passed by this government, is that little by little there's an economic wall being built around our province and one would even presume that the government wants that to happen. But unfortunately, Mr. Chairman, I don't believe that a million of us, a million people in the heart of a free enterprising country, can afford to take this approach.

Firstly, we don't believe in that approach; but secondly, looking at it from hard economic facts, we are going to create many difficulties for the million people here, and we must remember that there is only one million people here. Every time we talk about a million dollar loss, we're talking about a dollar that we have to find for every person that's here. Every person has to put up a dollar. Every time we talk about \$50 million, that means we have to find \$50.00 per person.

The Minister has indicated in his presentation dealing with MDC and with the Mining Bill, that there really isn't any difference between private money or public money. Well I don't agree with him, Mr. Chairman. There's much difference between private money and public money. At least in private money, when they invest in industry, if they do have it on the market the individual has the choice to choose whether he wants to buy into that company, the individual has his decision on who his broker will be or how long he wants to maintain that broker as his representative to buy for him and sell for him, but when we get into the public money fields where the government is making the decision on what we buy and what we sell and how much money is invested in industry, they are the broker.

Now the Minister will say he is the people, he represents the people, but really, if you analyze the role that this government is playing, they are the brokers for the people of Manitoba. The people of Manitoba only have one choice every four years or when the Minister decides to call an election, to choose whether they want them to be the broker or whether they want them to invest in different companies like they are. So there is a considerable difference between, in my opinion, private money risking on industry and public money doing the same thing.

But then again, if you want the control like this Minister wants it, and he indicated yesterday that he would rather have 100 percent of the mining industry but he appreciates the problem right now so he will accept their participation, and I would think his attitude must be the same with industry, that he would rather have 100 percent control of the industry but right now he hasn't got the money to do it or, because of the economic structure that exists today in this province and in the country, he cannot achieve that goal, but it is quite obvious that that is the goal of the government and that is the goal of this Minister. In the meantime, the economic wall is being built around us, and I'm sure that the Minister of Industry and Commerce will make statements that things couldn't be better. But then we hear and read in the paper that the Gross National Product has fallen, I think the worst in I forget how many years - 14 years, I understand, the Honourable Member for Portage la Prairie indicated. Will

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(MR. MINAKER cont'd) the same reflection occur in the Provincial's product?

Mr. Chairman, we have indicated throughout the whole session and before the session was called that we thought MDC should be wound down and wound up. We still are of that belief. We still believe that the growth of our province can be achieved by the private sector to the best benefit of the public. We will get the return of the corporation taxes, we will get the income taxes, and we'll get that benefit without the risk and the involvement of trying to utilize the tax money by going into the industry and trying to show that you are capable, the government is capable, that their system is capable of competing in a free enterprise system and is better than a free enterprise system.

We do not agree with that, and the Minister has heard it many times said that we don't. We will continue to say it. And when it boils down to it, Mr. Chairman, it'll boil down to it the next general election that the people will decide at that time, and the Minister has indicated it. And if we are not successful, and I hope we are successful on this side of being elected the government, then maybe the people want it. There's two things that will have happened. Either we have not been a good enough Opposition to draw to the people's attention our beliefs are right, or that in fact the people of Manitoba want this. But I'm confident, Mr. Chairman, that because of this society we live in, because we are a million people in a free enterprise system in this country, that the people will realize this when the burdens start to come home, the mistakes that are being made by this government investing in various companies, the errors that are being made by people in the back row, like they did the other night, or yesterday, when the individual, the Honourable Member for Flin Flon, stood up and thought it very impressive and proper to call somebody a pimp. It's these kind of things that create the political climate that discourages the private enterprise to become interested in staying in Manitoba or coming to Manitoba to invest their money, that this political climate is going to create a problem for all of us, that the socialist economy that is being put upon us will show that it is not the way, it's not the answer; that we need private money in this province; we need that encouragement for the individual to become involved in to invest in their province, because we, as I indicated earlier, are only a million people. We only have so much money; we can only borrow so much money; and we are not self-sufficient amongst ourselves.

For that reason I suggest, Mr. Chairman, that the present approach of the government will not work and, as a result, we will have higher taxes and we will have less say in the day to day use of our money and that, as a result, the people will reject the government. And I suggest that if the government continues in its role of MDC that it's heading, this will contribute greatly to the people of Manitoba rejecting this government. We cannot support the moneys being put forward at this time for this particular section because we feel that, in the best interests of the people of Manitoba, there should be a revision to the Manitoba Development Corporation and we feel that now's the time to start to correct the situation that presently exists.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Well, Mr. Chairman, I'll try as well to be brief, and I believe that the members have been rather fair to me in the entire presentation and I'm not going to try to raise levels of temperature in the room. I am going to try to proceed on the same moderate basis that the honourable member has proceeded.

