

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, May 21, 1968

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions
Reading and Receiving Petitions
Presenting Reports by Standing and Special Committees
Notices of Motion

HON. STERLING R. LYON, Q.C. (Attorney-General) (Fort Garry): Mr. Speaker, I beg to present the Fourth Report of the Standing Committee on Law Amendments.

MR. CLERK: Your Standing Committee on Law Amendments beg leave to present the following as their Fourth Report.

Your Committee has considered Bills:

No. 55 - An Act to amend The Winnipeg Charter, 1956, and to validate By-laws Nos. 19389, 19466 and 19494.

No. 59 - An Act to amend The St. Boniface Charter, 1953.

No. 94 - An Act to amend The Public Schools Act (2).

No. 97 - An Act to amend The Social Allowances Act.

And has agreed to report the same without amendment.

Your Committee has also considered Bills:

No. 40 - An Act to amend The Dairy Act.

No. 93 - The Manitoba Centennial Centre Corporation Act.

And has agreed to report the same with certain amendments.

All of which is respectfully submitted.

MR. LYON: Mr. Speaker, I beg to move, seconded by the Honourable the Provincial Treasurer, that the report of the Committee be received.

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

MR. SPEAKER: Introduction of Bills

Orders of the Day

MR. SAUL CHERNIACK, Q.C. (St. John's): Mr. Speaker, before the Orders of the Day, I'd like to inquire of the Minister of Public Works whether the province is the owner and controller of the boulevard property alongside the Civic Auditorium, where the Cenotaph Statue is; going north; alongside, as I say, the Auditorium.

HON. STEWART E. McLEAN, Q.C. (Provincial Secretary) (Dauphin): No, Mr. Speaker.

MR. CHERNIACK: Is that City of Winnipeg property?

MR. McLEAN: Yes, I'd be inclined to think that it is although I am not an authority on that, but that would be my opinion.

ORDERS OF THE DAY

MR. SPEAKER: Orders of the Day.

MR. LYON: I wonder if we could now then proceed to second reading; if we could move on Page 3 to Bill No. 28 and then on down the list. The Honourable Member for Rhineland isn't here so perhaps we could move to Bill 49.

MR. SPEAKER: Bill 49. The Honourable Member for Kildonan.

MR. PETER FOX (Kildonan): Mr. Speaker, I adjourned this Bill for the Honourable Member for Seven Oaks.

MR. SAUL MILLER (Seven Oaks): Mr. Speaker, this Bill has created quite a controversy, as we all know, between the City of Winnipeg and the Metropolitan Corporation, and I'm not sure that we can resolve it in this House. I certainly would like to hear the views expressed by the City and by Metro. In the final analysis, perhaps we'll have to come to the decision, because if one is to believe the public statements one hears, then they are as far apart as they ever were on this subject, and I think the problem facing us is really whether we accept -- well, it's basically this. We have to look at the question and decide whether it is feasible for the body that designates the area and that prepares the study, whether it's feasible for them to stop at that point or whether in fact the body that prepares the study also have to follow through the implementing of the renewal area, and I think this is where the point of dissension or argument between Metro and Winnipeg is taking place. I know that under this Act the municipality is still charged with the responsibility of implementing the final urban renewal project because

(MR. MILLER cont'd.) it's only the municipality, as I understand it, that can enter into an agreement with the CMHC and the Provincial Government. Metro has no authority to enter into such agreement. Now, if I'm wrong, the Minister I'm sure will correct me when we're taking this Bill up and when she's replying.

Now, if the Metro is going to be named as the agent through which the City must deal in order to prepare the scheme itself, is it the intention or is it the thought - and the Minister can perhaps clarify this point - has the Minister in mind that Metro will do it at Metro's expense or whether Metro will do it simply as an agent on behalf of the City of Winnipeg and be paid for its work by the City of Winnipeg? This, I know, is of concern to the City but also to the other suburbs who are wondering how that aspect of it will work out, and this again, as I say, I hope the Minister can reply to these questions before we even get into Law Amendments on it.

In the final analysis, there's no real change in the concept, as far as I can see, because outside of the City of Winnipeg proper, in every other area in Manitoba except for the Local Government Districts, it still requires ratepayer approval before any urban renewal scheme can be entered into under The Manitoba Housing Incorporation Act, and if this is the case then surely -- again I want to point out, we're missing a bet; we're missing an opportunity to encourage other municipalities from getting into both public housing and into urban renewal - and particularly in public housing. For although they may not have a problem with regard to urban renewal, not the kind of problem that the City of Winnipeg has, they do have a problem with regard to making housing available at reasonable rates for the residents; and this is possible under the Act, I know, but so long as we are faced with the impediment of ratepayer approval, then surely the Minister knows as well as I that the likelihood of a ratepayer by-law passing for this is mighty slim, and if the government is sincere in its hopes and desires that housing should be made available to the people who need it, then surely the Minister should consider removing this impediment at this time, because the Act as it now reads sounds good, but in fact the municipalities are handicapped from taking advantage of it because of this requirement for ratepayer approval.

Now I notice there's a Bill before us today dealing with some other matter, where the government is suggesting that the need for ratepayer approval be waived. In other words, where the government feels something is necessary, they recognize that ratepayer by-laws are an impediment and an obstacle, and they're prepared to clear the way by granting the council, as the local elected people, granting the council the right to act without ratepayer approval. Now if they feel this way in some instances, surely housing is equally as important as any other, if not more important than most other projects that could be undertaken, and I'm wondering why the Minister persists in keeping or sticking to an Act which purports to do something but, in fact, makes it almost impossible because of the restrictions in it.

