

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Wednesday, April 16, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery where we have 55 students, Grades 8 and 9 standing of the Springfield Junior High School. These students are under the direction of Mrs. Cantafio and Miss Onysko. This school is located in the constituency of the Honourable Member for Springfield, the Minister of Tourism, Recreation and Cultural Affairs.

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

Presenting Petitions; The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): No, it's reading a petition.

MR. SPEAKER: Reading and Receiving Petitions.

READING AND RECEIVING PETITIONS

MR. CLERK: The Petition of the Guarantee Trust Company of Canada, praying for the passing of an Act respecting Guarantee Trust Company of Canada.

The Petition of the Carleton Club, praying for the passing of an Act to amend An Act to Incorporate the Commercial Club of Winnipeg.

MR. SPEAKER: Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills. The Honourable Member for Portage la Prairie.

INTRODUCTION OF BILLS

MR. GORDON E. JOHNSTON (Portage la Prairie) introduced Bill No. 33, an Act to repeal an Act respecting the Town of Portage la Prairie.

MR. SPEAKER: The Honourable Member for Radisson.

MR. SHAFRANSKY, on behalf of the Honourable Member for St. Johns, introduced Bill No. 25, an Act to amend an Act to Incorporate The Investors Group.

ORAL QUESTIONS

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

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition) (River Heights): Mr. Speaker, my question is to the First Minister. The Federal Minister of Defence has announced that the Winnipeg based Training Command would disappear and the New Air Command would take place in Manitoba. I wonder if he can indicate whether the government is having any discussions with the Minister or the department and indicate what it would mean in future employment, and to the economy of the province.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, there have been some very informal discussions but not bearing on the particular point that my honourable friend has raised. To answer the question, I would have to say that there have been no discussions nor bringing to our attention, by the Minister of Defence, of the particular proposed change.

MR. SPIVAK: Well, I wonder if the government is in the position to indicate what the loss to the economy of the province would be if the Air Command is not situated in Winnipeg.

MR. SPEAKER: Asking for an opinion, it's really out of order.

MR. SCHREYER: I might just indicate, sir, that we will certainly want to investigate it.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, I should like to direct my question to the Minister of Mines, Resources and Environmental Management, and ask him if he could now report or has he been plotting the location of the slug which he reported yesterday was at St. Norbert?

I should also like to ask him if he would investigate and report to the House, on a statement made in the House of Commons this morning by the Parliamentary Secretary to the Minister of the Environment, to the effect that the slug had now reached Lake Winnipeg and no damage had been caused during its course down the Red River.

MR. SPEAKER: The Honourable Minister of Mines.

ORAL QUESTIONS

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I believe if the honourable member would read the statement, I don't think I said St. Norbert, I think I said St. Adolphe, and then I said that you will note that the document is dated April 8th, that I'm reading from a document dated April 8th. And I specifically said that, at the time, to indicate that it was at April 8th that they had referred to St. Adolphe. As to the fact that it has now reached Lake Winnipeg, I will certainly check into and I will be most pleased if the Honourable Parliamentary Secretary's suggestion that there is no damage, that no damage has occurred, I would be very pleased if that turns out to be accurate and I'm waiting for further information in that connection. That is not my information.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): Thank you, Mr. Speaker. My question is to the Honourable the Minister responsible for the Public Insurance Corporation. I wonder if he could tell the House how many government vehicles, either fleet or pool cars, have been sold by public auction . . .

MR. SPEAKER: Order please. That would serve better under an Order for Return. The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, I direct a question to the Honourable the Minister for Agriculture, and ask him whether or not he can inform me as to when he plans to call for elections to replace the presently appointed members on the Milk Marketing Board?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, I should draw to the attention of the Member for Lakeside that that question has been answered in this House on one or two occasions very recently.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Mr. Speaker, I direct a question to the Minister in charge of the Manitoba Public Insurance Corporation, and ask him if he would confirm that on September 1st, 1974, his Corporation purchased vehicles from the provincial, central provincial, from the Public Works Department.

MR. SPEAKER: The Honourable Minister.

HON. BILLIE URUSKI (Minister for Manitoba Public Insurance Corporation) (St. George): Mr. Speaker, I'm not sure of the date but I do know that the Corporation was authorized to maintain its own fleet, separate of Public Works, as they were previously leasing the vehicles from Public Works. That may be . . . done, I can't confirm or deny the date but the Corporation now controls its own fleet of cars.

MR. BANMAN: A supplementary question, Mr. Speaker. I wonder if the Minister could confirm that the disposal of these units, when they are being replaced, is done so by public auction at the Autopac auction sales.

MR. URUSKI: Mr. Speaker, I can't confirm that these vehicles will be disposed at public auction at our auction sales. The auction sales that Autopac handles are strictly for salvage vehicles. And the vehicles that the Corporation would have, unless it would be a vehicle involved in an accident and which it would be a write-off, but the vehicles would not normally be, as I understand it now, would not normally be handled through the auction.

ORDERS OF THE DAY - ORDERS FOR RETURN

MR. SPEAKER: Orders of the Day. Orders for Return. The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Speaker, I move, seconded by the Honourable Member for Pembina, that an Order of the House do issue for a Return showing the number of people who:

Paid the regular licence and insurance fee Plus \$100.00

Paid the regular licence and insurance fee Plus \$150.00 to \$200.00

Paid the regular licence and insurance fee Plus \$200.00 to \$300.00

Paid the regular licence and insurance fee Plus \$350.00

for the period April 1, 1974 to March 31, 1975.

MOTION presented.

MR. SPEAKER: The Honourable Minister in charge of Public Insurance.

MR. URUSKI: Mr. Speaker, we're prepared to accept the order with the qualification that I mentioned to the honourable member about the date of the program that has been run by

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(MR. URUSKI cont'd) the Motor Vehicle Branch, and the date that we have the records for is as of October 31st, 1974. If the honourable member is prepared to accept it as of that date, then there should be no problem with supplying him with information. That should give him the information that he is desiring.

MR. SPEAKER: Agreed?

MR. BLAKE: Yes, that's quite acceptable to us, Mr. Speaker.

MR. SPEAKER: So ordered. The Honourable House Leader wish me to proceed, second readings.

GOVERNMENT BILLS

MR. GREEN: Yes, Mr. Speaker, would you proceed with the adjourned debates on second reading.

MR. SPEAKER: Thank you. On the Proposed Motion of the Honourable Attorney-General, Bill No. 13. The Honourable Member for La Verendrye . . . Rhineland, sorry. (Stand)

Proposed Motion of the Honourable Attorney-General, the Honourable Member for Morris, Bill No. 15. (Stand)

Bill No. 16, the Honourable Member for St. James is absent.

Bill No. 20, the Honourable Member for Roblin is absent.

Bill No. 17, the Honourable Minister of Mines.

BILL NO. 17 - THE DEVELOPMENT CORPORATION ACT

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster) presented Bill No. 17, an Act to amend the Development Corporation Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Well, Mr. Speaker, I don't intend to take a good deal of time in presenting the principle of this bill which is an Act to amend the Manitoba Development Corporation. I believe much has been said during the Throne Speech debate, in the Throne Speech, and subsequent to that in this House, relative to the Manitoba Development Corporation, its philosophy and its limitation in terms of being a lender of last resort.

I believe, Mr. Speaker, that there has been a change in attitude, by members of the House, relative to the Development Corporation since it was established many years ago and I believe that that change is not entirely accidental, I believe it results from two developments.

One, I think the fact that there is a change in government and the traditional free enterprise parties, sitting in Opposition, have displayed a much different attitude towards a development corporation of this kind, in opposition, than they have displayed in governments in various parts of the country, and I say that, Mr. Speaker, without attempting to provoke debate. I believe that I can demonstrate that there is some difference of opinion and I'll try to analyze it to the satisfaction of my honourable friends.

Secondly, Mr. Speaker, I think that the change in attitude has resulted from the fact that there has been much more disclosure with respect to Development Corporation activities in the last five years, than there has been in previous years. And with this disclosure, Mr. Speaker, I think that matters which are of interest become subject to public debate which were not previously subject to public debate, and that, I think, is a positive development. Because if the kind of acts of this government that I believe in and that is believed in on this side of the House generally, is to be possible, and if it is to be successful, it has to be able to do so in the face of whatever debates its activities inspires. And I think that certainly the public being involved in commercial operations, whether of a saving variety or of an initiative variety, will result in public debates particularly when the amounts of the loans, the purposes of the loans and the activity of the commercial operation become discussed. I don't think, Mr. Speaker, that anywhere else in the country do we have, for instance, members of the Opposition using as a mechanism of political debate, the customer of a Crown corporation, to find out whether they are satisfied with their order being fulfilled or not being fulfilled. And that certainly is a matter of public interest, it's certainly something that will catch the public eye and therefore becomes a matter of the public debate, and I, Mr. Speaker, don't begrudge that. I think that

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(MR. GREEN cont'd) . . . many people in political life are very concerned with involving themselves in sensitive matters because they believe that it is a danger to them, to their survival in politics. If that is so, Mr. Speaker; then I merely have to say that we'll have to accept the danger because the objectives that we are hoping to obtain will involve this kind of sensitivity, and if we are to arrive at those objectives, we have to face that sensitivity and deal with the problems as they arise.

Now with regard to my suggestion, Mr. Speaker, that I believe that the change in government has some degree of influence with regard to the amount of the debate that is taking place, I intend to try to, in some way, substantiate that. I really believe, Mr. Speaker, that the kind of thing that is happening with the Manitoba Development Corporation and some of the difficulties that members have seized upon and they have, by the way, tended to either ignore or avoid the successful operations that have taken place, is occurring in many parts of this country; and as a matter of fact, has been found to be a necessary vehicle in order to sustain what they hope will remain as a system of economics and economic activity in the country which they are supporting.

I refer you, Mr. Speaker, to Newfoundland where the public, under the Conservative and Liberal administrations, went into large scale commercial enterprises by means of loan capital with regard to forestry operations and the like.

In the Province of Nova Scotia, under a Conservative administration, Mr. Speaker, the Premier of that province developed a heavy water plant on which approximately \$120 million was spent and if we employed the bookkeeping, Mr. Speaker, on that project which is employed on the Manitoba Development Corporation, if it was in existence for five years, we would have an accumulated deficit on that one project alone of over \$60 million - and I've made that calculation quickly, I say straight interest at 10 percent on 120 million, 12 million a year, \$60 million, no income, must be some operating losses as well - so if we employed that type of bookkeeping, it would be one project alone with a loss of \$60 million. In addition to which the Federal Government, in order to sustain the mining industry of Nova Scotia, has been subsidizing that industry to the tune of many millions of dollars a year for many many years.

In the Province of New Brunswick, Mr. Speaker, and that's an interesting province, that's a Progressive Conservative administration, the Premier of that province took the province into an automobile manufacturing industry, I believe. Pardon me? --(Interjection)-- It flies, the automobile flies. Well, Mr. Speaker, our airplane stays on the ground; that's its counterpart. --(Interjection)-- Well, as a matter of fact, when I saw Mr. Hatfield in Ottawa, the honourable member, obviously we think alike, I told him that we'll trade him some airplanes for some sports cars, and he seemed interested, Mr. Speaker. But nevertheless, we are smiling, and I gather we are smiling because we know of this type of development. I believe that the Province of New Brunswick is, with that one manufacturing industry, into the tune of over \$15 million - I don't know the exact figure - and therefore on this one, I don't think that I am perhaps being accurate.

The Province of Quebec has had a sugar refinery for years, they're into a mining complex far before the Province of Manitoba on which they spent dollars in exploration with, I hope, some results by now but certainly they have been patient with that company.

The Conservative Province of Ontario has also got a fund of that kind, Mr. Speaker. Recently they've taken over the Minaki Lodge; they said at first that they will, first of all, make it profitable and then turn it over to private industry. I now understand that they think that that doesn't make much sense. If they make it profitable, they should keep it themselves and I congratulate the Province of Ontario for that development.

The Province of Saskatchewan has a similar plan, the Province of Alberta a similar fund, and in fact for many years, the Province of Alberta invested and had its problems through its treasury branches which, again, were not largely debated. The Province of British Columbia has set up a fund. The Canadian Government has two funds, one is the Industrial Development Bank, and I dealt with that in the Throne Speech Debate; they also have the Canadian Development Corporation which is a new twist, this is the reverse. They are taking successful Crown companies, turning them over to the Canadian Development Corporation, and then selling the shares of the Canadian Development Corporation to "the public" which will turn out in my view, I predict, to be the same five percent of the public that controls the rest of the common stock of this country - or if I'm wrong in five percent, I wouldn't be wrong on ten - controlling over

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(MR. GREEN cont'd) 90 percent of the common stock in this country. So the Canadian Government has taken a vehicle that was originally proposed by the New Democratic Party as a means of achieving some public ownership and they've done the reverse. They have privateered public industry through the Canadian Development Corporation, took the Polymar Corporation, turned it over to the Canadian Development Corporation, at half its worth, and then is making the shares available to people who've got the money, of a public company which I used to be an equal partner in and which the Canadian Development Corporation is now going to sell off to private enterprise essentially through a public vehicle.