He has stated his interpretation of my remarks. When I go to the public I will try to be fair about the Opposition's position, but I will not put it as the honourable member put it. I believe that the difference between us on this question is whether there is going to be public financing of private enterprise, which is the system which was started with the MDC and which we have continued with, and which I have indicated that I don't have a great deal of faith in but we are trying to make the best of the situation that we have. And the honourable member will have to go to the guidelines which were established two years ago, in which we said that we do not wish to have any further mass injections of capital into this Corporation, that we don't want to have any new major developments, until we have demonstrated the competence in the developments that we have had. And the concern of the Corporation has been, in the past two years, to try to make the best of the enterprises in which they are now involved. That is the program that we are going ahead with. So when the issue is joined, I will join it not as the honourable member joined it; I will try to be fair, but when you're stating somebody else's position you naturally don't state it with the same enthusiasm as you state your own. So

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(MR. GREEN cont'd) when the honourable member says that I am seeking a state control, I will reject that. I say that when public moneys are involved then the public should control. I will reject the notion that there should be public financing of private enterprise, which is what has happened with the MDC in previous years and happens throughout this country, that when the public money is involved, the public should exercise that degree of control that a private company would exercise if it was involved.

The honourable member says that the Conservatives have undertaken to wind up the MDC. I suggest that they haven't taken exactly that position. They've taken the position that they would set up a growth fund and that growth fund would be joined with private capital, and that that growth fund, together with private capital, would develop the kind of commercial initiative that is needed in the Province of Manitoba. I say that that is going back to the MDC as it was before 1968. That growth fund will be a secret private fund which we will not be entitled to enquire into, which we will not be able to find out what is happening with the public money, and which will then not focus the issue on whether the public is doing a good job or not. At least now the honourable members are able to determine quite freely what they consider to be the mistakes, to place them before the public and ask them to judge. That was not the case before 1969. If the honourable member really took the position that there is to be no public money attached to private commercial enterprise, then it . . .

A MEMBER: Or concessions.

MR. GREEN: Or concessions - then at least that would be a position that has a sound foundation to it. I believe that that would be the position that would be advanced by the Member for Sturgeon Creek. I mean, he has said that from time to time. But no free enterprise government in the country has practised that. They have gone on the window-dressing of private enterprise, propped up by public assistance, and I will join on that issue. I am not anxious that the public at this stage involve themselves in new commercial enterprise under the ambit of the Manitoba Development Corporation. We have stressed that they should make a success of what they have got, do the best they can with what they have got. That's what they have been doing for the past few years. If they make a success of those, if competence is demonstrated, then we can look in other areas. But it is not the philosophy of myself or of the other members of this government that we wish to be involved in every commercial enterprise that exists in the Province of Manitoba. If you wish to make that interpretation, I will argue against it. It is our intention that when massive public funds are needed in order to achieve a provincial objective such as CFI - which I never ever argued against on the basis of the program; what I said is that if the public is putting up the money, then the public has to have control of the enterprise. I still believe that and I will be happy to join issue with the Conservative Party on those terms as I have stated them, and I know that the honourable member will not state them in the same way.

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

MR. G. JOHNSTON: Well, Mr. Chairman, I was intrigued to hear the Member for St. James state that as far as he could see there were two positions, the NDP position and the Conservative position, with respect to the Manitoba Development Corporation, then the MDF, and he wasn't quite sure about the Liberal one. It's too bad that the Member for St. James wasn't in the House some years ago when both members of the NDP and members of the Liberal Party day after day used to try to elicit information from the Conservative administration with respect to loans. And one thing I must give my honourable friends opposite credit for is that they have opened up the operations of the MDF. We do know who has the loans. The loans are subject to questions and debate day after day, either in the House or in committee, whenever the time is appropriate.

I appreciate the Member for St. James is a few years younger than me and perhaps he wasn't that interested in politics in 1965, 1967, 1968, but I can assure him that the operation of the MDC in those days was a top secret. If the Conservative administration ever kept anything secret at all, it was the operations within the then Manitoba Development Fund. Had there been some reasonable disclosure - and I know, and I don't have the books in front of me, but there were some bad loans made in those days, but of course we all know that the secrecy shroud around the MDC was tailor-made for the - I don't know what word to use - perhaps pirates is too strong, but commercial pirates, I'll use that term - who looked at what Manitoba had to offer in those days and said, "Boy, what a fat goose there is to pluck." And they moved in.

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(MR. G. JOHNSTON cont'd)

And I can recall in the days before the 1966 election, it was a very unpopular thing for a member of the Opposition to ask any questions, because Mr. Roblin, Mr. Evans, other ministers, I believe the Member for St. Vital was in the House then, would stand up and with righteous frowns and looking towards the heavens and the press would say, "You're destroying free enterprise. You're hurting the operation. These people have credit. We have checked their background. You must take our word." You must take our word. And I can recall debating with the then Minister of Health and Welfare, the Member for The Pas. In his particular manner he would say, "You must trust us. We know what we're doing. You have no right to ask those questions. You're hurting the industry in my constituency. You're hurting all of Manitoba by asking such questions." Well, Mr. Chairman, to my shame, I didn't ask enough questions. To my shame, I didn't push hard enough, and other members who tried probably should have done better.