There's one other aspect I would like to cover and that is the change in the terminology, or the addition of the word "public" -- no, pardon me, the deletion of the word "public" in Section 4. Now, am I to understand from this that what the Minister has in mind, what the government has in mind is to broaden the type of housing that is going to be made available in Manitoba, or are we going to somehow be encouraging, or is the government hoping that they'll get out of the public housing field and perhaps in that way encourage private companies to enter the field? Is this behind it or is it just to make possible perhaps co-operative housing? I think this is essential, because if this is the idea that private enterprise is going to get into the subsidized housing field, then I think the Minister knows full well that they haven't done it in the past, there's very little likelihood they're going to do it in the future, and I'm concerned lest, by removing this term "public", the attitude on the part of many governments, many levels of government might be, "well, let private enterprise do it," even though, as I say, we know that private enterprise can't do it because the return on their investment isn't good enough for them to spend this kind of money. So whether this is just to make it possible for co-operative housing, if that's the only thing that the Minister has in mind, that's one thing. If, on the other hand, it's with the hope that private builders will get into the picture, then I'd certainly like clarification on what the government really hopes to achieve from this particular rewording.

These are the only items now in committee. When we hear the delegations from Winnipeg and Metro, we'll of course have a much better idea of what the problem is with regard to both those bodies and perhaps whether this Legislature can resolve the problem amicably between

(MR. MILLER cont'd.) those two bodies. And I do want to say this, Mr. Speaker, that it is essential, really, that this matter be resolved amicably if possible because, although an awful lot of heat is generated by the arguments of Metro and Winnipeg on this subject and other subjects, in the final analysis I think the people of Greater Winnipeg lose out when the real problems are beclouded and the real problems are ignored because of the conflict that develops sometimes through personality conflicts, sometimes through regional or jurisdictional conflicts, but in the process the real problems are ignored and forgotten, and we end up sometimes reading newspaper charges and countercharges which don't improve the situation but instead, I think, aggravate it to the extent where both sides become rigid in their thinking; both sides take a hard line and a hard view; and the only ones who then lose are the citizens who they supposedly are both trying to serve.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Inkster.

MR. SIDNEY GREEN (Inkster): Mr. Speaker, I just want to elaborate a few more questions on the point that my colleague has raised regarding the deletion of the word "public" from the present Bill. I believe that there is now no impediment to private entrepreneurs going ahead and arranging to become involved in housing developments, and indeed this is done on a relatively large or small scale depending on the market and depending on the rate of interest and other factors, and I don't assume that the private housing developers require a bill in order to permit them to maximize their efforts in this regard, and therefore I don't see that the Minister is removing the word "public" in order to facilitate something which is not now possible. What I would like to inquire of the Minister is to whether or not the deletion of the word "public" cannot have this effect; and without commenting on the effect that I am going to propose, I'd like to hear what the Minister has to say about it, that a municipality or an authority that can participate in a public housing scheme as the Act is now worded, would have an option of either going ahead with a public housing scheme or going ahead with a private housing scheme as the Act will be worded if this amendment goes through. If they have that option -- well, the Minister is shaking her head, therefore I'm getting a partial explanation. I'll just pose a few more questions and maybe get a full explanation when she stands up.

What concerns me, Mr. Speaker, is that not enough has been done in the area of public housing, and our party has consistently spoken out for much greater participation in this essential area of our human affairs. What problems are raised by removal of the word "public", as it would then be if it faced the municipality, is that a municipality would have an option of saying, "We can either participate in a public housing scheme, which the Act provides for, or we can engage a private developer to go ahead with a scheme that we can get approved by the CMHC, by the province and by the federal authorities, and then that private developer would have available to him such benefits as would ordinarily accrue to a municipality who participated in the scheme themselves, because if that's the effect of the removal of the word, then I would like to know whether the Minister wouldn't agree that most municipalities, as they are now constituted, would perhaps not assume the proper amount of responsibility, which I'm sure the Minister would like them to assume, in the area of public housing, because they had an option of removing themselves from it. And if that's not the intention of the Bill, or if the Minister doesn't see that as being one of the possible effects of the amendment, then we would like to hear her assurances in this regard.

HON. THELMA FORBES (Minister of Urban Development and Municipal Affairs):

(Cypress): Mr. Speaker, I move, seconded by the Honourable the Minister of Industry and Commerce, that the debate be adjourned.

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

MR. SPEAKER: Bill 62.

MR. LYON: The Member for Rhineland is still absent, so perhaps, Mr. Speaker, we could go to Bill 62.

MR. T. P. HILLHOUSE, Q. C. (Selkirk): Where is he? Over at the Auditorium?

MR. SPEAKER: Bill No. 62. The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, this Bill contains a number of principles and it's quite a large Bill with many principles involved so I do not intend to speak against it, I intend to support it to go into Committee; but I do wish to make a few points and put a few points on record at this time.

Mr. Speaker, I do have some reservations with Section 4 (c), and I believe that this is the clause that gives Metropolitan Corporation very wide powers. As a matter of fact, I feel

(MR. PATRICK cont'd.) that Metro have too much jurisdiction without any review. I think that the Municipal Board should have some review because under Section 4 (c) we have that the Corporation can acquire land for any of its purposes - for any of its purposes. And by acquiring a quantity larger than is required it can dispose the excess at the lower net price, otherwise with more advantages to the Corporation, the Corporation may acquire an extra land and dispose of it in due course.