In most cases, Mr. Speaker, these funds although they have resulted in criticism, and in criticism in the Province of Manitoba when it took place, have been recognized as vehicles which will do the kind of thing that the Manitoba Development Corporation is doing and have the risk of not showing a profit. Their bookkeeping is kept differently. I dealt with the Industrial Development Bank last time but they all have the same purpose, Mr. Speaker. They have been established to bail out what has been a philosophic idea as to the economy of the country which has never succeeded, and if we need proof that it has never succeeded, Mr. Speaker, anything that the government has done in terms of public enterprise in all of the involvements that they have and all of the failures, pale in comparison to the one failure that the entire economic system of the western world experienced in 1929 when the total system failed. It brought about probably the worst depression that modern civilization has known, lasting a period of approximately 12 years, and never came out of it until there was a World War which, some suggest, enabled consumption to take place through the destruction of life, property and other goods and services which apparently the system never found a way of producing for peaceful and ordinary purposes. And that is a fact, Mr. Speaker, and that is one of the reasons why all of these philosophically-minded, free enterprise governments entered into these programs.

Now, Mr. Speaker, I think that one of the reasons that there is less criticism is because, first of all, the New Democratic Party, in opposition in these places, has not tended to be a strong critic of public involvement in activities of this kind. They've tended to welcome it and, therefore, I think would down play the criticism. So we have an anomalous situation, Mr. Speaker, of the New Democrats supporting socialism by the Liberals and Conservatives, but the Liberals and Conservatives blasting socialism by the New Democrats, and that's one -- (Interjection)-- yes, I agree that the Member for Lakeside is making a correct point. I've heard it put in this way; that the Conservatives are liberal when they are out of power, and the Liberals are conservative when they are in power. And it amounts to roughly the same thing, that a government tends to react to some extent to its opposition, and that's one of the checks and balances of any democratic system. So, Mr. Speaker, one of the reasons that there wasn't that type of criticism is that it's something that the New Democrats would be pushing when they are opposition, because they wouldn't be wanting the government to move in that direction, and it's one of the things that the Conservatives would be trying to put the brakes on when it was not in power. I make that as an observation, I don't make it as a criticism and I think it's entirely understandable. --(Interjection)-- Pardon me? I'm sorry I didn't hear the honourable member. I usually like to hear what he's saying because I can then answer him, but I didn't hear him this time. I'll have to accept that you put one over by not letting me hear you.

Now, Mr. Speaker, I think that the Development Corporation can be a useful instrument. I believe that the guidelines under which the Corporation is operating enable it to deal with its existing problems and enable it to seek out legitimate avenues for public investment in the future. And it is specifically directed to seek out avenues which have basic viability commercially, and to not be engaged in great ventures while it has some of its problem accounts to deal with.

But, Mr. Speaker, I say, looking at the Corporation at its worst feature, and I say its worst feature is the kind of philosophy under which it's set up, and that is to deal with problems which the economic system that we're living in has not been able to solve, that the Corporation has played a role. And I refer, Mr. Speaker, to the fact that we are spending or we have spent as much as 14, 15 million dollars a year during periods of reduced activity on winter works programs alone, on ad hoc, make-employment programs, without hardly the breath of criticism from anybody on the opposite side. And that has been done on a fairly continual basis at various times in our existence.

Now I certainly think, Mr. Speaker, that the kind of losses that we have sustained in

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(MR. GREEN cont'd) attempting to create long-term, sophisticated industries is at least as good as that kind of proposition, and that's looking, Mr. Speaker, at the Corporation with a most jaundiced eye and I don't propose to do that. I am merely indicating that that has happened at its worst. And it has done, Mr. Speaker, some very useful things which members of the Opposition are probably correct in ignoring because it's the faults that they have to point out and not the good things. But I suppose I have to remind the House that there are several industries in this province that we would have lost had it not been for the activity of the Manitoba Development Corporation, and which have turned out to be very solid industries. The most notorious example, I suppose, is Versatile Manufacturing. Now, it's generally acknowledged, Mr. Speaker, that when Versatile Manufacturing approached the New Democratic Government, it was in desperation, and if the Honourable Member for Lakeside . . . well, I'm sure the Honourable the Leader of the Opposition knows Messrs. Pakosh and Robinson - I believe those are the names - that they would almost be happier to try to run across the Atlantic Ocean, in their bare feet, without drowning, than to approach a Government. I mean that is their aversion to governments, any governments, and when we come to what they will term a Communist government, which I think is the way in which they would characterize us, you can compound their aversion tenfold to what I have just suggested. And certainly if one looks at that particular venture there is no doubt that the Crown was a lender of last resort, and the Crown guaranteed a \$6 million advance to Versatile Manufacturing, which they then took to the bank, did not draw down on the advance, in a short time solved their difficulties and became very very successful, and one of my lasting regrets, Mr. Speaker, which I'm not able to show black figures with is that somehow in that transaction we did not get the equity that I thought we were entitled to but nevertheless still saved the industry, that that industry is now doing very well.

The same was true, Mr. Speaker, of Kilbery Industries, the same is true of CCIL. Of course I don't know that CCIL was in the same kind of difficulties as Versatile was, but each of those companies was assisted in most difficult times - it is the CCIL, Canadian Co-operative Implements Limited, yes - that got government loans under the auspices of the Manitoba Development Corporation and retained those industries.

I believe, Mr. Speaker, that what we are doing with Morden Fine Foods, that what we are doing with Selkirk Navigation, which was started by the previous administration, where the shareholders . . .--(Interjection)-- Pardon me? No, the honourable member didn't start it. Then I have to be more precise you see because what happened was Selkirk Navigation was started by a group of rugged private enterprise, competent free enterprisers who never make a mistake, with a loan from the Manitoba Development Corporation to the extent of roughly \$700,000. After two years these people, who were private individuals, free enterprisers, somehow had a problem, although the way I hear some honourable members talk such people can never have a problem, and the government exercised its mortgage, sold the boat, or attempted to sell the boat - the highest offer was \$250,000. The MDC then put it on the books for roughly that amount, has now been operating it, and I gather, Mr. Speaker, that we are just making ends meet with that operation, and that it is a useful facility in the Province of Manitoba.

The Honourable the Leader of the Opposition, and let us now set aside, although I have no difficulty in arguing them, the Churchill Forest Industries. I say that when I was in Opposition I never criticized that loan except that we were lending it to private people. I said that if we were putting up the money we should own the place. --(Interjection)-- Pardon me?

MR. AXWORTHY: You should have nationalized Kasser.

MR. GREEN: We should have nationalized Kasser. Well, Mr. Speaker, the honourable member hadn't met Alex Kasser, and I'm sure that he would be very interested in talking to him, but the fact is that --(Interjection)-- Yes. They don't know where he is at the moment. Well I think that I should reserve my remarks. Let us merely say that I believe that no matter how one dealt with Alex Kasser that I would have to give him credit for coming out on the best side of the deal. The fact is that the Churchill Forest Complex in The Pas, which the Honourable Member for River Heights says is now one of our only ventures that is making money - and I'm glad that he has given me that definition of making money, it makes a lot of what we are doing a lot better than I thought it was - that that has some hope of being a useful complex in the Province of Manitoba. And all of these things, Mr. Speaker, were done under the auspices of the Manitoba Development Corporation. But the Corporation is a source of great

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(MR. GREEN cont'd) anxiety on the part of the members of the Conservative Opposition. And I understand that, because it is their belief, and particularly the Member for Lakeside's belief, that such a vehicle, Mr. Speaker, what he believes, and I'm going to let - he'll have lots of time to correct me if I'm wrong - what he believes is that such a vehicle is useful in the hands of a philosophically-minded administration, because such an administration will operate it in such a way as to be reluctant to use it, but that it is not useful in the hands of what he would term to be a socialist-minded administration, because such an administration would want to use it.

And I think that that is the difference. That he believes that they would use it only when necessary, and that we would use it as a desirable instrument, and that's what makes it a danger in the hands of this administration. And I believe that he would probably more or less agree with what I'm saying, that he'll say it for himself and say it differently. But I think that that is essentially the reason why it obtains that we would get more criticism for it than would be the case if it was a Liberal and Conservative administration.

The other reason, Mr. Speaker, is that of course we have opened up the discussion on this operation in a way which doesn't occur anywhere in this country, and in a way which never occurred before. I believe, Mr. Speaker, that the appearance of the Chairman of the Manitoba Development Corporation before committee, answering questions on the internal activities of all of the operations is a new feature in Canadian politics - at least on that scale. Perhaps with regard to one individual company, or what have you, but as to regard to all of the activities of a lending institution, I believe that it is a new feature in this country. Mr. Parsons has answered most questions; he has reserved of course the right not to answer when it would affect what he thinks is the commercial security of an operation which is under the board's jurisdiction.

So what we are doing by this bill, Mr. Speaker, is trying to put the corporation in its perspective. We are trying to tell the people of Manitoba that this vehicle which is now being attacked was set up as a vehicle for bailing out a private enterprise system which was in great difficulty, and which is in great difficulty in other parts of the country, and has been in great difficulty from time to time, and that its difficulties in many cases are not something which can be characterized as public incompetence, which the members of the opposition are so wont to do, but are difficulties which have been created by what could be termed, if we use their definition, private enterprise incompetence. And I don't want to use that definition, but that is the way the corporation is being attacked, that much of the problem which the corporation has involved itself in, and much of the difficulties it is in comes as a result of its role, and its role was to go in where everybody refused to go, and where the society needed a financial assistance. And that was spelt out, Mr. Speaker, in the legislation. I am not certain that the change in the legislation will have a great deal of difference in the actual operations at least today, but at least the Board of Directors will have available to them the opportunity of dealing with ventures which may prefer to deal with them rather than with another financial institution, even though they could get the money through another financial institution. And secondly, that the perspective of what the corporation has been up until now will be recognized.

And, Mr. Speaker, the other major change in the Act is to change the capital of the corporation from \$5 million to \$50 million. I will say here and now that this is not something that I have ever pushed for, it's not something that changes anything - it changes bookkeeping, and apparently the auditors would like a better system of bookkeeping, or one which has an indication of what is happening, than exists at the present time with accumulating deficits. But it doesn't change the operations of the corporation. It saves the corporation roughly \$4 1/2 million in interest a year, if we take interest at 10 percent, but the government loses \$4 1/2 million of interest a year, so there will be a better statement for the MDC --(Interjection)-- Well, Mr. Speaker, the honourable member is quite correct and I thank him for correcting me. That it is the people of the province who lose the money when their elected representatives have that effect. But when the MDC loses, it's also the people who lose, so if transfer the four and a half million from the MDC account to the government account, there is no change insofar as the people are concerned. And this --(Interjection)-- Well, the honourable member says that they just lose, you know, and I gather that he looks upon that as being something with which he can mock me while I am talking.

Mr. Speaker, more has been lost, more money has been lost, if we are going to mock,

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(MR. GREEN cont'd) and if we're going to giggle and laugh, as the result of the operations of the Manitoba Development Corporation under the Conservative administration than has been lost under this administration. And the figures were presented to this House in the Throne Speech Debate that there has been more money lost through the losses in firms which were in existence prior to this government coming into power, than has been lost since - and I gave the honourable member the figures. In what --(Interjection)-- Pardon me? No, under . . . you know the honourable members, you know, they say have an inquiry, they say have an inquiry. You know, the Honourable Leader of the Opposition he always calls for an inquiry, but if the inquiry doesn't say what he wants it to say, then he says it's not a sensible inquiry. And he is suggesting, he is suggesting that if they were the administration on July 15th, 1969 - this is the suggestion that he is making - that they would have cut off funds to CFI. That's what they --(Interjection)-- Pardon me? Mr. Speaker, he is suggesting that they would have cut off funds to CFI, and he is now saying that if they got ahead of the mortgage. Now let's examine that. First of all this gentleman says, and said before the Commission, that he had nothing to do with the MDC, that they did not tell the MDC what to do, that they had nothing to do with the MDC, and that the MDC was a complete creature of their own. It's the MDC who advanced those moneys, that of the mortgage. So if he says that he would not have touched the MDC, then how does he know that he would not have let the MDC do exactly what they did?

Now, Mr. Speaker, I will admit, and I have admitted it before in this House, that Rex Grose believed after July 15th, 1969, that he was still working for the Conservative administration, and said so, that he never ever recognized the change in government, and that as some of the civil serv . . . we believe that we are not working for this government, and that . . . and lying to us when we asked what security was being taken in writing. In writing, as found by the Commission. In writing, when we asked what the advances were being made on, and that we should have let Rex Grose go earlier, but don't get the idea that they would have let him go earlier.

In any event, Mr. Speaker, the facts are that more money has been lost by the MDC under firms which were in existence prior to the New Democratic Party taking power than took place afterwards. And they would like to make us believe otherwise. They even talk, Mr. Speaker, they even talk about Flyer Coach Industries as if it never existed prior to 1969. Flyer Coach Industries had a loan from the MDC prior to 1969. They talk about us going into this boat venture. They forget that they were the ones who lent \$700,000 to Selkirk Navigation. Now I'm willing to take responsibility for what we do, and I'm willing to go to the people and face that responsibility, but the Leader of the Opposition would have the public of Manitoba believe that the Conservative administration had nothing to do with CFI or the moneys that were advanced to CFI. And you know that is a measure of his willingness to accept responsibility.