But I can recall also in the '66 election many members because of the power of the press at that time who had taken the side of the government in this issue, and I'm talking about the Free Press and the Tribune. Mr. Mardon in particular accused us of being everything from unpatriotic to all sorts of other things, as to hurting the good name of Manitoba, and on down the line. I'm sure members opposite had the same criticism when they ran.

So I can hardly contain myself when the Member for St. James gets up and says, "If we were in power, we would control it by regulation". Well we tried that and it's cost the people of this province - like this has cost every family about \$300.00 or \$400.00 let alone every individual. We've got a mill that's in place that, if world prices go high enough and economic conditions stay good enough, it will produce jobs and produce material, but there's no way, there's no way, with what we can see ahead, that the CFI complex will pay back the money that was creamed off, the money that was wasted. There's just no way that this company will ever pay back the hundred million or whatever it was that was stolen, wasted or otherwise. And for the Member for St. James to get up and say that, well, our position is by regulation - like God, Mr. Chairman - I'd hate to go back to that sort of regulation. Or a number of Cabinet Ministers - and I've been told since by members of the Conservative Party that they didn't know what was going on; it was never discussed that much in caucus. A few key ministers knew and that was all. If this is the democratic way of operating a loan institution that uses taxpayers' money, I don't see how the Conservative Party can ever again go to the people and say, "Trust us," in a situation like this. I would think they would modify their approach to the public to say, "Well, if you give us another chance, we are willing to disclose how we make the loans. We're willing to disclose and have a yearly examination both in the Legislature and in committee." But I would never, if I were a Conservative, take the approach that the Member for St. James has taken this afternoon.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, I thought perhaps we were going to move right along here on this debate, but I'm not going to let those last remarks go unanswered, because some of these . . . You know, I can think of one specific example where the Minister of Mines and Resources wasn't in this House at the time, nor was I in this House, nor were perhaps the majority of the people in this House, but the Member for Portage was in this House when the agreement on the CFI project was first drawn up, albeit the financing agreement details were not available. But the basic agreement on the development of the project at The Pas was drawn up and passed through this House and, as far as I know, it went through as a near unanimous vote with the support of all parties of this House. And I'm not certainly going to stand up and criticize the Minister of Mines and Resources in his responsibility for the MDC for all of the problems that were associated, but let's not gild the lily too far here, because that agreement was agreed to by a very few people that are now sitting in this House, but it does include the Member for Portage who just spoke.

MR. CHAIRMAN: The Member for Portage la Prairie on a point of order?

MR. G. JOHNSTON: On a point of - well, a point of privilege.

MR. CHAIRMAN: A point of privilege.

MR. G. JOHNSTON: The Member for St. Vital made a previous statement that I let pass. but that statement I cannot let pass. He said that the agreement was passed by this House. This House was deliberately misled by a Minister of the Crown at that time.

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(MR. G. JOHNSTON cont'd) Mr. Evans stood in this House and stated emphatically that the company had their own financing, that the public was not called upon to put in money into the company, and on that basis, on that basis alone, I don't know whether it was a vote or not but at least we were misled to the extent that we were told that the company of Kasser and Reiser and company had financing and did not require public financing.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well I gather by the applause opposite that all the members opposite were present at that time and have a good clear memory of what happened at that time, Mr. Chairman. But let me say that the basic agreement at that time was passed by, as I recall, a near unanimous, if not unanimous vote of the Legislature. And there may have been specific statements that came at some point or other upon which somebody wants to hang their hats now, but that was not entirely the case in the support of that particular issue.

However, I would very much welcome the opportunity to debate the whole CFI issue. I attempted to do that on Second Reading of the Capital Supply Bill and was very effectively thwarted from doing it, much to my chagrin but much to the satisfaction of my knowing that there is not an open willingness to discuss all aspects of this, and I don't intend to go into it at this time. But I'm not going to sit back and accept the fact here, that everything that has ever been done by the former administration this way was done through secrecy and that somebody's shedding great tears because they weren't providing enough opposition at the time.

I can recall before entering this House on two other occasions, Mr. Chairman, when I was trying to decide in my own mind what my own political voting patterns were going to be, let alone getting involved in this House. And two things that I recall that disturbed me very much at one time was, a political party went on a massive witch hunt on a Grand Rapids issue. And I watched that thing progress just as an interested citizen as that went along, and the whole thing: There was a commission set up; there was purges all over the place, and what happened in the long run? Well, my gosh, it was as much as anything destroyed the Liberal Party, because they decided that what they should do is try and kill somebody, and they weren't at all sure to start with obviously, that that thing decided to be killed. And then came the great debate on the floodway which came shortly after that, and what happened? The former Member for St. George in the Liberal Party mounted a massive attack on the Winnipeg floodway. Now what is this guy doing? I was living pretty close to the river and probably had a vested interest in finding out - a massive attack against the Winnipeg floodway. Now is the Liberal Party still going to mount a case against the Winnipeg floodway? You know, along with castigating the former Leader of the Conservative Party, Mr. Roblin, for any involvement he may have had in initiating the people that were involved in the CFI issue, it would be almost as ridiculous to say because he did that Mr. Roblin should now fill in the floodway. But I haven't heard them suggesting that.