Now, I'm particularly concerned if the Corporation does acquire this land, will the former owner or the vendor, will he have the first opportunity to be able to buy this land back at the price that the Corporation purchased it in the first place? I feel that this is very important that the former owner should have this opportunity. I feel that quite a few, at the present time, municipal governments are quite concerned in respect to this Bill, in respect to this section as well, Mr. Speaker, so I would like to see it go to Law Amendments so we can hear some representations.

May I also make a point at this time, Mr. Speaker? For instance, Metro Corporation at the present time is purchasing land for Inner Perimeter Beltway, and at the present time we understand that there have been at least three or four different locations suggested, and I cannot visualize the Corporation purchasing land in all three or four locations. I think it would be too costly to buy all locations and much too expensive, so I do have reservations as far as this section is concerned. But I feel if this section would be subject to prior approval of the Municipal Board, I think that I would be agreeable unless I misinterpret this section of the Act, Mr. Speaker.

The other point that I wish to make - I think that the Honourable Member for Inkster has touched on it - and that's appointing the Chairman of the Corporation. For instance, if the Council cannot choose a Chairman from its own group within a certain time, then the member could be appointed by the Government. The honourable member thought this was not too democratic and I agree with him, but at the same time I feel that he should have a vote because if there is a tie, how would you break a vote? I feel that the Chairman must have a vote to decide on any issues that's before Council and I think it's important in this case.

Mr. Speaker, there have been some comments made about a fee to the Zoo and I would strictly disagree with this point. I think that we have probably one of the best zoos in the country and I know that the Minister will probably tell me that many other jurisdictions do have a fee; this is the only way that the Zoo could be kept up; but I would disagree. I think that today people and children, the young people particularly, are certainly getting great benefit from our Zoo in City Park, and I think if we would put a charge or a fee that many of these people would not be able to take advantage and have the benefit of a really good Zoo that we have in the park at the present time.

Mr. Speaker, on one of the other principles that I would wish to make a point on, and it's under Section 9, where that the Council will take office immediately following the declaration, declaration of the results of the election, and I think it's a most important principle and I think it's good, because some of the members of Council, after they have been defeated, may not show as much interest and may be absent from meetings or council for the next month and a half or two months, and I think this is a very good principle; and I would recommend it that even if all the municipal governments had the same legislation I think it would be much better, Mr. Speaker.

On the other point, Mr. Speaker, on the increase of indemnities for Metro Council for members of \$4,800, of which one third is deemed to be expense, and I cannot express an opinion at this time because I do not know how much time the members of the Metropolitan Council have to spend in connection with their work so I will not express any opinion on that matter. It probably is worth it if they do spend the time on it.

The last point, Mr. Speaker, that I wish to make is in connection with nominations of Metro. I would just wonder if at the present time the nominations are closed at the same time - the municipal and the metropolitan; and we did have an occasion in Assiniboia where the time was - or one of the members resigned from council really close to the nomination date, or the date that the nominations were closing, and decided to run for Metro, and as a result he did not win the Metro seat and it was too late for anyone else to run for council. Invariably the municipality had to hold a by-election a month later, and as a result I believe it was quite costly - it costs somewhere from \$4,000 to \$5,000 to hold a by-election of that type. And I just wondered if -- it may not be possible, but if it would be I think it would probably be helpful to

(MR. PATRICK cont'd.) some of the municipalities, because it could happen that not only one councillor but two or three municipal councillors can resign close to the date before the nominations close and decide to run for Metro, and I do see that it is quite costly then to hold another by-election so soon after. So that's all the points that I wish to make and I am prepared to let the Bill go into Law Amendments except with respect to Section 4 (c) which I would like the Minister to give us more information on.

MR. SPEAKER: The Honourable Member for Seven Oaks.

MR. MILLER: Mr. Speaker, I am concerned with two points in this Bill; one in particular: Section 5. This deals with the question of the capital costs of hospital construction and renovation in which Metro can participate. And the way I read it - and this is almost identical to the original Bill or the Statutes 1964; the only change is the inclusion of the renovation and improvement which didn't appear in the original statute - but looking at it and reading it, it seems to me that Metro -- it says here that Metro can pay up to 20 percent and shall not exceed 20 percent of the costs approved by the Manitoba Hospital Commission. Now when we talk in terms of costs, these are all sharing schemes. They're sharing schemes between the Federal Government and the Provincial Government and, in this case, the Metropolitan Government.

Now the provincial and federal sharing on the capital construction is based on what is known as the per bed cost. But it's an authorized cost. It's got a limit on it. The limit is very many years old, unfortunately, and no longer really reflects the true cost of a hospital bed. If memory serves me correctly, it's \$2,000 per authorized bed - that's the provincial grant - \$2,000 per authorized bed the federal grant, and at one time the municipality or the private group, whoever it was, would raise 20 percent which was equivalent to \$1,000. In other words, a bed was supposedly costing \$5,000. Now this may have held true 20 years ago. Today, the latest figures in Victoria, I believe, show that the hospital bed runs about \$25,000 to \$27,000, which is quite a difference and quite a jump. Now the federal and provincial contributions are still pegged to that \$5,000 figure, which means \$2,000 per bed by the province, \$2,000 per bed by the Federal Government. But if I read this right, the Metro, on the other hand, can pay up to 20 percent of the actual cost. Now if that is the case, if I read it right, then the 20 percent actual cost that Metro is going to have to pay will be greater than the 80 percent provincial and federal cost, which will be coming from those two levels of government, because they have a fixed ceiling; they have an authorized amount, an authorized cost per bed. And I would like that clarified certainly, because there is quite a difference, quite a contrast between what the province and the Federal Government would pay toward capital cost and what Metro would pay in the final analysis towards capital cost.