So this change, Mr. Speaker, of making the capital \$50 million instead of \$5 million will put the Manitoba Development Corporation on a sounder basis for making money in the definition of the Leader of the Opposition, who says that if you will ignore the interest, and if you will ignore the depreciation, you will make money. By taking \$50 million in capital stock rather than five, we will save the interest and there will be a better balance sheet for the corporation, and I tell the honourable members right now that it is not something that I place a great deal of significance in. And I'm not doing it for the purpose of trying to present a better balance sheet; we were prepared to go with the old balance sheet. But if that's the way the honourable members calculate losses, then may as well show it as they would show it, and as apparently is done in other provinces, or other provinces merely give an annual subsidy to take care of losses, and with, Mr. Speaker, with the Churchill Forest Industries complex out of the MDC balance sheet, one will see significant changes in the figures, and I repeat they will not reflect significant changes in the operation.

Well, Mr. Speaker, this is the purpose of the bill. I would assume that during the discussion of it there will be considerable reference to the activities of the Manitoba Development Corporation. I am quite satisfied because I've heard no criticism that the Development Corporation in the arriving at guidelines between the government and the corporation, have arrived at an understanding with regard to their role that never existed under the previous administration, that Mr. Grose said that this contract was thrown on my desk and I was told to go ahead and finance it, ninety-two millions of dollars to a group of people to commence with a forestry complex. If that occurs under this administration, Mr. Speaker, and it can occur, it

BILL 17

(MR. GREEN cont'd) will be the government who will accept the responsibility, because we will say that it is being done under Part II of the Act, that it is being done for reasons, which the government will accept responsibility for, and not for reasons which we attribute to the Board of Directors of the MDC. Honourable members will judge for themselves whether the Leader of the Opposition is prepared as an elected representative of the people to accept that kind of responsibility.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before I recognize the Leader of the Opposition, I'd like to direct the attention of the honourable members to the gallery where we have 65 students of Grades 9 and 10 standing of the Hastings Junior High School. These students are under the direction of Mr. Beaumont and this school is located in the constituency of the Honourable Member for Riel.

We also have as our guests this afternoon 65 students of the University of North Dakota under the guidance of Mr. Lloyd Omdahl.

We welcome you all this afternoon.

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The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I move seconded by the Honourable Member from Riel, that the debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move seconded by the Honourable the Minister for Consumer Affairs, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider the supply to be granted to Her Majesty.

. . . . continued on next page

MATTER OF GRIEVANCE - PUBLIC UTILITIES - BID SYSTEM

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Before you place the question, Mr. Speaker, I wish to rise and speak on a grievance, a grievance that is provided to each member of this Legislature once during the course of its session. Mr. Speaker, the topic that I wish to deal with is the topic of Public Utilities Board committee meetings and the topic specifically of the Manitoba Hydro. Mr. Speaker, there has been some background to this by way of the Public Utilities committee meetings, as well as the questions that have been placed in this House by both the Member for Brandon West and for myself, and I refer specifically, Mr. Speaker, to the question of the letting of the record setting equipment tender by Manitoba Hydro totalling in amount of approximately \$86 million.

Mr. Speaker, at the hearing of the Public Utilities committee there were a number of questions that were left unanswered. There were a number of topics discussed, and I want to boil this down to the basic questions, Mr. Speaker, that we thought were answered but are now open to question.

The first question that appeared to be of great concern to all members of the House, the Government, the Hydro, and the Official Opposition, was whether or not the bid system of Manitoba Hydro was in fact upheld, and to a certain extent the members of the Opposition were somewhat deterred in pressing harder at that time because of the recognition of the fact that the bid system must be upheld, and that if we pressed further it would appear that we were somehow suggesting that the bid system should somehow be changed to take care of other conditions. The question now remaining was: was the bid system upheld?

The second question, Mr. Speaker, was, and I think this comes out of all of this, the general impression was left that the Federal Government somehow put the squeeze on the Provincial Government along with - the Federal Government along with Canadian General Electric put the squeeze on the Provincial Government and Manitoba Hydro after bids had closed because they wanted to see certain ends achieved for industrial development in Western Canada. And, Mr. Speaker, it went so far, as suggested in the newspaper, that what they were practicing was a form of blackmail on the Province of Manitoba and on Manitoba Hydro. So, Mr. Speaker, that is the stage we apparently left the meeting at. The impression given by the government was that the bid system be upheld and was upheld, that the actions of the Federal Government and CGE in the view of both the Provincial Government and the Manitoba Hydro were that these people had somehow violated the rules of the game to bring undue pressure to distort the bid system, and to use political action, and other sorts of actions to achieve an end. It even went so far that the Chairman of Manitoba Hydro said that Canadian General Electric was now cut off.

A MEMBER: Blacklisted.

MR. CRAIK: Blacklisted from, not from the bid they lost, but they were blacklisted at the present time from any future bids on other equipment for Manitoba Hydro. A pretty bad scene, Mr. Speaker, in total; one which left you generally with the impression that in fact here the Eastern culprits had been brought to heel.

Well, Mr. Speaker, it isn't adding up. Since the committee hearings took place, the information keeps coming out, and some of it comes out from the Federal Government and some of it comes out from the sources which you even see writing letters to the editors of the local papers. In other words, there is additional information. Well, Mr. Speaker, the first and most important thing that I want to suggest to you, is that the bid system apparently was not upheld even in letting the bid to Brown-Boveri. Mr. Speaker, the evidence is that two bids were provided by Brown-Boveri to the Province of Manitoba for the equipment bid totaling over \$80 million. One bid was for the lowest possible bid, no holds barred. The second bid allowed was a bid that would provide for a measure of Manitoba content. Mr. Speaker, the evidence is that the second bid was taken. The first bid, the lower bid, was not taken. The second bid was over \$2 million higher, Mr. Speaker, than the lowest possible bid made by the same company. How then, Mr. Speaker, can the Chairman of Manitoba Hydro stand before the Committee and, as I have noted, state, now the question really boils down to, are we to buy a more expensive Canadian product at increased cost to Manitoba Hydro in order to get the promise of a plant in Manitoba. Mr. Speaker, implying that somehow Manitoba Hydro want under no conditions to change its bid system to in any way cost the people of Manitoba an additional dollar for the equipment which it would buy.

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(MR. CRAIK cont'd)

Well, Mr. Speaker, if in fact the higher of two bids from the same company, Brown-Boveri were taken, is it not incumbent of the Chairman of Manitoba Hydro, and of the government, to let the public know, and to let the committee in particular know, particularly at the point of examination where this was a point in serious question, for all parties, as I said, were a little reserved about attacking this because they did not want to endanger the system. But in fact all the time it was being discussed, was the case that in fact the bid given to Brown-Boveri was over \$2 million higher to include in it "Manitoba content", Manitoba content for the transformers, because, Mr. Speaker, that is now the information that we are to understand is the fact. If that was the case, Manitoba Hydro had an obligation, and the Provincial Government I think has an obligation, to say to the Committee and to the people of Manitoba, we're not going to take the lowest bid, we're going to pay a little more so that we can have a part of that done in Manitoba. We're going to pay over \$2 million more, Mr. Speaker, to have part of that done in Manitoba.

How then can the First Minister, and the Chairman of Manitoba Hydro, turn around and make villains out of the Canadian General Electric Company and the Federal Government, for somehow wanting to enter the picture to see whether or not something couldn't be done in the way of more extensive Canadian content, Mr. Speaker, and in fact as it shows up now, more provincial content. We were told at the Public Utilities meeting by the First Minister that the amount of work that would be done in Manitoba under the CGE bid would be significantly less than will be done under the lower bid from the Brown-Boveri group.

Mr. Speaker, that is not borne out either. We were led to believe that at 31 percent Canadian content we had a high Canadian content in the Brown-Boveri bid. Mr. Speaker, we asked for information on that and we were somehow told that we couldn't be given details because it would tell one competitor as opposed to the other competitor too much detail in the bidding, therefore the Members of the Committee couldn't be told specifically what the breakdown of that 31 percent was.

However, the Federal Government has indicated that the Canadian content in the Brown-Boveri bid is not 31 percent but is 22 percent, Mr. Speaker. What is the real content? Is it a secret? Can we not ask what the real content is of these bids? We're told by the First Minister that the CGE bid had significantly less content for Manitoba than the Brown-Boveri bid. However, the fact is that the CGE bid would have done 35 percent of the work in a new plant promised for Brandon, plus more of the work, the other type of work that goes along with it at other established institutions in Manitoba, an amount which was negotiable with Manitoba Hydro. The one feature alone, the most important feature, the converter equipment to be made at a new plant in Brandon, Manitoba, 35 percent, which in itself, quite apart from the transformers, exceeds the amount of Manitoba content, or exceeds the whole Canadian content of the Brown-Boveri bid, Mr. Speaker. But still we're told at the meetings, and we took it at face value, and I don't suggest that the First Minister deliberately misled me in this questioning, I suggest that he probably just did not know the facts of the bids that were going on at Manitoba Hydro. I asked the question at the Committee meetings as a general routine question because somehow it had been suggested in the reports in the paper that there was untoward amount of blackmail going on in this thing, and I was asked whether it was or was not blackmail and I said, if the initial bid from GE specified the plant in Brandon, how could you consider that blackmail? But if they came in after the fact and said, "We are not low bid but if you will take our bid we will now include this in our bid," then that's a different case. So it was left at that, Mr. Speaker.

But now I find that in fact in the very initial call for tenders Manitoba Hydro asked it to be specified what Manitoba content there was, where the product would be manufactured, what was the percentage content of the total bid? That was given, and it was specified in the initial tender that that plant would be built in Brandon. When I asked the question at the committee hearings, the answer I got was - it wasn't a direct answer, it was an indirect answer - the answer was, "Well it was known at about that time." That's a pretty indirect answer, Mr. Speaker, when the call for tenders specifically asked for it and it was specifically given when the tenders were made by the companies to reply that, "Well I guess it was know sometime around there." And then to say that all of this somehow was an abortion of the bidding system, and really that we were on pretty treacherous and slippery

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(MR. CRAIK cont'd) ground in trying to in any way question this was something that would cause the thwarting of the original bid system.

Mr. Schreyer said at those meetings, also in conjunction with Mr. Bateman with regard to the bidding system, the fact of the matter is that the proposal that was made by CGE, Canadian General Electric was, if accepted, would have been a very real and drastic departure from the bid system and from the ethics of the bid system.

Well, Mr. Speaker, I think the only way we're going to find this finally and ultimately is to have the questions answered that we have posed. We asked two days ago whether in fact there was two parts to the bid made by Brown-Boveri, one to show Manitoba content and one for the cheapest possible bid. It's our understanding that we paid over a \$2 million premium over the lowest bid already, and I would like to know whether that is upholding the basic ethic of the bid system.

I don't think it has been recognized extensively enough that part of the Canadian Government's provisions for preferred financing that has been available, was conditional of certain things, it was conditional most importantly on the amount of the Canadian content. I understand it was also conditional on the fact that the Canadian Government had some sort of involvement in looking at the type of tender that was let. In other words, before the tender was called would there be an opportunity to see that the best possible opportunity was given to Canadian firms.

Mr. Speaker, it's my understanding that the bid as it now stands doesn't qualify for either of those conditions. Neither was the Federal Government apprised initially of the content of the tender call, nor were they later enthusiastic about the total Canadian content of the bid. The Minister of Energy, Donald Macdonald is reported on television of saying that in deference to the statements by Manitoba Hydro and the First Minister of Manitoba, that the content of the Canadian bid was really quite low in comparison to the Brown-Boveri, particularly for Manitoba. He made the statement that the Canadian content was somewhere in the order of 80 percent. Mr. Speaker, my information is that the Canadian content is - it's over 95 percent of the Canadian General Electric bid.

Well, add all this up, Mr. Speaker, and I'm prepared to stand on the, you know, the information, and particularly on the questions regarding the bid system and what I've given here. To be a Member of the Opposition is not a particularly easy one when you're looking for information. And often your information is not entirely accurate, sometimes you have to read between the lines, Mr. Speaker. But what would appear to have happened here without knowing what has happened, is that we have the actions of the Chairman of the Manitoba Hydro being such that we haven't had a complete and open disclosure to the Public Utilities Committee, which is unfortunate. It's unfortunate, because traditionally, particularly the traditions set by D. M. Stephens, who was Chairman of Manitoba Hydro at the time that the Public Utilities Act was - a committee was set up to hear Manitoba Hydro, made it a point to come back to that committee with almost any variation to standard procedures, and that included bidding, it included changing of a tender after a bid was let, it came back for a request to that committee for an enquiry of commission, when Hydro got under severe criticism and questioning on another topic, it was one of complete openness with that committee. Unfortunately that can't really be said.

What appears to have happened is that Manitoba Hydro is, with the fact that they now are in a fit of pique, and are suggesting a large Canadian company shall no longer be able to bid on their products because they somehow went around them, and went to the First Minister, I presume, I mean this sort of nonsense, this childishness is not the sort of thing we need taking place at the largest of our Crown Corporations in Manitoba. What we want --(Interjection)-- well, Mr. Speaker, if somehow a large Canadian company is being accused of untoward techniques what do you call a technique of blacklisting a company simply because you don't like them? Blacklisting them in spite of the fact that they might come in in the future with the lowest tender. You know, that's the pot calling the kettle black. This is just the worst kind of administration. I'm willing to think that the government was asleep at the switch on this. I don't think they're misleading us deliberately, I think they were asleep at the switch. I don't think that they were apprised of the facts early enough to know what was really going on and I think as a result of it we're in the position now of suffering a very significant loss as far as the development of industry in Manitoba is concerned.