You know, talk about not providing opposition enough, let me say that they provided opposition, but it was misguided opposition, Grand Rapids, the floodway, the whole host of things. I could see that they have a great deal of problem here now because they find they didn't focus their attention in the right direction at that particular time.

Let me say in conclusion, I'll welcome the opportunity to discuss the CFI issue. I attempted to discuss that at one particular time that I thought was opportune, and still think was, and always will think was, but that's the way that this place goes, and will look forward to thwarting it again.

I would like at some point, despite the fact of the position taken for the Member for St. James, I would also like at some time to get a full listing of the successes of the MDC as well, even though their failures have been massive ones in some cases, including some of the ones undertaken by this government. There are a few success stories around. I think it might be worthwhile for someone to do a tabulation on that count and . . . but on average I suppose in terms of total dollars, their failures in terms of total dollars, their failures probably outnumber the success, and that's what you have to hang your hat on in the final analysis.

MR. CHAIRMAN: Resolution 82. The Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Pass, Mr. Chairman. I'm prepared to call it 5:30, but I'm not prepared to pass the resolution.

MR. CHAIRMAN: Resolution 82. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: On a point of order, the Member for Fort Garry has asked, is the

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(MR. G. JOHNSTON cont'd) House Leader willing to call it 5:30 because I take it there's some interest in discussing this further.

MR. GREEN: I'm prepared to do that or, in the alternative, I'm prepared to close my eyes to the clock. I will go either way. If the honourable member wishes to talk, we can let him talk beyond 5:30.

MR. CHAIRMAN: Resolution 82. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Chairman, I can't let what the Member for St. Vital has said pass, and since it's not 5:30 . . .

Just to refresh the Member for St. Vital's memory and also to - or Riel - and also to remind other members who weren't here in the House at the time, I have in my hand a clipping of a column by Mr. Harry L. Mardon, Tribune Associate Editor, and the date isn't on it but I suspect it's around 1970 because the present government was in power because he implores the Premier to do certain things. I'd like to read this article to refresh certain members of the House who perhaps have forgotten it, or really they may not want to hear it but I'll read it in any case.

And it starts, I quote: "Instant experts on Northern Manitoba's forest industry potential are springing out of the woodwork again. They are taking pot shots at the Manitoba Development Fund's financing of a big forest industry complex with such wild abandon that some statements border on slander. Why doesn't Premier Ed Schreyer come more vehemently to the defence of the MDF, after all it is a Crown agency, and the Premier is in possession of reports which show that the MDF and its highly-qualified outside consultants have done an exemplary job in vetting this whole project. The controversy has completely sickened the directors of MDF, business and professional men of great integrity and competence; the fact that the Provincial Liberals and some elements of the NDP have attacked the MDF so viciously could result in Manitobans of high calibre refusing to serve on any more government boards, and I wouldn't blame them.

"The fact is" - and this is fact - "The fact is that the MDF has agreed to back financing for the forest industry complex to a maximum of 92 million. The four companies involved have pledged to invest about 45 million." That would be our money, I expect, but they pledged it. "In the highly unlikely event that any" - I must repeat this - "In the highly unlikely event that any element, or all the complex goes sour, the MDF would take ownership. Some of the snipers claim the complex only will represent about 80 million worth of plant. There is no supporting evidence for this claim. It should also be borne in mind that the total capitalization of the complex includes large sums of working capital to insure that the enterprises are well financed through the early production period, besides funds for services for the site and for development of the wood cutting operations which will provide the raw material for the complex."

And then the next paragraph, and I quote: It says: "Outside audit. The Provincial Government has hired a Vancouver firm, Stothert Engineering, to conduct what it terms an engineering audit of the operations of the Churchill Forest Industries, the largest single element of the complex. An executive of Stothert Engineering, along with former CCF M.P., Alistair Stewart, have headed off to Newark, New Jersey, to examine documents held there by Arthur D. Little Incorporated, which has acted as official consultants for the MDF. The consulting firm has also acted as financial auditors of the CFI operations. There is nothing mysterious about the records being kept in Newark. That's where the principals behind CFI have their offices, and Arthur D. Little Incorporated have an office there too, the consulting firm which is probably the leader in its field in the world and can do a more efficient job of auditing the account from this city." I can hardly keep a straight face. As an aside, I would suggest all auditing firms should move to Newark, New Jersey, because they can do a better job there.

"Before Stothert Engineering and Mr. Stewart headed for Newark, they should have examined a report on the CFI project prepared by another Vancouver firm, Consulting Engineer, H. A. Simons International Ltd. The company has been retained by Technopulp Incorporated, an associate company of CFL. However the Vancouver firm has willingly put its professional reputation, which is an envied one, on the line in this report. One of my undercover agents on the West Coast has sent me a copy of this report which states very briefly. 'Our comments on the areas in which we are involved and familiar are:

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(MR. G. JOHNSTON cont'd)

No. 1. The basic processes and equipment selected by Technopulp for the pulp mill are conventional and well suited to the local conditions and type of wood to be used. The mill should produce a product equal in quality to other North American mills using similar raw material.