The other item is the Section 19 where it deals with the powers of the Metro to change the land use. Now, in the additional zone the land use cannot be changed with permission or without approval of the municipal council, but within the Metropolitan area land use can be changed without referral to the municipal council or without approval of the municipal council. Now since we now have a development plan for Greater Winnipeg or Metropolitan Winnipeg, and we will shortly have a zoning plan for Greater Winnipeg, I'm wondering why there would be any need for changing of land use within the Metropolitan area. Surely we want to avoid the sort of planning where Metro designates a certain thing should happen in a certain area and then two years later suddenly there's a change and they, according to the way I read it, Metro can simply say, "Well we're sorry. We're now changing the land use." Not the variations within a land use category. I'm not concerned with the variations between, let's say, R1 and R2, or C1 and C2; in other words, between variations in the commercial or variations in the residential. I am concerned with the land use change which perhaps alters residential to commercial or industrial, and Metro has this power. In view of the fact that the development plan has now been established and in view of the fact that a zoning by-law will shortly be implemented, I'm wondering why it's necessary to give Metro this power and why it is felt that the municipal councils should be completely ignored in deciding any changes in land use which will have a marked effect on people who bought land or bought homes thinking that they were moving into a certain type of area and then find suddenly that the area is being changed on them halfway through their period of residence there. Perhaps the Minister -- perhaps I'm reading it wrong, but if I am I would like to be corrected. Those are the only two questions I'd like answered. The others have been posed by the other people who spoke on it earlier.

MR. SPEAKER: Are you ready for the question?

MRS. FORBES: Mr. Speaker, the Honourable Member for Inkster, and the others who have spoken too, have referred to this portion of the Act which deals with allowing the Metro area to give a grant to hospitals for renovations and they are concerned about it. The last member stated his concern very firmly when he mentioned that capital costs have a limit to it and he's wondering whether in renovation would there be a limit, and this is probably the problem that is worrying him about it -- or construction. Well I'm not capable of speaking on the methods used by the hospital building group. I leave that to the Minister of Health and I also will let Metro speak for itself here. But I will say this, that the whole of the Metro area does benefit by the hospitals in the Metro area and thus Metro, as you know, was substituted in place of the local municipality in the case of the Metropolitan area.

Now we know that there are some 14 municipalities making up the Metro area but each of the municipalities certainly doesn't have a hospital, nor is it included in any hospital district, but we all do share the benefits of hospitals in Metropolitan Winnipeg. And the argument that has been put forth here, of course, is that should the government pick up 100 percent on the provincial tax base for the cost of hospitals? Well this is a matter of opinion, but for my part in expressing it only purely from my own standpoint here, I'd say that we think that local participation means a great deal; we think that local interest is something that is worthwhile, and I think that the idea of them picking up 20 percent of the cost does help control cost and at the same time gives us that local participation that we so badly need, I think. I more or less got the impression somewhere along the line that we were the ones, the government were the ones who asked for this amendment to The Metro Act, and of course I'd like to assure you that this was not so; that Metro itself proposed this to us and wanted to participate in helping with renovations where no new hospitals were being built in the area. Maybe I misunderstood some of you in this but if this is the case this is fine. However, I do think that Metro will be present -- or I know they will -- when this Bill is before Law Amendments, and I suggest that we put our questions to them.

Now regarding the Metropolitan Council -- and the Member from Assiniboia mentioned this as well as some of the others did -- in the method of choosing or electing a Chairman. They still have the right, of course, to elect a Chairman and certainly it could be one of their elected members, but if they fail to elect a Chairman then there is now a procedure set out where they can so do. And, as you said, it could be the previous Chairman of the Council or it could be any elected member of the Council or it could be another person appointed by the Lieutenant-Governor-in-Council. I notice, too -- I think it was the Member for Inkster who suggested that probably we should go to another plan, maybe the one with the greatest number of votes; that he should be the person. Well, this has its advantages and its disadvantages. Probably he'd be the newest member on Council. Maybe this doesn't take away from it; he might be the one or he might also be the one who is there the longest and probably the one whose name is known better and he would get the greater number of votes, but I'm not sitting in judgment on that. But what we are attempting to do here is merely set out the procedure so that we know that there is continuation here of council meetings and reported to us if the Chairman is not appointed or if they cannot agree on one.

Now, I noticed, too, that quite a number of you referred to the section where we are trying to make it abundantly clear that they can charge on Sunday and for all purposes here, and I think some of you think that this is intended to be direct to the Zoo. Now, as we read the Act before we thought it was abundantly clear, but apparently some of them do not think the wording is, and in some ways we think this section probably is cleared up by this wording. Hopefully it will be the last time we change it because I think we've tried to clear it up so many times, but I did not get the impression from anybody that this was directed towards the cost for the Zoo, but however, Metro will be there and they shall have to answer in Law Amendments for themselves.

The Honourable Member from Kildonan, in suggesting land change -- which section of the Bill was it? -- Section 19 here -- just a minute till I get it once more. This section of course, as he knows, would allow the corporation to pass land use by-laws to implement the development plans without reference to the municipal council concerned. This section recognizes that there is now a development plan and that Metro should be able to make land use changes without the consent of the municipality as long as those land use changes comply with the development plan, and this is the intent that we have here.