GRIEVANCE

(MR. CRAIK cont'd)

Mr. Speaker, I want to mention that for a moment. I was also led to understand at the committee hearings that, well, really this type of technology was one that was not exclusive to Canada. Well, I want to reiterate that the high voltage DC was something that was initiated on the largest possible scale in the world in Manitoba in the mid 1960s, the Nelson River Agency at the time it was set up recognized - was to have recognized this, and was set up to see what kind of industrial spin-off could occur by virtue of the fact that a lot of technology was going to be developed.

I mentioned this at the committee, and it was obviously effectively shot down by saying that, "Well a lot of the technology is sliding away to other parts of the world, and it's going to Europe and three papers out of four were given by Americans at the last conference, therefore we shouldn't be even thinking about this." I don't, Mr. Speaker, believe that. There was still an opportunity, with the nucleus of these converters being made at this plant in Manitoba, to develop a high technology industry - one that would have provided initially 130-odd jobs, eventually growing over a period of years to employment of over 300 people, the same type of people that last night we heard from the Minister of Education, that are leaving at the rate of 50 percent a year, as soon as they graduate, out of this province, the high technologies, Mr. Speaker, all of these sorts of people, the people that we've always had trouble keeping in Manitoba. Mr. Speaker - not a pollution-belching plant in the City of Brandon, but one based on the electronic technology which is the type of technology that has brought about some of the best possible developments in all of the world, in the western world in the last 15 years. This plant would have been a key to providing that nucleus. This government, Mr. Speaker, I think missed the opportunity. I don't think that they - I'm not accusing them of misleading us. I don't think they perhaps did it deliberately - their statements don't add up in the committee - I think they just were not aware of what was happening.

But I want to conclude these remarks by saying that I don't think the tendering practice has been adhered to. I think the initial item in the committee to the extent that they are basing their case on the sanctity of the tendering system. I don't think the pressure brought on the government by Ottawa, and by CGE, considering mistakes that were involved here were anything unusual, I think they're to be lauded for recognizing the fact that a milestone had just been passed, and a crossroads had just been passed, and it was going to be difficult to retreat if this thing went past that point. I think they're to be credited. I think they're to be credited for trying to take the action they took. I think that you can evaluate these bids in any one of a number of different ways. But as soon as you avoided the principle, the basic principles of the bidding system, the field is wide open. And if you're then going to apply rationalizations, which is what is evidently happening, that the CGE bid probably would have come in to show much more credit and benefit, in dollar terms if you like, to the Province of Manitoba than what actually has happened.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I certainly welcome the opportunity to deal with the statements made by the Honourable the Member for Riel. I should have thought, sir, that there is ample opportunity to have dealt with this during Capital Supply, when the Capital Supply requirements of Manitoba Hydro are before the House. And particularly I shouldn't have thought that there was urgency that there be debate inasmuch as the contracts have been awarded were awarded some 15 or 16 days ago, so we are debating this after the fact and therefore by definition not in a context of urgency.

Be that as it may, the honourable member has proceeded to state something of a case for the argument that the Province of Manitoba, more specifically Manitoba Hydro, should have ignored the bid system and simply place the contract with Canadian General Electric because of the temptation, the attraction - and I admit there is attraction - for the offsetting consideration of the construction of a plant in Brandon.

I suppose, Mr. Speaker, that if one has set a goal on something that is very much desired, perhaps so much desired that one could, figuratively speaking, taste it, one can rationalize his or her way into doing just about anything. So there was a temptation to resist all right. The Honourable Member for Riel is quite correct.

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(MR. SCHREYER cont'd)

The fact of the matter however is that I don't believe that if we had taken the other decision that we would have been immune from criticism in any case, because then the scenario would have gone something as follows: On what basis was a political decision taken to ignore the engineering evaluation and engineering advice, and to interfere politically in the placing of an \$86 million dollar order for equipment which is technically not superior, advisedly, technically perhaps not at par, and which costs something in the order of 15 of 16 million dollars, plus or minus, more. I know that Crown agencies in this, and any other province, from time to time have followed a policy, written or unwritten, of allowing some minor differential 2, 3, 4, perhaps as high as 5 percent, preference in respect to placing of orders to companies doing business within a given province as opposed to companies from outside. I'm not aware of provinces going beyond that kind of limitation to the point where they are prepared to virtually ignore the results of the incoming bids. And I think it would be unfortunate if they did. But the temptation is always there in certain cases, under certain circumstances, and at certain times, to call for bids and then rather wish that the bids had come in somewhat differently. I'm sure that honourable members opposite must have felt that way on many an occasion, as indeed my colleagues have from time to time. But when you do business in a bid context you are subject, and as one ought to be, to a certain code of discipline and ethics, and there is no gainsaying that fact.

It may have been a different situation entirely had we been advised that it was so overwhelmingly in the national interest that the HVDC technology be further developed, and the manufacturing capacity there to be further developed. So much overwhelmingly in the national interest that this was sought after at almost whatever cost. In which case it is not inconceivable that the Province of Manitoba, who in most circumstances is one of the most Canadian of provinces when they put it that way and that is historical, not just with this administration but over the years. I think Manitoba has perhaps as much as any other one province since Confederation been willing to take a position that is most in concert with that of the broader national interest.

So it's not inconceivable that had we been advised that this was a matter of over-riding national desire and concern, we may not have proceeded to the bid system in the first place, in which case there would have had to have been negotiations with the Government of Canada for the setting forth of equivalent pricing, and an assurance, an undertaking, contractual by the Government of Canada, that they would save Manitoba Hydro safe and harmless from any problems with respect to technology and incremental pricing as a result of having proceeded otherwise than by the bid system.

That, sir, is not inconceivable but there was no suggestion that that be done. In fact it is one of the criteria of the federal loan financing policy that the awarding of placing of orders for equipment relating to inter-regional and long distance HVDC transmission be through the bid system. And it is also a requirement of that federal policy, as announced in 1974, that the bids and the technology of the respected bidders be subjected to an engineering evaluation by an external, outside engineering consulting group. And that was certainly done in this case. It was rather strange that the engineering consulting group that was retained to do engineering evaluation, and to report thereon, has always been mutually acceptable to the Federal EMR and Atomic Energy of Canada and to Manitoba Hydro, and somehow lo and behold in this case the same external engineering consulting firm, their advice somehow seemed to have been ignored by the other parties involved in this mini-controversy. So I'm still puzzled by that fact, sir. I assume that a company's reputation lingers with it and isn't felt to be very good in 1972 but very bad in 1974. I mean I just don't follow that kind of reasoning or practice.

But apart from that, sir, I think it is important for me to advise the Honourable Member for Riel that the Chairman of Manitoba Hydro was available at the Utility Committee, Standing Committee, did answer a number of questions, I felt, certainly to the satisfaction of those present. If there were other questions that should have been asked, they should have been asked at that time, but I am not saying that now the opportunity is lost to pursue this matter with further questions. By way of Order for Return, or during Capital Supply, I invite the honourable member to submit whatever detailed series of questions he wishes, and answers will be certainly forthcoming. The only caveat I would register is the kind of caveat

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(MR. SCHREYER cont'd) that I am confident has always been registerable with respect to information of this kind and that is, such information as may by any reasonable person be felt to be of a kind that would be detrimental to the commercially competitive position of the respective bidders.

Not being an engineer I am not in a position to advise here and now as to examples of that kind of information that might be dangerous to bring forward for the reason already stated. But certainly most of the detail that the Honourable Member for Riel was referring to I'm confident can be supplied by way of answers to questions that are submitted in writing or at least systematically by way of Order for Return. So I invite him to do that rather than to complain that he doesn't have an opportunity to get this information. The opportunity exists today, tomorrow, Friday, let him just formulate and prepare his questions and theories, and we will certainly deal with them.

There's much more that can be said. I do not at this time intend to repeat much of what the Chairman of Manitoba Hydro has already indicated, but I wonder where he has the impression that there is some resort to blacklisting. He used the term blackmailing and blacklisting, and those are terms, sir, which I do not recall using, and I do not recall the Chairman of Manitoba Hydro using. The fact is that if, let us say, Manitoba Hydro were to be calling for tenders on any equipment whatsoever in the course of the next few months, or years, I just take it as given that the lowest bidder, engineering evaluation, all else being equal, the lowest bidder will be successful, and Canadian General Electric has been successful with respect to quite a number of contracts let by Manitoba Hydro, and I am just assuming and taking it for granted that in the months ahead if there are other orders to be placed with respect to component equipment of whatever kind, if CGE is the lowest bidder then the virtual certainty of it is that they will get the contract. It's about as simple as that. So there's no desire to engage in recrimination or retaliation or some such similar type of ploy or activity.

But there has not been a complete presence of pristine purity in this matter, Mr. Speaker. I wonder, for example, what one is to make of the fact that last January when - it may have been in December - in any case I say sir, December or January - before the contract had been awarded, as a matter of fact before the engineering evaluation had been completed we had the spectacle of the Federal Minister of the Crown representing Peterborough - it could have been I suppose had the election results been otherwise a Mr. Duff Roblin, but it turns out to be Mr. Hugh Falconer - making a speech in Peterborough expressing complete, but complete confidence that Canadian General Electric would receive the Manitoba Hydro contract for HVDC equipment, multi-million dollar, before the engineering evaluation had been completed. And, sir, to me perhaps I read too much into that particular speech, but I read into it an indication that insofar as at least some members of the Government of Canada were concerned, it mattered not what the actual bids in this particular case would have been, and it mattered not what the ethics of the bid system were concerned, but rather because of some largely illusory value of federal debt or loan financing that therefore not matter what, somehow a constituent part of Confederation would be brought to heel. Thank goodness that is not the sentiment or attitude on the part of many of the Federal Ministers, but if that was the attitude intended in that speech it certainly came across in that fashion.

Why should we take a course of action which the engineering advice is virtually unanimous, I believe unanimous, as to what in technical and monetary terms was the proper course of action to follow, and which we believe we have followed, why should we abandon that because of some alleged benefit resulting from federal loan financing? Federal loan financing in this context is the availability of debt financing at an interest rate that is at a level payable by the Federal Crown Corporations, so it fluctuates, as indeed all interest rates fluctuate, with conditions of the money market. And we are by no means convinced, by no means convinced - as a matter of fact we are convinced to the contrary - that the benefit of a federal interest rate on this would be far far less than is the amount involved, the higher cost involved in the second low bid as compared to the low bid. So therefore desirable as it would have been to have seen the construction of a CGE plant at Brandon, the differential in costs to Manitoba Hydro would have been as great, in fact greater, than the capital cost of construction of the plant in Brandon by CGE. So then one could have said,

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(MR. SCHREYER cont'd) had we followed the other course, now what are you people doing? Voluntarily paying a substantially higher price for the privilege of seeing a plant built in Brandon, the cost of which is less than the penalty you are paying in effect by taking the second lowest bidder. You might as well have saved time and simply made a direct out-right forgivable non-repayable grant covering the whole cost of that plant.

And, Mr. Speaker, I've heard a lot of nonsense stated by the Member for Riel, not only on this issue but on the entire Hydro development process. And I think that we had just a week ago in Utilities Committee, we had a pretty good exposing, a pretty good unmasking of the length to which some honourable members opposite will go when it comes to skirmishing on the general issue of hydro development. The spectacle of a year ago of some members opposite trying to pretend that the initial 55,000 cfs diversion scheme would have resulted in less inundation than the present proposed scheme. And that thank goodness is on the transcript the record, the transcript of the committee meeting of last Monday, of last Tuesday rather, a week ago in which systematically under varying conditions comparison of the 55,000 cfs as opposed to the 30 or 34, shows just what the reality of it is. But that's a digression.

I want to return now to say that if the Honourable Member for Riel is pleading some special case that's his right. I do not feel at a disadvantage by the way, even though I am a layman, I do not feel at a disadvantage in discussing engineering when it comes to the Honourable Member for Riel. Still I do have confidence, I must add, serene confidence in the professional advice, engineering advice of the Chairman of Manitoba Hydro, and those who advise him from a professional standpoint, including the external independent outside engineering consulting firm.

I not only am willing, I am anxious to have these more detailed questions submitted, so that they can be received, so that they can be replied to systematically and as detailed as possible.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, I first heard of this matter of the tendering for equipment for the Nelson River system some weeks ago before I believe the session had begun, and I was of course very much taken with the possibility that there would be an industry created that would come to the western part of Manitoba and would be created without great expense to the people of Manitoba. And I proceeded then to listen to the comments that were being made, and I must confess that I was impressed with the First Minister's public statements and those of Manitoba Hydro. I began to feel that here at last was a situation where a matter of principle was being upheld, even though there might be a great deal of industrial development and gain for the province, nevertheless the Government of Manitoba, and the First Minister, and the Chairman of Manitoba Hydro were not prepared to knuckle under to the kind of pressure that was being applied by some kind of bidding tactics that were considered to be a little bit underhand. And certainly I gained the impression very quickly that the proposal to build a plant in Manitoba had not been a part of the original tender of the Canadian General Electric Company, and I quickly came to the conclusion that if that were the case, I could only but agree with the decision taken by the Premier and Manitoba Hydro. Mr. Chairman, my position and my feelings in respect to this matter were not greatly changed or weakened by what happened within the next few weeks, until I happened to see a national news coverage on this matter during the time of the Conference of the Premiers of the provinces in Ottawa on the energy situation. And I was taken with the almost complete contradictions that were contained in the statements of the Minister of Energy, Mr. Macdonald, and those which I had heard from Manitoba sources earlier. And finally, Mr. Speaker, my confidence in what is being done has been completely destroyed by the responses that were given this afternoon by the First Minister, who has ignored the basic questions that were asked by my colleague the Member for Riel.