(2) Technopulp has designed a very compact and totally enclosed pulp and paper mill which is well suited to the climatic conditions.

(3) Technopulp has followed a policy of calling tenders from a minimum of three suppliers for all major equipment. Except in the few cases where this was not possible due to delivery or specialized equipment requirements, Technopulp has endeavoured to negotiate a better price with the most competent vendors then placed an order.'"

Now, Mr. Chairman, there's seven or eight other points, I won't bother to read them but I'll just read the closing three paragraphs of Mr. Mardon, and he says: "Well, there you have the report of a reputable firm of Vancouver engineers. As well you have the Arthur D. Little Company vouching for the economic feasibility and the performance standards of the project. Finally, you have the MDF board of directors who have exhaustively studied and considered this whole matter before giving it a go-ahead. What more do you want? It's about time the politicians stopped using this major new enterprise in Manitoba as a whipping post. We'll never get any new industries for this province if this sort of irresponsible behaviour continues."

Well, Mr. Chairman, I'm sorry to have bored the committee reading that, but surely the point is made. The point is that the Conservative administration from Day One of this loan through Ministers who stood in the House, misled the House, there was obviously some sort of a concerted effort made by way of public relations, both by the government of the day and CFI to brainwash those who would allow themselves to be brainwashed in the press, so that the story could be put out across Manitoba about how - inviolable isn't the word - but how perfect the government was in their wisdom, how honest the people were that they were dealing with, that it was very very uncomfortable for anyone to ask any questions. And I submit, Mr. Chairman, that it was a deliberate policy of the then government to play it this way. They didn't want any questions, and if any questions were asked they tried to make political capital out of it by saying that that was unpatriotic, it was hurting Manitoba, you had no business asking such questions, and as I said before, to the sorrow of many members of the House at that time, those of us who tried to speak out against it, and tried to expose, and tried to bring forward the other point of view, were not able to do it. I hope the Member for St. James will go back and read and talk to some of his colleagues about what happened at that time, and not try to make the pitch he made today.

The Member for Riel is very concerned that I heard someone say there's a by-election on. Certainly there's a by-election on, and I think the people should know about the performance of the Conservative Party in this regard, but I didn't bring this up this afternoon, it was the Member for St. James that brought it up, and if he wants to debate it, and the Member for Riel wants to debate it, well then let's debate it.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Thank you, Mr. Chairman. I rise for two reasons. I don't want to prolong this debate, and I think the Minister responsible for MDC would probably agree with me on that particular item. But I had to because of the comments of the Honourable Member from Portage la Prairie. To my knowledge, I don't remember even mentioning CFI in the comments, and I would hope that he will read Hansard and my comments on this debate, and I don't believe I mentioned CFI at all except at this point. And I know the way the Honourable Minister of Mines listens to debate, and I think he would nod his head in confirmation that I have not mentioned anything about CFI.

It is quite obvious, Mr. Chairman, that I must have hit a very tender spot in the Honourable Member from Portage la Prairie when I, in my opening remarks, commented that there are two beliefs or philosophies on MDC. And then I said, I believe there are two. Now maybe I should amplify that statement.

Firstly, obviously the Honourable Member from Portage la Prairie interpreted them the way he wanted to, or he thought I interpreted them, that they didn't have a policy or a thought on MDC. I think that's the way he interpreted it from the reaction that he came back with. But there, again, I am now starting to wonder if maybe that was the reason I said it

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(MR. MINAKER cont'd) subconsciously, because we are still waiting for their policy or their beliefs on MDC. After the comments made by the Honourable Member from Portage la Prairie, we still have no idea what their thoughts are. We knew where they were last year because quite often we heard the Honourable Member from Wolseley at that time, their leader. He kept saying, "Wind down MDC." If I remember correctly when he sat here, that's what I heard him say. He continually - I heard him give a terrific speech in this House on MDC, and he ended it up by saying, "wind it down." Now today we heard the Honourable Member from Portage la Prairie stand up, very touchy about the subject, and we still don't know what their particular thoughts are. Maybe they're still waiting for that wind to blow, I don't know. But to my knowledge, I never got into the involvement of CFI and I don't intend to; we could be here for days I would think on that subject. But I just want to make that point particularly clear.

The other reason was, I didn't think I had the right to state the beliefs or the philosophies of the Liberal Party, and I still don't believe that I have that right. So when I made the comment I did so with regard to what I thought, there were two differences of philosophy between the government and our party.