I seem to have lost my notes on the Honourable Member for Assiniboia here, whether I

(MRS. FORBES cont'd.) have answered all his questions - oh yes, he mentioned in 4 (c), will the former owner have the opportunity of purchasing the land back? The first opportunity? I never went into this with the Metro Council when we discussed it and I think it is a question we will have to suggest to them when they come before us at Law Amendments.

I noticed, too, that you mentioned the purchasing of land for the Inner Beltway and you are concerned about those land purchases which you have mentioned to me before. I think, too, that you may question some of them at Law Amendments on this particular issue as well.

The other one that you brought up was that nominations maybe should not all close at the same time. It's a matter of opinion too. It is suggested to me many times if a person was really concerned about belonging to a municipal council he would probably like to stay there and he wouldn't take the chance of causing an election in his particular area, of that particular municipality, also that he can't have the best of two worlds. But, however, you have a point and all points are worth consideration and thought, and we might think about this one too.

I think that any of the questions that you have, that we would like to suggest to the members from the Metro Council that when they are in attendance at Law Amendments that we will be able to bring them before them and that we should be able to get answers directly from those on the Metropolitan Council, and I recommend that we let it go to Law Amendments so that they are before us and we can question them on any further items which we might like to do.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I'd just like to ask the Honourable Minister, if she will permit me, whether she doesn't realize that the first amendment with relation to The Hospital Act, allowing Metro to pick up 20 percent, or make a grant of 20 percent, that you indicated that Metro asked for this legislation. Are you sure that Metro asked for the initial legislation requiring that 20 percent grant, or are you speaking of the change?

MRS. FORBES: Not the first 20 percent grant, but this one, where they may give a grant to renovations in the same way as they do capital costs.

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

MR. SPEAKER: Bill No. 67. The Honourable Member for Logan.

MR. LEMUEL HARRIS (Logan): Mr. Chairman, I adjourned this debate for the Honourable Member for Inkster.

MR. GREEN: Mr. Speaker. Well, this is a Bill involving clean environment and it's not yet enacted so I am permitted to speak at least until it's passed.

Mr. Speaker, this Bill no doubt stems from the continuing interest which all public bodies and the public generally have had to give to the problem of air, water and soil pollution, and during the debate of the estimates of the Minister of Mines and Natural Resources I did make some comments on the problems generally and I don't intend to repeat them now. I think probably the problem is so well recognized and the danger so well understood by governments generally, that it is now not difficult to convince governments that legislation with regard to all forms of pollution is necessary and desirable. However, Mr. Speaker, I wish to register at least my concern that governments not feel that they have solved the problem by enacting legislation, and in particular the type of legislation which is now before us. It appears to be a bill which intends to create the impression that we are dealing with the problem, when in fact the bill doesn't really do anything. I don't wish to be unfair. There is room for some solution to some of the problems if the Act is diligently administered and if the procedures which are set up in the Act do result in some meaningful administration. However, Mr. Speaker, the way the Act is written would cause me to doubt whether the concern that I've indicated everybody feels, has really been dealt with in this piece of legislation.

First of all, Mr. Speaker, I would like to point out to the Minister, the - what I consider over-abundance of savings exceptions in this particular legislation. We have savings provisions, of course, to all of the sections which refer to pollution, and then each of the savings provisions refers to another Act, so that if one wants to find out what is really being permitted, one has to first look at the savings provision and then look at the Act which supposedly now contains a provision relating to pollution; and we have these savings provisions, Mr. Speaker, well dispersed throughout the Act. As a matter of fact, for each section which places a restriction on pollution we have an equal and equivalent and indeed longer savings provision, and I think, Mr. Speaker, that possibly this Act is going to be confused with another statute which is on Manitoba Statutes, which is called The Exemptions Act, not at least by its title but

(MR. GREEN cont'd.) by what it says throughout it.

Now each of those savings provisions, Mr. Speaker, is contained, as I said, following a provision which proposes to inhibit the pollution of air, water and land, and then each of the savings provisions indicates that something is either permitted or not permitted, according to another statute. I would think, Mr. Speaker, that in the areas that have been referred to, the sections which refer to the prohibitions, that substantially what is now being done can continue to be done because of the savings provisions, and if the Act, as I said before, is merely enacted for the purpose of somehow quieting those people who have asked for a statute relating to the subject, then I intend to -- I think the Minister should be informed that this type of legislation is not going to do the trick. I repeat, we can await to see what kind of administration is going to take place, but certainly the provisions of the Act don't do anything or don't make any requirement which in any way deal with the problems which the Minister is abundantly aware of.

Now, Mr. Speaker, the additional savings provision - after we deal with each of the sections, the prohibitions and then the savings provisions - as if that weren't enough, there is another savings provision and this appears to be an omnibus one which in effect, Mr. Speaker, says that anything that is now done may continue to be done if the people who are doing it gain the approval of the Lieutenant-Governor-in-Council with conditions that the Lieutenant-Governor-in-Council may enact.

Now, Mr. Speaker, all of the problems that have been raised with regard to pollution are not necessarily, nor indeed are they primarily concerned with what's happening in the future or what new pollutional devices may be contrived by human beings, either through manufacturing or through automobiles or buses, or whatever may pollute the atmosphere. As a matter of fact, the people who have written on this subject have indicated that we are now polluting the atmosphere, we are now polluting our rivers and streams, and less knowledgeable, we are now polluting our land by devices which are presently in existence and which presently have to be dealt with, and I think that this is where the Minister leaves it very wide open as to what's to happen in the future. He indicates that there's going to be an Act but it always is a difficulty for governments - and I know that this is a problem - to go to somebody who now has apparently acquired a certain way of doing things and seems to think he either has squatter's rights or prescriptive rights or some sort of inertia rights to continue to do it, and say to them that "for awhile, or when this was begun, we didn't feel that it was going to be a danger; we now know it's a danger and we are going to ask you to stop."