Mr. Speaker, I have submitted in writing an Address for Papers and we are waiting patiently for a return for that information, but we feel that we cannot, perhaps, wait for that eventuality because there doesn't seem to be any immediate . . .

MR. SPEAKER: Order please. The Honourable First Minister state his matter of privilege.

MR. SCHREYER: My matter of privilege is that there is now an insinuation we are less than expeditious in our responding to the request for Address for Papers. The request has gone to the Government of Canada for the usual permission, and when that is forthcoming those papers will be tabled pronto.

MR. SPEAKER: The Honourable Member from Morris.

MR. JORGENSEN: . . . hardly a question of privilege but even if it is, the allegation that they're less than expeditious in their returns which are asked for from this side of the House is not simply a matter of opinion, it's a matter of fact, and that can be proven.

MR. SPEAKER: The Honourable Member for Brandon West. The Honourable First Minister.

MR. SCHREYER: In this context and we are not relating to the context of the Address for Papers between the Government of Canada and Manitoba with respect to the order for certain electrical equipment. That Address for Papers was accepted here a few days ago, the usual kind of clearance request has now gone to Ottawa, so let there be no insinuation that we are somehow not attempting to comply with the request as quickly as possible.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, I accept the assurance of the First Minister that he is doing everything in his power to make this information available to us at the earliest possible opportunity. Let me return, Mr. Speaker, to the basic questions that were posed in the presentation made by the Honourable Member for Riel. The first one it seems to me, and one of the most important ones, was the question of whether or not the offer to build a plant in Brandon by the Canadian General Electric Company was part of their original tender. Certainly the impression was given on more than one occasion that this was a sort of thing that was tossed in after the tenders had closed in an attempt to pressure the government to depart from their tendering procedures, and that as such was a reprehensible kind of practice and nobody was going to knuckle under to that sort of game in Manitoba. And I said three cheers for Manitoba.

MR. SPEAKER: Order please. The Honourable First Minister state his point of privilege.

MR. SCHREYER: Mr. Speaker, I believe that the transcript of the committee, the Public Utilities and Natural Resources committee, will show that I indicated at that committee that the President of Canadian General Electric wanted me to understand clearly that Canadian General Electric did not want to equate the possibility of building a plant in Brandon with the ordering of the equipment. And I put that on the record. It's just the opposite of what the Honourable Member for Brandon is now intimating.

MR. MCGILL: Mr. Speaker, the question still has to be answered. Was the plant included in the original tender of Canadian General Electric? That seems to me to be the important question. Then --(Interjection)-- Well I'm beginning to understand now, Mr. Speaker, that it was included in the original tender and therefore was not a reprehensible tendering afterthought but was part of the original.

The second question, Mr. Speaker, I must put, and has been put but has not been answered during the First Minister's reply, were there two bids requested from Brown-Boveri Limited? Were there two bids requested, and was one to be the lowest possible tender and the other was to contain a certain percentage of Manitoba content? If that is the case, Mr. Speaker, I would then have to ask, was the lowest tender accepted, or was the tender which Manitoba Hydro chose to accept some \$2 million higher than the lowest tender in order to achieve a Manitoba content? Now, if that did happen, and this hasn't been confirmed by the First Minister, but if it did happen, Mr. Speaker, quite clearly the tendering principles that I understood to apply, that is of accepting the lowest bid, were departed from. So if you have already moved away from principles of accepting lowest tender, then I can't conceive that you can object to considering the monetary values of a tender by Canadian General Electric which in terms of dollars, in the original position, was somewhat higher than \$2 million, the difference.

Now, the next question I would ask, Mr. Speaker, is, did the Canadian General Electric Company tender have a higher Canadian content than Brown-Boveri? Did it have a much higher Canadian content than Brown-Boveri, and did it in fact have a higher Manitoba content than the Brown-Boveri bid which was accepted by the Manitoba Hydro?

GRIEVANCE

(MR. SCHREYER cont'd)

Mr. Speaker, there was also some suggestion that the tenders were called originally to include a proven type of converter, and that Canadian General Electric chose to bid on a proven type of converter but that the Brown-Boveri bid was provided on a new type of converter, an unproven type which, if the other company had known was acceptable to Manitoba Hydro, might have changed their bidding rather drastically in terms of the cost of the . . . or the amounts tendered. So, Mr. Speaker, during the 20 minutes of explanations by the First Minister I heard none of the answers to these specific questions, and I am now at the stage where I believe that the First Minister could not have been in possession of all of the facts in respect to these tenders or he would not have made his statements of some weeks ago, assuring us that on a matter of tendering principle the province and Hydro had no choice but to accept the bid of the lower tender.

Mr. Speaker, there was one other point made by the First Minister, and he said that there was no suggestion that Canadian General Electric as a result of its methods, and now I wonder just what kind of methods they used that were so underhanded, as a result of their tendering methods, that they were to be blacklisted. The First Minister says that term was not used. The term may have been that they were removed from bid list of the Manitoba Hydro, and if that is a euphuism for blacklisting why we would have to accept it, but the fact remains, Mr. Speaker, that for something that Canadian General Electric has done, they have been placed on a list from which they cannot be expected, or will not be invited to bid on subsequent tenders. I hope that that had not happened.

I'm trying to put together the reasons for the final decision that was made by Manitoba Hydro and, Mr. Speaker, it's very difficult to understand just what kind of thinking went into it. I have the feeling that someone, either in one of the companies bidding or at the Federal level, hurt the feelings rather badly of some of the people at Manitoba Hydro and that there was a feeling of resentment by Hydro at some of the pressures that were being brought to bear - whether they were proper or improper I do not know. But I hope, Mr. Speaker, that the kind of decision and the importance of the decision which has been made was not influenced in any way by anyone's personal feelings, and that because someone chose to circumvent perhaps the regular procedures, or the regular channels of authority, that those people who were circumvented should have taken personal action against those firms and put them in a category that they could not participate in the future in any of the bidding that might be called by Manitoba Hydro.

So, Mr. Speaker, I must simply again say that in the beginning of this whole discussion some weeks ago, I was convinced that the Government of Manitoba and Manitoba Hydro were doing what was probably a principled and a proper thing in dealing with these tenders. Now, because we have evidence coming to light that indicated that the tendering practices, at least by the two companies involved in these final decisions, were adhered to, that no sweeteners were added or attempted to be added after the fact, It is very difficult indeed to justify the decision which has been made, and I hope that the First Minister will be able, at some time very soon, to provide the answers to the questions which he left unanswered in his reply to the Honourable Member for Riel.

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

SUPPLY - CONSUMER, CORPORATE AND INTERNAL SERVICES

MR. CHAIRMAN: I refer honourable members to their Estimate Books - the Minister will be in a moment - Page 15, Consumer, Corporate and Internal Services, Resolution 35 (a). The Honourable Minister of Consumer and Corporate Affairs.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne): Thank you, Mr. Chairman. Last year being the first session that I was responsible for this department, I looked forward with what I might call eager anticipation to the debate on my estimates, and I say too, Mr. Speaker, that this year I again look forward with a great anticipation and some eagerness to the debate on the Estimates of the Department of Consumer, Corporate and Internal Services, if only because, Mr. Speaker, there are individuals in the department, staff in the department, who have been faced with

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(MR. TURNBULL cont'd) increasing workloads, workloads that have resulted from demands of the public for services of the various branches of my department. And the staff, Mr. Chairman, have had to deal with this increasing workload without being benefited by much of an increase in either the dollar amounts or the staff resources that are available to them. In other words, sir, budgetary constraints have been applied with some vigour to this department, and nonetheless the staff have coped with the increasing workload. And I hope that I will be able, as my estimates proceed, to have this staff on the floor of the Assembly so that gentlemen opposite will be introduced to them and become accustomed with those people upon whom I rely for advice.

Mr. Chairman, the Department of Consumer, Corporate and Internal Services has encountered, as I say, a very high level of activity in all branches of the department during this last year of '74 and '75. Over-all expenditures for the coming year have increased to \$2,199,500 from \$1,956,400. That is an increase of merely \$243,100. The staff have increased in the department as a whole by only 7.45 persons, or 7.45 staff man-years. The increase in staff is intended to meet the demands placed on the department for service, particularly in the Consumers Bureau, the Companies Branch and the Queen's Printer. Of the additional staff being requested, one and one-half are for General Administration branch, 2.19 S. M. Y. 's are for the Consumers Bureau, and one each is for the Information Services Branch and Telecommunications Branch, the Queen's Printer, and one is for the Advertising Audit office.

In more detail, Mr. Chairman, in 1974 the Companies Branch incorporated 1,689 new corporations. That was an increase of some 22 percent over the previous calendar year, and it did result in the largest number of new incorporations in the history of our province. And I think, sir, that that number of increase in corporations is a fact which does reflect the general buoyancy of the provincial economy. The additional expenditure here is intended to permit this branch to respond to the public's demands for its services.

The Consumers Bureau, too, has been responding to an increasing number of complaints and inquiries in both the rentalsman and consumer's area. Increased information and education programs have resulted in an increased demand for service. The public are becoming more aware of their rights and are availing themselves of the services of the Bureau in obtaining redress against grievances that they feel they had suffered in the marketplace.

I should say, Mr. Speaker, that there has been an attempt on the part of the Bureau to reach those individuals in the Manitoba Society whose mother tongue is other than that of English and recently we have had prepared and published a number of brochures which describe what consumers should look for in the way of contracts and what not, and these brochures are in a number of languages, Ukrainian, Spanish, French, for example, and we hope that the distribution of these brochures which is now going on will again make the services of the Bureau more available to certain people in our community and consequently will result in their coming to the Bureau seeking assistance if it's needed.

To give you a better idea of the workload increase in the Consumers Branch the following comparisons of our experience of the past two years may be of interest. There was under the Landlord and Tenant Department group within the Bureau an increase of 42.5 percent in the number of complaints filed. With regards to Consumer complaints filed there is an increase of 39 percent. And with telephone calls received there was an increase of 41 percent. And I might say, sir, that with telephone calls received by the Bureau the actual increase was from 91,000 to about 129,000 in 1974 as compared to the previous year.

Our particular efforts to improve service to areas of the province outside of Winnipeg is continuing, and I think some of the rural members opposite will be interested in this. There are field trips by the staff of the Bureau and the number of days involved in these field trips has increased from 75 to 131 days. That was during 1974. In addition, of course, the toll-free telephone service to rural areas is being utilized by a larger number of non-Winnipeg residents.

Complaints originating outside of Winnipeg under the Landlord and Tenant legislation increased 56 percent during 1974 while consumer complaints during the same period increased from 464 to 757. That was an increase of 63 percent. It is gratifying, Mr. Chairman, to find that rural residents are becoming more aware of their rights. Not only is

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(MR. TURNBULL cont'd) the number of complaints escalating in most areas but the complexity of these complaints is also increasing.

Our public information and educational program will be continued but at a lower cost as the three information pamphlets, For an Honest Deal, the Province of Manitoba Consumers Bureau or Government Service at Work for You and 62 Questions, 62 Answers for Manitoba Landlords and Tenants, have been well distributed and received by the public. Their circulation has been 90,000, 80,000 and 225,000 respectively.

Dealing with prosecutions under the Landlord and Tenant Act, Mr. Chairman - and I must say that the Member for Lakeside should realize that the Act does contain offences and some individuals are prosecuted under the terms of the various Acts. There were under the Landlord and Tenants Act, 18 charges laid and only one of these was dismissed. Two were withdrawn, and three were withdrawn after compliance was received. --(Interjection)-- Pardon me? I'm not sure, Mr. Chairman, whether the Member for Lakeside is asking me if his experience in body rub parlours is an indictable offence under this Act. --(Interjection)-- I gather, Mr. Chairman, he was not talking about the body rub shops but body shops under Autopac.

Mr. Chairman, under the Consumer Protection Act, 32 charges were laid and on one proceedings were stayed as the Corporation which was being charged was dissolved. Two were withdrawn after compliance, one is pending awaiting written agreement, and the remaining 28 were found guilty and fined fines ranging from \$75 to \$1,500. In this area I think that the Bureau has been relatively successful and more important than the actual fines levied and the actual people taken to court I think is the salutary effect that this kind of action has on those business organizations that are not operating in compliance with the law.

Members may be interested in knowing that the automotive category of complaints resulted in the largest number of complaints under Consumer legislation, while security deposit disputes and tenant requests for repairs were the leaders under Landlord and Tenant legislation.

Mr. Chairman, as members know, I'm also responsible for a number of other areas. There are, I believe, 21 Statutes for which this Ministry is responsible. One of these of course, one of these Statutes is the Public Utilities Board Act.

The Public Utilities Board itself has remained heavily committed during the past 12 months largely as a result of a series of major gas rate applications which came before it. Without going into detail, Mr. Chairman, suffice it to say that during 1974 the Public Utilities Board held a total of 87 meetings and formal public hearings in various parts of the province and issued more than 200 orders, many of which entailed the preparatory work that goes with lengthy and detailed written judgments concerning the many elements involved in maintaining rate structures that are fair and equitable, not only to consumers, Mr. Chairman, but to distributors.