With regard to regulations we believe that, you know, if there's something wrong, it should be regulated. I know the Minister is well aware of what we feel, and how the public's money involvement in the whole operation of industry should be carried out, and I think it was stated by our Honourable Leader and myself that we felt in the instance of large amounts of money that it should be done through the Legislature and in a fund that the Minister talked about through the Regional Economic Development group, so that it would be pretty well open and public, but I won't go beyond that just to explain what our thoughts were on that particular subject, and that we still believe - and I don't pretend to act like God. I never hoped that I had tried to imply that to the Honourable Member from Portage la Prairie. All I was stating is what we believed, and obviously various administrations make mistakes through time. It's obvious that our previous administration of the Conservatives made some errors; I'm sure that the government on that side has made some errors. We're only human. But we still have that belief that in our opinion the most sensible approach to the subject is, if there is a problem then change the law but let the individual who, I think, has the greatest ambition as an individual trying to do something, rather than as a conglomerate trying to be encouraged to do it through a mass organization of public funds in a great group. I still think that you cannot beat the individual initiative if the desire is there and at the end of the hard effort there is a profit for him. This is what I believe in, and I am sure most of us here in the Conservative Party believe in, and as long as that individual is not, putting it bluntly, raping the public, then albeit to him. If he is doing it through proper and ethical efforts then I say this is the right approach.

So with those remarks I hope that I have not touched any further nerves in the Honourable Member from Portage la Prairie, and maybe that we can get home for supper tonight.

MR. CHAIRMAN: Resolution 82. The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, we're dealing pretty elaborately with the history of this project but maybe we should bring it a little closer to present day. The Member for Portage hasn't mentioned anything about whether he condoned the payout procedures that were used by the MDC after it was in operation, the payout procedures that were used primarily after 1969 by this government in the payout of the money in relation to MDC. Is he questioning the powers that were in the MDF Act at that time and the powers that were in the financing agreement that was with the operation? But bringing it even closer to history, what is being done about pursuing the prosecutions resulting from all the investigation that has gone on with MDC? I think the Member for Portage asked the question himself in the first two weeks of this session, and the reply from perhaps the Attorney-General was, perhaps you should ask your newly-elected leader what's happening because I understand, if I read the papers correctly, that Mr. Huband was the lawyer in charge of the prosecutions that might emanate from the Commission of Inquiry.

MR. PAWLEY: Mr. Chairman, I think the record should be clear. Mr. Huband is involved only insofar as the civil litigation is concerned, the civil suits. The firm of Gallagher and Company is responsible for the criminal prosecutions.

MR. CRAIK: Well in either case there has been a lapse of time that in, particularly I'd say the case of the Arthur D. Little Company in the United States, right next door neighbors, who in the same period the commission has recognized as being one of the major villains in the

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(MR. CRAIK cont'd) piece. I think there's no question about other people having arrived at the same conclusion that there was an abdication of responsibility on behalf of that organization, and that there were attempts made to carry out prosecution. But there's been millions and millions of dollars involved, and time's awasting, and considering the magnitude of the case, nothing is happening. I mean there's nothing visible happening. This has been raised in the House. I've asked the question myself in the last month on this - I realize this isn't MDC in this case - but it's associated pretty closely with it - why are these not being pursued and why isn't something visible happening?

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: . . . answer the question. I do hope that there is no reflection on the conduct of the case by particular solicitors. Mr. Huband has been the lawyer for the MDC against Arthur D. Little. The honourable member is not a lawyer, he's an engineer. I can tell him that given the standard in which law cases proceed, we do not believe that our solicitor has in any way delayed proceedings. We, the MDC, have - on behalf of the MDC - are aware of what is occurring and I have to say that delays in legal cases are normal; if you'll read Dickens you'll see how terrible they can get. In this case we are satisfied - I have to go more than that - we have every confidence in the solicitors who are carrying the case for the Manitoba Development Corporation, and I will acknowledge that cases move slowly. With regard to the prosecution they've made attempts to expedite, the people concerned, and they have not been - well, they're making attempts to pursue the prosecution. This is in the hands of Mr. Gallagher, in whom I also have confidence.

MR. CHAIRMAN: Resolution 82. The Honourable Member for Riel.

MR. CRAIK: I'm not going to pursue the prosecutions further. I have one final comment regarding a comment made by the Member for Portage la Prairie with regards to the examination of the people that got involved in this project, and I simply ask him, because of his association or relationship at least to the Federal Government, he hasn't made any comments regarding the fact that the ADA - Area Development Grants were made by the Federal Government to which he must have some relationship to, to the same group of people at some stage in history. And I then ask then, are those ADA grants made simply on the basis of a recommendation at the provincial level? I don't believe that has ever been the case. They are a strictly separate organization that make their grants based on their own assessments. I submit to you that they made their grants to the CFI people, or their agreement to make the grants at least - I don't know how much money was ever granted at what period of time. Some of it is still held in trust by the Provincial Government for the project - but I submit to you that I expect they made their evaluations of eligibility of grant by checking with the same sources that were checked with and used by the provincial people.