Now the way in which this Act is worded, Mr. Speaker, I don't think that the government is really giving us an indication that it will stop, because it specifically refers to pre-existing pollutional problems and says that they may continue if the Lieutenant-Governor-in-Council gives his consent or exempts them or attaches certain conditions, leaving the Legislature here, Mr. Speaker, in the rather peculiar condition that we now have new legislation but the legislation as such doesn't do anything and we have to depend on the Minister of Health to see to it, not only that future pollution doesn't take place, but that the existing pollutional practices are not permitted to continue; and having enacted this type of statute - and, Mr. Speaker, we are certainly going to be in favour of it; we hope that it can do the kind of job that we think is necessary - but having enacted this type of statute, the Minister assumes the responsibility of telling us in each case why he permitted or he did not permit certain things to happen rather than setting out statutory regulations which we would know would be applicable to all and sundry without placing on him the heavy onus which the legislation places on the administration.

So in summary, Mr. Speaker, we say that this type of legislation is necessary; it's so necessary that no government can any longer resist passing legislation. We hope that the legislation is not passed merely to attempt to pacify the pressures that have been pushing it. We see the dangers in the legislation, that it will all depend on administration and that the administration is going to have difficulty not only in preventing future pollution because of the exceptions but will also have a problem preventing existing pollution, and that we therefore look to the administration in this first year after the statute is passed - and hope it will be passed - to point out concrete results which have come as a result of the passing of this legislation. As of now we can't congratulate the Minister too much but we look forward to being able to do so.

MR. SPEAKER: Are you ready for the question? The Honourable the Minister of Health,
HON. CHARLES H. WITNEY (Minister of Health) (Flin Flon): Mr. Speaker, just one or

(MR. WITNEY cont'd.) two comments in closing the debate on this Bill. Pollution is something that cannot be cured overnight, Mr. Speaker, and perhaps you'll note that this Bill is in referenceto major polluting agencies. There are many polluting agencies. There are major and there are minor polluting agencies, and this one is designed initially to bring about control and co-operation and understanding on the major pollution agencies.

I believe it will be effective because we have had similar type of legislation in effect on water pollution and, as I mentioned when I was introducing this Bill, that while there were some soft spots for the most part in the Province of Manitoba with major water sources, major rivers, that the type of pollution that we have here is nowhere near as great as it might have been if there hadn't been a Water Pollution Act and a small group of men who, operating on a licensing principle and on standards that they had developed with the knowledge that was available, had not been able to bring about the Act to control the situation to what we have at the present time, and certainly in the Province of Manitoba there have been improvements made. So, as I mentioned when I was giving second reading to this Bill, we are actually working on what we consider has been a workable form with respect to one type of pollution, and that was The Water Pollution Act. As an example, the tailings in the Thompson area are being controlled as a result of the terms and the licensing that was brought about by the Water Pollution Act. The major sewage outlets in the Metropolitan area are now gradually being contained, and in fact when I say gradually being contained, have been considerably contained under the Metropolitan Corporation and under the terms of The Water Pollution Act. So we feel because pollution is not going to be controlled overnight and because you simply can't drop down a rule or a regulation which is going to prevent it or stop it, we feel that you can work toward it and we can use what we have as an example of being effective in this type of legislation to make it effective in the other areas. That is why the Commission itself is going to be comprised of the major of senior civil servants because it was senior civil servants that made The Water Pollution Act effective and we have expanded them -- perhaps you recall in giving the second reading, at least the opening remarks to this Bill - we have expanded them to include other interested departments including the Department of Industry and Commerce and the Department of Industry and Commerce, of course, will make sure and will see to it that there is going to be a liaison and a consultation and a co-operation between these major polluting industries. I think that is going to be essential apart from just legislation. We are going to need the right atmosphere, the right climate, in order to make it effective. And I am sure now that with the concern that people have expressed and the incidents that have been drawn to the attention of the Canadian people that that interest is not just a shallow interest, but it is a major interest.

For instance the Manitoba Sugar Company have over the past 30 years taken some rather remarkable changes of their sugar plant to prevent pollution by discharge into the water system. So I'm trusting that with the legislation that we can get what I believe, to repeat myself again, is essential, that co-operation and that proper climate to prevent from here on in pollution and over a period of five years to pick up the pollution that is occurring now on the major polluting sources.

Now the reason that we have put in this Act some of the saving clauses is because the saving clauses -- for instance, The Pesticides Control Act. Pesticides in themselves have not caused a substantive pollution of soil. Other matters in major polluting agencies, in . . . , discharge, etc., that's a major type of polluting agency that might gradually seep into an underground water supply. A pesticide may simply wash off the topsoil into a ditch and eventually become dispersed into a broader body of water. I will admit we're moving cautiously but I couldn't agree with you when you said that the Act was not going to be effective. I believe it will - maybe I've misinterpreted you - but I believe that it will be effective. The Acts in the saving clauses incidentally are The Public Health Act, The Noxious Weeds Act, The Oil and Natural Gas Conservation Board under The Mines Act and of course that's a specific operation in there. They are operating specifically with the oil industry but through this Act we will be able to operate with them to make sure that underground water supplies are not going to be polluted by any pollution of soils. So the Acts that are in here in the savings provision -- in these savings provisions it is actually saving from various mechanisms that are in force now to bring about control of some major polluting agencies and some minor polluting agencies.