Reflecting the sharp rise in the price of natural gas and other forms of energy the Board was called upon to conduct public hearings to restructure the propane tariffs of Steelgas Utilities Limited which serves the northern communities of Flin Flon, The Pas, Thompson, Churchill and Snow Lake.

Mr. Chairman, the Public Utilities Board administers a number of other statutes apart from the Public Utilities Board Act itself. On the real estate side the Board has worked actively with the officers of the Manitoba Real Estate Association and the Winnipeg Real Estate Board in furtherance of the common objectives which the Government and those associations are pursuing, namely the general upgrading of the standards in the industry. In this connection a new Brokers Course has been developed in the preparation of which the staff of the Public Utilities Board made a significant contribution and in the initial presentations of which the Registrar and the Board's legal counsel will assist by delivering some lectures on the Statute and the Regulations under it.

The Board's activities and the administration of the Mortgage Brokers and Mortgage Dealers Act and the Prearranged Funeral Services Act remained at a relatively constant level during 1974. --(Interjection)-- Yes, the Appellant's Tribunal under the Highways Protection Act, the Public Utilities Board heard 12 appeals during the course of the year.

I shall not dwell, Mr. Chairman, on the other and more routine duties discharged by the Public Utilities Board last year since these are on record in adequate detail in the Annual Report; a Report, sir, which was tabled in this House by me some weeks ago.

SUPPLY - CONSUMER

(MR. TURNBULL cont'd)

Honourable members will recall that the Manitoba Securities Commission is constituted in its entirety of Commissioners who also serve as members of the Public Utilities Board. The Securities Commission held 52 regular meetings last year in the discharge of its responsibilities under the Securities Act. Those responsibilities being basically the protecting of the investing public through the insuring of full and true disclosure regarding securities being publicly traded and the regulation of the securities capital market in a manner consistent with the first objectives and with a view to facilitating the raising of capital for new industry and such things as plant expansion. Although the number of new equity issues has suffered a reduction commensurate with the depressed level of the market for equity securities this has been largely offset by the increase in issues of corporate debt securities and preferreds.

The registrations under the Securities Act in force as at December 31, 1974 were as follows: Securities issuers 12, Brokers and Investment Dealers 47, Mineral Interest Brokers 8, Mineral Interest Salesmen 11, Security Salesmen 372.

The Communications Division encompasses the balance of my Department, Mr. Chairman. It includes the Public Information Services Branch, the Queen's Printer including the Advertising Audit Office and the Telecommunications Development Branch.

Our Public Information Services Branch which is charged with the responsibility of informing the public of Government programs and policies has continued to perform this function. And I might say, sir, that I have heard from community newspaper people that many of the releases prepared by the Information Services Branch are used almost verbatim and that they regard the service as a useful source of news of Government programs.

Mr. Chairman, I note that it is 4:30 and I expect that I will be able to continue when my Estimates are called tomorrow.

MR. CHAIRMAN: The hour being 4:30, the last hour of the day being Private Members' Hour. Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of Supply has considered certain resolutions, has directed me to report progress and asks leave to sit again.

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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 Wellington that the Report of the Committee be received,

MOTION presented and carried.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: First item Wednesday, Private Members, is Order for Return put over for debate. The Honourable Member for Portage la Prairie. The Honourable Member for Morris.

ORDER FOR RETURN - WHEY PLANT

MR. JORGENSEN: Mr. Speaker, I believe that I had . . .

MR. SPEAKER: I'm sorry. The Honourable Member for Morris has . . .

MR. JORGENSEN: Yes, I believe I have about three minutes left.

MR. SPEAKER: Correct.

MR. JORGENSEN: It won't give me much of an opportunity to develop any kind of an argument now that the Minister is in front of us, so I'll simply conclude my remarks by saying that we've had an example this afternoon of the difficulty in obtaining information from this Government. At the same time that the First Minister was pointing out that all we have to do is to ask for Orders for Return and we can get them filed in short order, we have the Order Paper in front of us which lists a number of Orders for Return that have been on the Order Paper since the House opened and from which no answer has been provided. We have the Minister of Education who told us on one occasion that if we wanted information we should go to the press. And we are frequently told that if we need information, wait until the Estimates are before the House and we can get answers, but when we come before the House and ask for questions in Supply then we're told to place Orders for Return. We keep being shifted and shunted around and still do not get the kind of information and the answers to the questions that we pose in this House, and one wonders just where information can be obtained with this government. A Government that prided itself when they first took office, prided itself on the strength of the fallacy right now, one can only say it's a fallacy, that they were going to be an open government. And every once in a while they refer to the Manitoba Development Corporation and how they're giving us a little bit more information on that than previous governments did. And the kind of information we're getting on the MDC is really not that significant or that important.

What the opposition are seeking is information that is, insofar as the opposition are concerned, is important to them, not what the government wants to feed us. We've had a further example of the priorities of this government in a statement just made by the Minister of Consumer and Corporate Affairs. He is measuring now his department on the basis of the number of complaints that are lodged before it. The success of that department now is dependent upon how many people complain about the government, and if that's the case then I'm sure this government's going to be a whopping success. Because from what we hear across the country today they've got plenty of those and I'm sure the Minister of Consumer and Corporate Affairs will be fairly busy looking after those complaints.

But, sir, we have heard from time to time this government claims to be very open, and yet any time that there is a bit of information that may be significant or that may enlighten members of this Chamber or the public then suddenly there is an extreme reluctance on the part of the government to provide that information. We have that, sir, an example of the resolution that is now before the House, the refusal of this government to provide information that's very pertinent.

It's another example of the hypocrisy of a government that maintains on the one hand that they are very open and very willing to provide information and yet when you seek the information you have to find other means of getting it. And one other occasion the First Minister said, well, you know we're now giving you so much money to provide your own information, do your own research, and we try to do that as well. But it's a strange thing that since this government came to power - there was a time, sir, when you could phone any branch of any department and seek and get whatever information you wanted. Suddenly now you phone an official of any department and he tells you, I'm sorry I cannot give you that information, you've got to write a letter to the Minister. That is the kind of an open government that we have before us right now.

ORDER FOR RETURN

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

MR. EARL McKELLAR (Souris-Killarney): Mr. Speaker, I'd just like to say a word on this Order for Return that was transferred for debate, previously turned down by the Minister. And for the life of me I can't understand why \$9,271 would create a problem with the Minister, because it just doesn't make sense. But on reading this report I find it most unusual, on the income on Page 20, under Whey Plant Proposal, we have \$9,271 and on the Expenditure side we have the same amount of money. And I don't know where that first \$9,271 came from, unless it came from his Department. But in any case it doesn't really matter, what we want to know is what the government's intention is regarding this whey plant that they propose to build in Selkirk. What are their intentions? The \$9,000 doesn't irritate me as much as the \$140,000 does up at the Manitoba Development Corporation that you borrowed. How are you spending that money and what is that going into. Are you travelling all across Europe to find out how you should build a whey plant. Well I don't know, Mr. Speaker, whether that is necessary. We have a large continent here, the North American continent extends from the Panama Canal right up to past the Arctic Circle, and there's a lot of cows on this continent, and there's a lot of cheese plants in this continent, and lo and behold why would you go to that expenditure of sending somebody to Denmark unless you wanted to go on a vacation. And are the department all going on vacations and this is where the \$9,271 went? And if that's the case I want to know who went on that trip, I want to know who went on that trip. Because I wasn't one of those that got paid trips when I was on the government side. We didn't have to go to Denmark or Holland or any of those countries to find out how to build a cheese plant. The people in our town and communities built cheese plants. There's one at Pilot Mound, there's one at Rosburn and there's one at Souris. As simple as that, Manufacturing the best cheese and then do you want to say you got the remainder of the whey, well I want to say to - I understood that Grunthal out here who is owned by Beatrice Foods had all the equipment purchased.

A MEMBER: It's still there, in storage.

MR. McKELLAR: It's still in storage, yes, and the Minister won't give them a licence to operate it. He won't give them a licence. Well, Mr. Speaker, does he think that he can manufacture this whey better than the people at Beatrice Foods out at Grunthal? I don't think he can. But the only thing is it's the philosophy and we've got to get back to the old thing, the Minister thinks the government should do everything and the people should respond. Well, the people aren't going to respond in this case. They want the facts. That's all my seatmate here, the Member for Portage is asking for, the facts, of what you're intentions are.

I remember so well in this debate in Agriculture the Minister made a blunder one day, he said, "Well, I'm going to bring a bill in. I'll tell you all about it when I bring a bill in." Well he doesn't have to bring the bill in and we know that, and if he had to bring the bill in, the decision would be made before he brought it in. What will happen in the Capital Supply bill, there'd be a little kitty there about 40 or 50 million and he'll go to that little kitty and he'll borrow \$10 million out of that, just like he borrowed \$140,000, just the same, with the same reasons. His intentions - he's going to build a plant at Selkirk.

I'm not really worried about the whey plant. I'm worried what he's going to do for the dairy industry in the Province of Manitoba. What effect it will have on the whole province of Manitoba, because he's not going to stop at manufacturing whey. He's going to go all the way, all the way, and he'll have that milk coming in from Melita, he'll have that milk coming from Shoal Lake and he'll have it coming from every direction, and it will end up in Selkirk. Then the dairies are going to have to fold their tents the ones in Brandon, the cheese plants in Souris, Pilot Mound, Rosburn and all those plants. This is what's going to happen if this government stays in power long enough and get that plant built - be all the way.

I've always been suspicious of the Minister of Agriculture because if he's got something he wants to tell us he tells it in the House. He tells it on the radio. He tells it on television. He tells it in newspapers. But why doesn't he tell us how he's going to spend the \$9,271? Because he would be embarrassed if he told us. He'd be embarrassed. I tell you that's the reason. Be likely three or four men went over on a junket to Holland and Denmark, and if you saw their food bill and their lodging and all the other gratuities which they spent, that he'd be embarrassed to put that before us.

And that's the only reason he doesn't want to tell us. But there's always a day, Mr. Speaker, there's always a day the truth will come out. And it didn't come out today on Hydro, it didn't

ORDER FOR RETURN

(MR. McKELLAR cont'd) come out today. The First Minister said, all you got to do is send an Order for Return and we'll give you the answers. I don't care how long we sit in this House this session, we'll never get a direct answer on an Order for Return on Hydro. And I suppose we won't get an answer on this even if the Minister follows me in speaking next, on the \$9,271.

But I tell you, Mr. Speaker, we were told during the last election, and we were told in '69 election, by this government, that the previous government wouldn't tell the public anything. Well, I tell you, I tell you, that's not the way it is now. What a difference six years makes. What a difference six years makes. I tell you, you get so many secrets that you have to - the truck wouldn't hold it, the truck wouldn't hold all these secrets they're trying to keep back from the public. The truck isn't big enough. They're going to have to extend the size of the truck. Well I tell you, Mr. Speaker, it's just as simple as that. If we don't get the answer for this now, and if we don't get the answer for the \$140,000 this session there will always be a day we're going to get that answer, and we're going to find out what your intentions are. And I tell you if you disturb that plant in Souris, or if you disturb that plant in Pilot Mound or Rosssburn, I tell you there will be some farmers in here with pitchforks. And a lot more people in with pitchforks. And if you think the cow-calf men caused you trouble, you haven't seen anything yet. You haven't seen anything yet, because they're coming. --(Interjection)-- I tell you, the people, the farmers are becoming violent because they're not told the truth. And I tell you, start and be an open government, and when you become an open government then the farmers will start to believe in you. Why did the farmers of Manitoba in all the southern part of the province, right up and a long ways north too, vote for the Conservative Party in the last election? Why did they vote? Because they can believe the Conservatives. They can believe them. That's one of the reasons. I tell you, I wish there was a lot more intelligent people in Winnipeg here, a lot more intelligent people like the farmers in the Province of Manitoba are, because I tell you we'd have good government today and you wouldn't be there, it would be us that would be over there. But some day we're going to be back there. And the people in the Province of Manitoba will get the facts and they won't be blindfolded as they have been under this Order for Return which the Minister refuses. And I tell you, I'd sit down right now if the Minister of Agriculture would get up and tell the people of Manitoba what this Order for Return means. I'd sit down right now. But I know he won't give the people, in fact he can't speak I don't think because he's already had his privilege to speak. But maybe some of the farmers in the back row there will speak.

Where is the Minister of Autopac? The Minister of Autopac maybe reply instead, or the Member for Ste. Rose.--(Interjection)-- Mr. Speaker, it's about time, it's about time you people responded, because this is important, this is important. There's a lot of money invested in the dairy industry. A lot of money invested in the dairy industry and the people should have the facts and they want the facts, but if you don't want to give it to them the results will be shown at the next election. I tell you they will be shown. And as I said before, Mr. Speaker, that little cross is pretty important, it's pretty important and I hope you listen to this.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: Thank you Mr. Speaker. I am not going to say too much in supporting this Order for Return because my colleagues have covered the . . .

MR. SPEAKER: Order please.