MR. CHAIRMAN: Resolution 82. The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I have no interest in entering into the debate on the recent history of CFI because like most people I'm just more a curious spectator. But I did want to satisfy the interest and curiosity of the Member for St. James before he went home for dinner, because I didn't want him to go home with something that would cause him indigestion or upset stomach as a result of not knowing what our stand was. I just simply wanted to again correct him. I realize that at times it is hard in this House to keep track of everything, but I think that on an issue as important as the Manitoba Development Corporation it would have been only proper for one to try to determine the different alternatives that were put forward. And I'd first like to remind him that the very first official statement made by the new Leader of our Party, Mr. Huband, was on the Manitoba Development Corporation, and there's a ten-page statement which I have here, which was released to the press and was available and as I recall, again, very good and adequate coverage in the media, which set forward the position as he saw it as a new leader on the Manitoba Development Corporation, and at that time just to repeat the argument for him, and if he wants I'm certainly prepared to send him a paper. We would go with a slight charge seeing as the Conservative Caucus has more of a research fund than we have, but I'd certainly be glad to send it to him on the basis that it does, I think, indicate a number of recommendations about the operation of the Manitoba Development Corporation and particularly in terms of the direction that we see the province going in the way of public financing. Because the thrust that we took at that time and have consistently through debates - and again I can't expect the member to listen to all debates, but I think there have been some major

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(MR. AXWORTHY cont'd) ones that we've participated in where our position is clear - but we certainly emphasized at that time that we would like to see the Manitoba Development Corporation sort of maintain itself as a lender of last resort, and only in terms of small loans to small businesses. It's a very clear statement of our party that was based upon the analysis that we spent some time doing over the past year of the fiscal reports of MDC which pointed out pretty clearly that the most effective economic results of Manitoba Development Corporation is when they gave small loans to small companies, and when they started getting into big loans to big companies that's when things started going wrong, and that the best way to assist and produce a form of assistance within the economy of this province was to provide that kind of lending capacity for small business operations.

Now I must confess, Mr. Chairman, that I myself probably would go beyond that, that I think this is a statement by Mr. Huband and concurred with by members of the Caucus. I believe, and I think the Minister would recall, that when we had debated this previously I had even gone further and said that I have - in fact, I think it was only three or four days ago - that I have fundamental reservations about whether the government should be in the business of this kind of public financing at all because I think we've just loaned too much money throughout. . . whether it's on the federal level or in the ten provincial jurisdictions. We just seem to be getting ourselves into a sort of a high-roll crap game with very poor results. The takers are always on the other side, not on the public side.

So I have some severe reservations personally which I think have to be examined and I'm afraid that one of the criticisms I have in part of the debate that has occurred on the Manitoba Development Corporation is we intended, Mr. Chairman, to put it into this kind of our belief - your belief kind of proposition. And that's what happens when you try to get yourself caught in the end of two extremes where you've got a set position you're not prepared to change - nor to listen I might add, or try to understand alternatives - because I don't think what we've really done is to do a good serious review of what really are the consequences of public financing. What are the in-benefits to the public? The Minister suggested yesterday when we talked about the whole question of ownership that somehow control would end up in a great degree of freedom and I think we had some debate about that. But in fact of the matter, I think that the kind of hard assessment that needs to be done, if we can get away from the kind of picky problems of trying to find out sort of, you know, who's been finagling the books may not be the most productive kind of debate to take place. I think, Mr. Chairman, we would certainly be interested in continuing in that kind of debate. If the Member for St. James would like, we'd be prepared to provide him with a good deal of reading material, he can take home for the weekend, as to the Liberal's stand on the Manitoba Development Corporation.

MR. CHAIRMAN: Resolution 82, Resolved that there be granted to Her Majesty a sum not exceeding \$287, 500 for Mines, Resources and Environmental Management. The Honourable Member for Brandon West.

MR. MCGILL: Recorded as a division.

MR. CHAIRMAN: On division?

MR. MCGILL: It's a relatively small amount of the total appropriation for the department. We didn't propose to have a division on the total appropriation, just on this one, Mr. Chairman.

MR. CHAIRMAN: Passed on division. Resolution 83, Communities Economic Development Fund. (passed) Resolution 83 - Resolved that there be granted to Her Majesty a sum not exceeding \$100, 000 for Mines, Resources and Environmental Management - passed.

I refer honourable members back to Page 34, Resolution 78(a)(1) - the Minister's compensation. The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, before we complete the assessment on this department, there was one issue that I wanted to bring to the attention of the committee and to propose in effect to the Minister - and it goes back I think in part to a resolution that I had introduced in the House but haven't had the opportunity to present - but I think it is a matter of some importance in terms of the operation of the department, and that is the serious requirement, I think, in the province to establish a program of environmental impact, requirements throughout the province. The Minister may recall we had some debate upon this issue last year, and we had recommended very strongly that the benefit and value that could be derived in terms of the protection of - the environment in this province would be greatly enhanced if there was a requirement put into the legislation for environmental impact studies on major public works.