Just in answer to a couple of questions: Would it affect snow disposed on ice? No. And the effluent of pulp mills? Yes, that would be in -- it was asked by the Honourable Member for Portage la Prairie -- yes, that is a major polluting agency. And in the agreement with the

(MR. WITNEY cont'd.) Churchill Forest Products the maximum amount of effluent discharge into the Saskatchewan River is stated right in the document and it was done after consultation with the water pollution people who measured what they felt could be safely handled by the Saskatchewan River considering the velocity of the water and the volume of the water and what was downstream from the plant itself.

So, Mr. Speaker, this Bill certainly will not be a wonder bill at all, but it will start -- after the bill is passed -- it will start to bring about control of pollution by major polluting agencies and bring about a modification of what has taken place in the past. It will provide for the setting of realistic standards; it will provide for the setting of those standards in consultation with other provinces to develop the regional type of control of the environment and I think in five year's time that we'll be able to say that the Bill was effective.

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, could I ask the Minister a question? Last week I asked the Minister whether he could tell me whether in the regulations or in the new bill the tolerance levels of air pollution for industry, are they being tightened? I referred the Minister to an example of a foundry in my area and I had some correspondence with him on this. Could he tell me whether the actual tolerance levels are being made stricter in this new legislation.

MR. WITNEY: We do have in the regulations now certain standards on - particulate matter is one and standards on noise and I believe standards on volume of smoke discharge. They are not at the moment being reassessed but they will be once this legislation is enacted.

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

MR. SPEAKER: Bill No. 75. The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, Bill 75 has to do with the legislation that's proposed for condominiums and while I checked the Bill, read it -- I was wondering at first why other speakers had spoken in such general terms about the Bill -- but after reading it I no longer wonder why. -- (Interjection) -- Yes. So I more or less am of the same opinion that we will have to wait 'til we get to Committee and hear probably some other people who have some more specific ideas about the legislation itself. I haven't had time to check the legislation that is contained in the Bill with that of the other provinces that already have legislation of this type. However, there are a few points that no doubt I will question when we come to Committee and I hope to make my views known at that time. Thank you.

MR. SPEAKER put the question.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Mr. Speaker, I don't intend to adjourn the Bill, I'm prepared to let it go through the second reading. I think we should get it there and hear some comments from the people who might have representations to make.

I think this Bill, Mr. Speaker, is a very important bill actually and can do an awful lot for one of the major problems facing us in Manitoba at this time, and that is the shortage of housing. I'm prepared to compliment the Minister for bringing in the bill on this occasion although I must say that the government delayed it for a year needlessly in my opinion. There was no reason why this should not have been proceeded with at the last Session and we would now be in the position of taking advantage of the condominium proposition.

I think it might be interesting, Mr. Speaker, to have a look at what's happened in other areas where condominium has proceeded with and see the results. I'm referring to an article now from the Home Building News which is the newspaper for the home building industry and this is an article on September 15, 1967. "Ontario's First Condominium. Two hundred and fifty town houses sold in one week. Toronto builder Dave Satok this month offered Ontario's first condominium homes for sale. He has purchase offers for almost 250 of them without even having a model to show." Not having even a model on hand he was able to sell 250 of them. "Response was so good after the first weekend they were advertised that he has stopped promoting sales until construction gets underway this fall." There's an example, Mr. Speaker, of what can be achieved by government taking action not where it costs money but simply making it feasible in this case for private enterprise to step forward and do things.

The principle of condominium has been discussed in the House previously, it's not a new one, and I think we should pay credit in this House to those people who have been pushing this idea here in the Province of Manitoba. I think proper credit is due to an individual here who's been very active in the house building industry, specifically Mr. Miles Robinson, the President of Metropolitan Homes. Because Mr. Robinson some three years ago now urged this government to take action on condominium. He sent letters to the then Minister of Municipal Affairs,

(MR. MOLGAT cont'd.) sent copies of what was happening elsewhere, details of the effects of condominium in other jurisdictions, urging the government to move. Mr. Chairman, there was no motion. I have copies, for example, of correspondence going back to 1965 indicating that at that time some 45 American states had proceeded to pass condominium statutes. Last year my colleague, the Member for Assiniboia constituency -- and I wouldn't be fair if I didn't give him credit for introducing this matter to this House on the first occasion -- introduced a resolution in this House asking the government to proceed with condominium legislation. Mr. Speaker, at that time what we had from the opposite side of the House and from the Minister of Municipal Affairs and Urban Renewal was a very long speech telling us why it couldn't be done and why it shouldn't be done now, why this needed more study, why it wouldn't maybe suit Manitoba conditions and so on. On that basis the government instead of taking action last year referred the whole idea of condominium legislation to a committee for further study. This, Mr. Speaker, is an example of the type of action which we get too frequently from this government. The moment a suggestion is made from this side of the House, as was made at that time by my colleague the Member for Assiniboia, the government immediately says, "No, we can't do this." Instead of being prepared to accept sound recommendations from this side of the House, after repeating frequently from that side that what they want is good ideas, the moment that good ideas come forward the first thing the government does is says, "No, we can't move." And so for a full year the government has, instead of taking action on this matter, sat back.