MR. BLAKE: . . . covered the ground pretty well. But I would be remiss I think, Mr. Speaker, if I didn't say a word or two in support of obtaining more information and obtaining a copy of the whey plant proposal, because I happen to have an industry in my town, Mr. Speaker, that employs a considerable number of people. This is the People's Co-op Creamery, an organization that has been there for many many years, and I am fully convinced that small plants throughout rural Manitoba such as these creameries and these small cheese plants, Pilot Mound, Souris, and the rest of them, are in great danger, if this plant were to come into being and operate at full capacity they would certainly be endangered and if the plant and the proposal as we understand it with the sketchy information we have, were to go into the processing of milk and go into full production on a 24-hour basis I'm given to understand from people in the business they could bottle every bottle of milk required in the Province of Manitoba.

These are the concerns that I have, Mr. Speaker, and I just wanted to register that on the record because I think there's something in the neighborhood of 25 to 30 people employed in our plant at home, and the area has a considerable number of milk producers that provides them with

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(MR. BLAKE cont'd) . . . , a good livelihood and they're certainly good operators.

Our area adjacent to Brandon, there are plants of course in Brandon that draw from my particular area and I think these plants would also be in danger if the proposed Crocus Food Plant at Selkirk were to go into full production and operate on a 24-hour basis processing milk as well as the whey. I think within a very short time the small plants would be out of business and that's the concern that we have in the rural areas. It just doesn't seem to sit with the stay options that the members over there have given lip service to for the past few years, that it just doesn't sit well. On the one hand they're trying to keep people in the rural areas and on the other hand they're proposing plants like this that are going to take industries away.

Those are the concerns that I have, Mr. Speaker, and in support of the Order for Return being debated at this time I want to state that I support it wholeheartedly and I think this information should be provided to the House.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I would like to make a few comments on this Order for Return. I might be somewhat repetitious because some of the comments that I made during the Minister's Estimates are relative to this Return.

Mr. Speaker, I can't emphasize too greatly the importance of this particular industry that we are now talking about, namely, the dairy industry in Manitoba. And the Minister, I know he has come back at me and said "Well, the Act was there when we were government", and sort of accusing us that we were in the same position. It might have been so, Mr. Speaker, but the Act was there, we didn't exercise the kind of powers that he is exercising today. And while he has a Producers Milk Control Board, they are only puppets as far as I'm concerned and I don't think that some of them, and I haven't questioned them all, but I doubt whether some of them have any idea what is really going on in the dairy industry. I think the Minister is taking complete control and is running it according to his own wishes and the wishes of some of his department officials.

You know, we talk about an Order for Return to the tune of \$9,271, and as my colleague from Souris-Killarney mentioned, well, did he send some of his friends over to Europe to investigate the possibility of building or developing a whey plant. And you know, Mr. Speaker, and I think it is worthy of repetition again, that someone from his department went out to the dairy processing plants in the province over a year ago and tried to get them to sign an agreement - I'm going to repeat this, Mr. Speaker - sign an agreement in regards to the whey that was coming off those plants, and the conditions that relate to those plants, that if they didn't sign that whey agreement, a portion or a quarter of their milk would be taken from them. Now, that, Mr. Speaker, is the kind of powers that I'm saying and speaking of that this Minister has been usurping within his department in the past year or two.

I think, Mr. Speaker, when we are seeking information, and my colleagues have been pointing this out, to a government that has boasted from the day of their inception of being open, of being the kind of government, they're a people's government and they want to be a part of this province, have completely contradicted those comments that would relate to their way of running their government. They have become completely contradictive.

And, Mr. Speaker, I am very very concerned as to just what is going to be the future for the farmers who are in the dairy business in this province, also how it's going to affect the consumer, because I relate both, I think there's importance to both people. Because the Minister did indicate in his estimates and he boasted about the price that the producers are getting for their milk in this province and the price that the consumer has to pay. And rightfully so, Mr. Speaker, I agreed with him. But you know, sir, what we're trying to find out is what is the motive behind the Minister's proposition when he talks about a whey plant in Selkirk? And I think I also indicated, sir, that when we talk about the milk that can be processed in that one plant, all the milk that is consumed in the province, and we talk about the milk that is produced, a good portion of it is produced south of Winnipeg and to the southend of the province. And I pose the question, why would he want to put a plant, if that's his intention to put a plant, that is going to process our dairy products in Selkirk for, when the greatest bulk of the raw product is not in that area at all?

I think, Mr. Speaker, this and many other questions are something that we are trying to seek out from this Minister. And it was appalling to me also, sir, when he said to us, "What are you so concerned about? Why all the debate?" And I believe, if I remember his words correctly that he said, "Why don't you wait until you get a Bill before you and then you can discuss the matter."

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(MR. EINARSON cont'd)

Mr. Speaker, I'm speaking for the people in my constituency, namely, the Dairy Plant of Pilot Mound and they're concerned, because you know, Mr. Speaker, the government has had no money in that plant. It was privately done by local people and it was initiated from Day One by that plant to acquire an interest in farmers to get into the dairy business. And as a result of doing all this a dairy plant was built in Pilot Mound. I think that the same goes for all other rural areas of this province. And I think that's a factor, Mr. Speaker, that is worthy of taking note, and is very important.

If a whey plant is going to be built in Selkirk, and there's no doubt about it other products and probably the pasteurization of milk will follow, then those plants are going to in time go out of existence. And the initiative of the local people and the money that some of those people have put into those plants, where are they going to be? Are they going to be treated in the same way as this government treated the agents who were working for private insurance companies before Autopac came into operation. And you know how those people were treated, Mr. Speaker.

A MEMBER: Very well.

MR. EINARSON: Mr. Speaker, they say very well, and I can think of a classic example in my own constituency where a young fellow who was handicapped and couldn't do any other kind of work, was assisted by his father to the tune of about \$8,000, had been in for about five years, or four years, I'm not just positive of the exact length of time, but got peanuts from this government when they took over Autopac. They took his business away from him and just about all the money he invested in it. It was almost a total loss. Is that, Mr. Speaker, what's going to happen to the dairy plants and the people who have an interest in those dairy plants in the rural parts of Manitoba? Well, Mr. Speaker, you know the Minister of Mines and Resources, he's very capable of getting into a debate and trying to use the English language to interpret things as he wants to. Not the way it is, I say, Mr. Speaker, the Minister of Mines and Resources is very good at doing that sort of thing, if you don't talk his language. And it was amazing when I heard him today on the Manitoba Development Corporation. You know, the Land Hearings - and I'm diverting just for a moment, Mr. Speaker, if I may do so, because of the comments that the Minister of Mines and Resources is making from his seat. You know, --(Interjection)-- pardon me, that's right, too, he's not even in his own seat. When he comments, you know, and I think of these Land Hearings, where farmers presented their case and because they didn't express the kind of views that the Minister wanted to hear, he turned his . . . --(Interjection)--

MR. SPEAKER: Order please. The Honourable Member for St. Matthews state his point of order.

MR. WALLY JOHANNSON (St. Matthews): Yes, Mr. Speaker, the honourable member is clearly out of order. He's straying far beyond the motion in front of us. He will certainly have opportunity later to discuss the Land Hearings but he's supposed to be discussing a whey plant proposal right now.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. EINARSON: You know, Mr. Speaker, I thank the Honourable Member for St. Matthews for rising to his feet and interrupting me, because I recall in a speech that he made replying to the Throne Speech, he was proud to be part of a government that had guts to do things. I'd use the word intestinal fortitude but this honourable gentleman is supposed to be a school teacher and he used the word "guts" as part of his association with this government. Well, you know, here is an example that he's probably using. Is he saying then that this Minister of Agriculture has got the guts to spend 7 or 9 million dollars of the taxpayers money to build a whey plant in Selkirk. And, you know, he calls me out of order.

Mr. Speaker, we're talking about a resolution here, and we're also talking about, Mr. Speaker, a sum of money to the tune of \$140,000 that they borrowed from the Manitoba Development Corporation. How can he stand up, Mr. Speaker, and call me out of order? We'd like to know from the Minister of Agriculture, how did he spend that \$140,000? Did he do the same thing by sending his boys over to Europe as this government did when they wanted to find out the kind of model government they have in Sweden some years ago?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I rise on a point of order because if the debate is going to stray that far afield, then I think it's incumbent on someone to bring us back into the parameters of the discussion which is an item of \$9,000, the Whey Plant proposal as contained in the Annual

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(MR. USKIW cont'd) Report of the Milk Control Board of Manitoba.

MR. EINARSON: Well, Mr. Speaker, yes, we are concerned whether it's \$140,000 or whether it's \$9,000. The impact can be the same, because this is an initial stage we're talking about and what is going to develop from the initial stage of this debate.

I don't understand why it is that the Minister of Agriculture couldn't tell us in the estimates as to what has transpired up to the present date, what his plans were and how this money was spent. I think, Mr. Speaker, it is obvious that it follows the record of this government is not changing. They have no intention of telling us anything until the time has come that they have made a decision - and I said, you know, the producers who are on that Milk Control Board, he's trying to give the impression to the farmers that, you know, they've got a Producers Board and are speaking on their behalf. I suggest to you, Mr. Speaker, that just is not the case. I would suggest that it's just not the case. Because while the dairy men are doing reasonably well today, does not indicate . . . that if this thing is going to be built in Selkirk, there are so many things to take into account as to the cost of transporting the milk or whether it be the whey.

Now the Minister may stand up and say, well there were some environmental problems and that's why he's developed this thing to where it is right now. Perhaps, maybe he might say to us, I don't know, that that's one of the reasons why I have used this \$9,271 to investigate the whey proposal. But, Mr. Speaker, all of these dairy plants, as I'm given to understand, and I can say to the Minister that in Pilot Mound, the plant there is now spending \$11,000 a year to take care of the whey and they've looked after their environmental problem; and they wanted to apply for a permit to put in the equipment to dry process that whey and the cost to them, as I understand, was \$20,000. But because the Minister is playing around with the taxpayers money in this province, to try to develop some other ideas that's the reason why they're not being given the go ahead to put in the kind of equipment.

And one other thing, Mr. Speaker, before I sit down. It really amazes me, we have a government over there where the Minister of Agriculture talks about a stay option, he wants to see our rural communities either maintained and improved, but he's contradicting himself completely on that basis. On the other hand, we have a Minister of Industry and Commerce over here, who is spending thousands of dollars of the taxpayers money, advertising that he is one of those as a part of a government who wants to help small businesses, not in just the city but in the country. Now, Mr. Speaker, you can't have it both ways. You've got two Ministers in two different departments, Mr. Speaker, who are running in two different directions, and I would suggest to you, Mr. Speaker, that the people in this province are not that gullible to believe that kind of nonsense, when they hear from two different Ministers, two different departments. Insofar as I'm concerned, I think the Minister better have some more concrete answers and tell us just exactly what is happening in the dairy industry in this province.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, to any one that has been following the debate on this question, it must have become obvious long before now that the Opposition are using a strategy to put forward a cause and a debate which they know would be redundant in due course and therefore they may as well preempt the situation in their favour. They know that if a plant is going to be proceeded with that they will have an opportunity to debate that and that the information will be provided when the information is available. But they would prefer to debate it when the information is not complete, as I have indicated to them that a final decision has not been made. But it is opportune for them to debate it since they know, since they know that at this point in time, the government is not in a position to give a clear statement of policy or decision. And they know that the government's position is awkward for that very reason, and therefore they know that the government cannot give them the answers that they are looking for since all of the studies have not been made and since a decision has not been made. So I do find myself in somewhat of an awkward position, but it's obvious that they want me to be in that position for reasons that they know best, Mr. Speaker.

The item before us has to do with the report of the Milk Control Board which is really a dated document and which involves the expenditure of some \$9,271 in studies, in studies with respect to a whey plant. There is also an income figure of \$9,271 which should indicate, and I think my friends opposite know that that would represent a contribution from the Department of Agriculture Research Budget and delegated to the Milk Control Board to do the studies for the department. That's a very obvious thing, a four year old child can put that together if you just

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(MR. USKIW cont'd) look at the financial page of the Milk Control Board's report. So we have a \$9,000 item in the income side of the ledger and we have a \$9,000 item in the expenditure side, and of course the authority for the study comes under the authority of the Department of Agriculture; and therefore all of the nonsense about the Milk Control Board doing something illegal in that they were carrying out a study, it is nothing more than nonsense, Mr. Speaker.

Now let's talk about the question, and we will have an opportunity if the decision is to proceed with the plant, we will have an opportunity, ample opportunity again. But let's deal with it for the moment. The Member for Rock Lake wants to know what it is that motivates the government on this question, and you know, we have had a number of years of studies and discussions on how best to control the environment with respect to whey pollution from the various cheese plants across this province. It's not a new thing. They had the problem, sir, when they were the government but they chose not to deal with the problem, they chose to ignore the problem.

As a matter of fact, Mr. Speaker, it's worthy to note that if you dump this by-product into the sewage system, that it virtually destroys the town's sewage system because of the acidity that is involved. It virtually reduces the lifetime of a town sewer system, it cuts it down very dramatically, and therefore if we allow that to happen, if we allow that to happen, we end up with a community subsidizing a plant who refuses to do something about the environment or the pollution problem that it is creating. That is one of the considerations. So there is no way in which I can say publicly, Mr. Speaker, right now that I will cut off grants under our Sewer and Water Services Program to any town that permits whey disposal into their sewage system. There's no way we're going to subsidize that kind of thing, no way, Mr. Speaker. My free enterprisers opposite would like the public to subsidize somebody else's pollution problem, Mr. Speaker, that is really the position they are putting forward.

MR. SPEAKER: Order please.