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(MR. AXWORTHY cont'd)

I think, Mr. Chairman, if I ever had to make a case as to the value of that, it's been made in part by the debate we have engaged in in the past year on the Garrison Diversion, where in fact, one of the important assets that we have had in being able to cope from the Canadian side with what the Americans were up to was the fact that in the American system they now have requirements for environmental impact statements to be lodged with the Environmental Protection Agency, which reveals any potential damage or injury on environmental matters and also sets forth alternative courses of actions and accompanying costs. And it's that statement itself, while certainly hasn't been the whole case, I think the Minister would agree, have been of major importance in enabling Canada to present its case and to be able to understand more specifically the kind of results and consequences that would flow from the Garrison. So the irony is that in fact the Americans have been, in part, caught on the Garrison by their own requirement for the Garrison Diversion, which shows the value to my mind of having such a program instituted here. I would strongly urge the Minister to contemplate and investigate the introduction of new legislation by next session for environmental impact statements.

I'd also say, Mr. Chairman, that we have those requirements in the City of Winnipeg Act and it would seem to me what's good for the City of Winnipeg is also what's good for the Province of Manitoba, and it may be somewhat discriminatory to put a requirement on the City of Winnipeg that we the province ourselves are not prepared to carry. And that again, I think you can point to evidence in the last two or three years in the City of Winnipeg of how environmental impact requirements have been a very useful requirement in the development of their decision-making in planning in that city, that they have in many cases compelled decision makers and planners to show what they're doing.

Mr. Chairman, I don't want to take the total time of the House. I think there's a great deal that could be said about the value . . . --(Interjection)-- Well, Mr. Chairman, I think the requirement of estimates is to place positions before us, and if the member doesn't like it he can go home, but I am prepared to stay here so we can get the point across. And if he doesn't want to listen then I think that he's certainly free to leave, there's no lock on the door.

Mr. Chairman, if I may conclude the position. I think that there are very important results and values that derive from such a requirement. There are also problems in its introduction. That the value in many respects, if you go back to . . . is the American officials and politicians who now must work under the requirement for environmental impact statements say, one of the most important values is that they now have to make their decisions, and it comes down to the matter of developing a hydro project or a nuclear energy project or a major irrigation project or a major transportation project, that because they know they are going to have to prove themselves publicly to show the value of that project and have it examined by other agencies and have a requirement to show what kind of consequences will ensue, that they themselves become much more careful and operate a much wider stewardship on those projects. So that aside from whatever kind of value it has in terms of allowing the public to see what these major projects will bring about, it also puts a certain discipline and a certain kind of imperative upon the decision-making process inside government. And when we have reached the stage, Mr. Chairman, where we have had major problems in this province with our big projects - we only have to point to the hydro projects up north - that if there had been requirements for environmental impact statements much earlier on we probably could have saved ourselves a lot of trouble, and still had had the project go ahead, but we would have been able to look at the forward consequences, anticipate them and perhaps find alternatives towards them by the printing of that statement.

So, Mr. Chairman, I would simply want to raise with the Minister, if he wants to debate it now that's fine, although I gather some of his members are unruly or hungry, whatever it is, but at least I would want to place it on the record of this House that this should be something that is considered for future legislative reference to this Chamber in the next session.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Mr. Chairman, I would remind honourable members that the Member for Riel and the Member for Fort Rouge, both have been urging the government with respect to environmental impact statements. I do have to say that our Clean Environment Commission requires an environmental impact assessment when they are dealing with permits. But that

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(MR. GREEN cont'd) isn't all-embracing. The government will be making a statement with respect to environmental impact, I hope, before the summer is out. And I have to say this, to disappoint my honourable friend, what we will do will not be inclined in the direction of taking the power, of determining or making the judgment on the environment out of this Chamber and into the courts, but we will be dealing with environmental impact statement position, as was requested last year by the Member for Riel and the Member for Fort Rouge.

MR. CHAIRMAN: Resolution 78(a)(1) - passed. Resolution 78, Resolved that there be granted to Her Majesty a sum not exceeding \$3,958,500 for Mines, Resources and Environmental Management. Passed.

That concludes the estimates of the Department of Mines. Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of Supply has passed certain resolutions, directed me to report same, and ask leave to sit again.

IN SESSION

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

MR. D. JAMES WALDING (St. Vital): Mr. Speaker, I beg to move, seconded by the Honourable Member for Gimli that the report of the committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: Yes. Mr. Speaker, if honourable members will look at their Order Papers and look back to their experience they will see that we have much less on the Order Paper than we have sometimes accomplished in many weeks, in one day or a few hours. That's no intention of pushing. I think we've been going along at a very good pace. But if they will look at the Order Paper and examine it they will see that with little effort on all of our parts we can deal with it fairly quickly. So I say that in terms of adjournments of debate, etc., to keep it in mind. That's why I've called Law Amendments for Tuesday at 2:30 and hope that we could be available at 2:30 rather than spending that day in the House and then coming in the evening. I merely ask them to do that and with the co-operation of all of us, those matters that are on the Order Paper are relatively uncontroversial and probably can be dealt with expeditiously. The one meeting which probably will be of a greater content and depth would be the meeting of Monday night when we've called Municipal Affairs Committee and then Tuesday afternoon, Law Amendments Committee.

MR. DEPUTY SPEAKER: The hour of adjournment having arrived, the House is adjourned and will stand adjourned until 10:00 a. m. Monday morning.