MR. USKIW: But, let's look at the larger question. The Member for Rock Lake wants to know what it is that motivates the government in giving consideration to the building of a plant, and I think that I have no problem in relating back to him. You know, I had lunch with the manager of Modern Dairies not so long ago and I told him exactly how I felt about the dairy industry in this province, namely that my preference would be that the producers owned all of the processing industry in this province as it relates to dairies. That would be my number one position, Mr. Speaker, that is my number one preference. And if we are going to build a plant which is going to deal with a pollution problem, and it is a by-product of the production and the processing of milk, that surely if we are going to give support to that kind of need, we want to give that support to the producers of milk in this province. Not to some investor who wants to draw out of the province, Mr. Speaker, but the producers on whose shoulders the processing industry is built. It's in their favour that we would want to spend public money.

Now the question of viability. If it requires more than the processing of whey to make a plant viable, then I am committed to a philosophy, Mr. Speaker, that any expansion of the dairy industry in this province should be expansion in the right of the producers of milk in this province, and any additional profits accruing to the processing side of the dairy industry should accrue to the producers. And therefore it is more desirable, from my point of view, that if we build a new facility, that we build it for the benefit of the producers of milk in this province to further add to the stability of the milk industry in the prices and the revenues and incomes that milk producers receive.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Would the Minister permit a question at this time? If there should be a deficit rather than a profit, would that also accrue to the producers?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I think that if the deficit results because of an unviable operation relating to environmental control measures, I think that it's hard for me to deny that we should have some responsibility there. I think that that is something that we might be prepared to accommodate, if Mr. Speaker, if the plant, if any benefits out of that plant ultimately accrue to the producers. Not so, Mr. Speaker, if someone wants to own the plant in the hopes of making profit for oneself.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: . . . permit one further question, perhaps a question by way of advice. Would

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(MR. ENNS cont'd) it not be perhaps helpful to the Minister to consider that both the consumer and the producer would share any resultant loss, so therefore we can expect higher consumer prices for milk products and lower producer returns, that would be the equitable way of meeting any of those kinds of problems.

MR. USKIW: Mr. Speaker, I'm not going to spend a lot of time on the comments of the Member for Lakeside. What I am going to suggest to the members opposite is that for decades in this province and in this country, we have had a dairy industry wherein there was a difference of return on the same dollar of investment within that same industry. Two producers, Mr. Speaker, side by side, one earning X number of dollars return on investment and labour and the other one XX, both doing the same thing. And it is because of the way in which the dairy industry was developed in this country.

We have moved a long way in bringing fairness and equity to that situation. We have now brought in a program where all the producers of milk in this province are equal. For the same product produced, they receive the same price. For the first time in this province's history, Mr. Speaker. The next stage is to try to support the producers through their involvement, perhaps with some public involvement, in the further processing of their product, if that is their wish. Now if that is not their wish, Mr. Speaker, I am not going to impose something on them, but I want to say that if the producers wish to build a new plant, I think the Government of Manitoba would be very sympathetic. If they want to participate with the Crown in the building of a plant, I think we would be very sympathetic. We are committed that if any revenues arise from the operations of an industrial milk plant that the profits would go to the producers of milk to further enhance their incomes. It's part of our agricultural income stabilization program, part of our rural stay option program that the Member for Rock Lake alluded to. And I have no compunction in making those statements, Mr. Speaker. That that is the philosophy that governs my thinking in terms of where we go in the dairy industry in Manitoba.

I can tell you that if I have to choose between giving a license to the existing giant in this province as opposed to giving a licence to the producers of this province to get into a share of the processing business, that I will choose to give that licence to the producers. That is the position, and I have no apologies for it. I believe the giant that we have in this province is large enough, we don't have to enhance the position of that company. And I believe that if there are ways and means of bringing forth additional revenues, distributed throughout rural Manitoba, that that is better for all of Manitoba, and in particular better for rural Manitoba. So if things evolve in such a way that we do proceed . . .

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

MR. GRAHAM: Would the Minister permit another question? If the producers of Manitoba do not wish to proceed, would the Minister then consider giving a permit or licence to a large corporation?

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MR. SPEAKER: The Honourable Minister.

MR. USKIW: I told the House a few moments ago, Mr. Speaker, that if the producers don't want to participate in the processing industry that I am not about to force them into it.

MR. SPEAKER: Order please. Order please.

MR. USKIW: We are not going to force the producers of Manitoba into the ownership of a milk plant or whatever. That will be up to them. We are prepared to participate with them and in support of them, but I don't believe that we are going to force them. Now, the question is would we license another body to do something in the processing area. I have no reason not to license someone, but we are now at a crossroads, Mr. Speaker, because the application that members opposite referred to does not involve pollution control measures for all of the problem in Manitoba. It will not solve all of the problems of all of the plants in Manitoba. It may solve a problem in particular, or that is with respect to one or two plants, or maybe three, but not all, and therefore we cannot piecemeal this thing out, we cannot license for part of the control measure. If we're going to license we will have to look at the whole question. But that is something that is yet to be decided.

One of the things that I want to remind the Member for Rock Lake when he suggests to the House, Mr. Speaker, that we are trying to put his plant at Pilot Mound out of business, I want to remind him that they have been in business and have been out of business, they have been solvent and they have been bankrupt before this point in time. And I don't know how they are doing today, but I can tell him and remind him again, that they pleaded with me to take over their plant, at public cost, Mr. Speaker; they wanted me to refund to the shareholders of Pilot Mound every penny that they put into that plant because they said it was not viable, that they were facing bankruptcy. And they would rather that the people of Manitoba pick up the cost of that bankruptcy rather than themselves. That is the philosophy of my honourable friend. He wants the people of Manitoba to protect a handful of people who rolled the dice, Mr. Speaker, and lost. Who rolled the dice and lost. Now they want the public to pick up those losses.

--(Interjection)--

MR. SPEAKER: The Honourable Member for Rock Lake state his point of order.

MR. EINARSON: The Minister has made comments that are just not correct. He is. . .

MR. SPEAKER: Order please. The honourable member state his point of order.

MR. EINARSON: Well, Mr. Speaker, for the record, the Minister indicated that the people at Pilot Mound wanted the government to bail them out and since they didn't do that, to take over the industry. They are now a viable industry and the Minister's comments . . . are not true.

MR. SPEAKER: Order please. Order please. The Honourable Minister.

MR. USKIW: Mr. Speaker, the Member for Rock Lake can finesse that point as much as he wishes but he cannot dispute the fact that a delegation from Pilot Mound was in my office with a lawyer trying to convince me that we should buy the Pilot Mound Cheese Plant, some time late last summer. He cannot tell me that that did not occur. And he should also know that I was not interested at all in the acquisition of that plant, unless I was able to consider it on a basis after it went into bankruptcy. I was not at all interested in paying a value that was not there, Mr. Speaker, and paying for it with the people's money. That is what I could not do. That may be the way my friends opposite would operate but it certainly is not the way in which I would operate. --(Interjection)--

Mr. Speaker, I know that these comments are not palatable to the Member for Rock Lake, I know that the Member for Rock Lake would try to put forward a very good image on behalf of himself representing that area, and certainly on behalf of those people who have put their dollars together in an effort to maintain a local industry. And I believe that's fair, that's good there's nothing wrong with that, and that is a commendable thing insofar as the shareholders of that plant are concerned. But certainly I have to put on the record in light of the comments that the Member for Rock Lake brings into this House, that they were bankrupt not only once, they were virtually bankrupt the second time last fall when they came to the province for assistance. Now they have not been back and I hope they are doing better than they were doing last August or September when they were in my office. I wish them well and I have no interest in trying to take over their plant. But I do want to point out, Mr. Speaker, that whatever happens with respect to this particular project it will happen in the interests, mainly in the interests of the producers of milk in this province, and secondly, the people of the province as a whole.

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(MR. USKIW cont'd)

I want to make a few comments on the propriety of the Order for Return. Because you know the Member for Morris had something to say about that this afternoon and I believe on another occasion. The members opposite have yet to recall, Mr. Speaker, that they are not the government. That the people told them in 1969 that their role is to be in the opposition. But they have not accepted that, Mr. Speaker. They would want to be able to run my department. That is really what they want to do. They want to have access by Order for Return to every piece of paper that is written, typed or whatever as between the various staff members of my department, as between the branches of my department. Which they would never do, Mr. Speaker, they would never do that. Never have and never will, Mr. Speaker. They want to have access, they want to have access, Mr. Speaker, to information that they know they are not entitled to. They know they're not entitled to it. They know that if they present a case in this House which is not acceptable, that they may have a debate resulting from that, and that is the whole purpose of this exercise. That is the whole purpose of this exercise. But I make no apologies for denying them that information, and I want to tell them that whatever decisions are made on that question, they will be made in the best interests of the people of Manitoba, and in particular the producers of milk.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L.R.(BUD) SHERMAN (Fort Garry): Thank you, Mr. Speaker. Mr. Speaker, speaking from my position in the agrarian wing of the Progressive Conservative caucus and also for the milk producers of Fort Garry, the dairy farmers of Fort Garry, of which there are some, I was interested in the Minister's attitude with respect to our attitude towards the position that he brings to these decisions when he suggested that we seem to feel that we are still the government. Well, perhaps we do, Mr. Speaker, some of my colleagues have suggested that it was a terrible mistake on our part ever to give up the reins of government on June 25th, 1969. That was poor political strategy and given the opportunity we'll never do that again, sir. We should have stayed in there because obviously the course that the dairy industry in this province, along with many others, is taking under the Minister now in office is one that is doomed to cost the taxpayers of the province and cost the industry very dearly in the future. If there were the proper kind of orientation towards the agriculture and dairy industries of this province being followed by this Minister, Mr. Speaker, then perhaps we wouldn't persist in the argument that we still are the government, or at least we still should be the government. But we see no evidence coming from that Minister that he is governing this particular industry and running his particular department with any degree of responsibility for the welfare of the dairy producer with any degree of foresight with regard to the future.

The Minister has said Mr. Speaker, that he will cut off the grants to any town disposing of its whey in its sewage system. He said that he won't subsidize that kind of pollution. Well, I wonder, Mr. Speaker, if he can give us any evidence of any towns who are doing this at the present time. Why would he drag that kind of a threat, why would he drag that kind of a red herring into this debate? No towns are doing it, yet he stands up in the debate and hurls that kind of a challenge, issues that kind of a threat to towns and to communities in the province and threatens them with reprisals if they break the law or if they do something that he considers to be criminal or improper. And yet they've done nothing of that kind. They've done nothing of that kind. I think that those are rather reprehensible tactics on the part of the Minister, Mr. Speaker. That's authoritarianism refined to a pretty high degree if we've ever seen it in this Chamber.

Mr. Speaker, the Minister has skirted around and skated around the reasons for the decision that he seems to be coming to to put that whey plant into Selkirk, and I don't think that there's any need to skirt them or skate around them. I think that it's perfectly obvious to most of us in this Chamber and to most of the milk producers, most of the dairy farmers in Manitoba, that there's only one reason for moving in the direction in which he's moving. And that's a political reason. That's a political reason. It's in the interests of the Minister, in the interests of his department, in the interests of his colleagues, in the interest of this government, that that plant go into that particular location. The decision is being made on those grounds purely and simply, otherwise why would he be so defensive about revealing the reasons for the expenditure which is referred to in this particular Order for Return. Why so defensive about this particular question?

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(MR. SHERMAN cont'd)

As my colleague from Morris said a few moments ago, this is a government that prided itself on the open government philosophy. That went to the people on the grounds that everything was going to be honest and open and above board and that the people's representatives on this side of the House were going to be advised and apprised of all the things that were going on, down to the last dot on the last "i" and the last cross on the last "t".

Well, it seems to me, Mr. Speaker, that there's been a pretty sharp and a pretty paranoid reversal of that tactic. We have here a simple straightforward Order for Return asking for an explanation of an expenditure, which is mysterious but not enormous, mysterious but relatively small by government spending standards, and this government is going to ground on the thing. This government is closing ranks and running for cover on the thing. So there's got to be something there, there's got to be something being hidden. There's got to be, as someone has suggested, a cover-up in this instance.

A MEMBER: When you churn the milk you find the butter.

MR. SHERMAN: If the Minister is not prepared to respond to a simple request for some information about an expense that runs in the neighbourhood of \$9,000, what in heaven's name is he going to do if we want an answer to an expenditure of \$90,000, much less \$900,000, Mr. Speaker? --(Interjection)-- Yes, I'll yield to a question.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, surely the member would agree with me that he's had opportunity in every session since he's been here at least to debate the expenditures under research, which is itemized in my Estimates, every year out of which these expenditures were made.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Well, Mr. Speaker, all I can suggest . . . I don't know where the Minister of Agriculture has been through the debates on other departmental estimates, but if he's been in this Chamber, and he certainly has been in during many of them and certainly during all of his own, but if he's been in this Chamber through some of the departmental estimates that we've had recently, he would find it perfectly unnecessary to ask that question, because he would know that the kinds of questions we are asking in many of these departmental estimates debates are questions that don't get the information, don't get the answers that we're seeking. The ministers use their opportunities in those debates to obscure and obfuscate the issues and the questions and we don't get that information. So now we've come to the point where we've asked for some information in an Order for Return and that is being denied and debated. And as I say it is not a major sum . . .

MR. SPEAKER: Order please. The hour being 5:30, the House is now adjourned and stands adjourned until 2:30 tomorrow afternoon (Thursday).