Well thank God at least they're prepared to move now, Mr. Speaker, because I do think that there are substantial advantages to be gained in the Province of Manitoba in proceeding with condominium housing. One of the major problems of course in condominium, or in housing at the moment, is the high cost of land. Condominium does permit for the better use of land, the use of high priced land to accommodate a larger number of people. There are other advantages as well, though, Mr. Speaker, not limited strictly to the question of the price of land. And I'd like to refer for a moment to some of the experiences elsewhere and I'm referring to a report from the Canadian Institute of Realtors back in 1963. At that stage they are quoting from some experiences in the United States specifically at Salt Lake City. Quoting directly from a report from the experience in Salt Lake City here's what they had to say: "First of all the proposition that condominium is a product of the high cost of land and the pressure of the urban lack of land is not a main factor in low rise condominium. Rather, it is a result of the desire for convenience, the relief of work and worry of an individual home, the opportunity to go away on extended vacations or business trips without worry by merely turning the key in the lock, additional facilities, including swimming pools, putting greens, shuffleboards and other things, better living. Less cost for an apartment than for a comparable single family home and a lesser cost of maintenance of a comparable home. It should be emphasized that the success of a low rise condominium is dependent upon supplying to the purchaser a home, not an apartment but a home, built like a home with living like a home. As a matter of fact with better living than a home would provide." So, Mr. Speaker, we have here, in my opinion, the possibility of two things: One, providing more low cost housing to people, housing making better use of land which is constantly increasing in price; and secondly, having available to people a better type of living in an urban centre.

So I am prepared to compliment the government for its belated action in the case; I regret that it was delayed in the way that it has; I compliment those who have been urging the government, like Mr. Robinson whom I mentioned before, my colleague Mr. Patrick, and I say to the government instead of delaying some of these matters in the future be prepared to act more quickly in the interests of the province.

MR. DEPUTY SPEAKER put the question.

MR. LYON: Just one word. There will be some further curative amendments to the Bill which will be brought in at the committee stage. I don't think that they would be regarded as substantive amendments but they are being suggested by the Legislative Counsel and Registrar-General to help improve the Act from its present form which I am bold enough to suggest to the Legislature, Mr. Speaker, on the basis of the rather intensive study that has gone into this matter is one of the best Acts in Canada. I am not going to engage in the rather sterile argument of my honourable friend the Leader of the Opposition about when it should have been done. The hard fact of life is that the period during which this matter has been studied by the Law Reform Committee of this province, by a subsection of the Canadian Bar Association and the

(MR. LYON cont'd.) Manitoba Commercial Law subsection of the Canadian Bar Association to be exact, and reviewing the very thorough report that was turned out by the Ontario Law Reform Commission which was published I think in March of 1967, I don't think there's been too much time lost. My honourable friend might make more headway in some other provinces where they haven't adopted this yet. Manitoba is the fourth province in Canada to adopt condominium legislation and as I suggest, while the Act certainly is not perfect we do think that we have been able to build upon the experience in other provinces, indeed in other jurisdictions beyond Canada, to have as a result a piece of legislation that we are hopeful, we are hopeful - and I stress the word "hopeful" - will meet the legitimate requirements of the builders and of the purchasers of this province. As the sponsor of the Bill I would have to say, Mr. Speaker, that I think it would be too much to expect that this will lead to a rash of condominium building in this province immediately; certainly this has not been the experience in the other provinces of Canada. And also to suggest at this stage that this is the answer to low cost housing, I think, is too much, in the light of the experience in the other jurisdictions in Canada to date. It has this potential and no one would be happier than anyone on the government side nor indeed my friend the Leader of the Opposition if this were to be the result, but I would not want to see false hopes built around this legislation, that it would be the cure-all or the be-all and the end-all with respect to low cost housing or with respect to the general housing shortage. It will certainly be a most useful tool and the potential for the use of this tool, I think, is great indeed and I'm hopeful that the public of this province will find it such as they come to utilize this legislation which will come into force in this province hopefully, this year.

So I'm glad that the legislation enjoys the support of all sides of the House and we look forward to hearing any further constructive comments that might be made at the committee stage.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I asked the Minister when I spoke on it at second reading, a couple of questions. I wondered if he would answer or . . .

MR. LYON: . . . I would be happy to try to answer.

MR. PATRICK: Mr. Speaker, it was section 15 (1) -- that's right, section 15 (1).

MR. LYON: At committee stage, Mr. Speaker, I'll be better able to answer with respect to specific sections. We're only dealing with the principle at this stage.

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

MR. SPEAKER: Bill No. 63. The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, I adjourned this for the Honourable Member for Burrows.

MR. BEN HANUSCHAK (Burrows): Mr. Speaker, some of the amendments to The Credit Unions Act contained in this Bill are certainly long overdue. In fact I would suggest, Mr. Speaker, that it is high time that the entire Bill be revised and a new one issued.

Just briefly glancing through The Credit Unions Act as it stands now, there are references to about 80 some odd amendments which does make it extremely difficult to read and perhaps the Revised Statutes when they are published, and I do hope they will be published shortly, will cure that problem.

The three or four comments that I wish to make, Mr. Speaker - and they in no way are in opposition to the Bill, we do support it, but I do think that it's regrettable that the Bill did not go a bit farther because there are a few other matters that ought to have received some consideration. I am told by the credit unions that under existing legislation, credit unions cannot receive deposits from municipalities and school districts. In other words, the municipalities and school districts are prohibited by some legislation from doing their banking via a credit union. A credit union may purchase municipal debentures and such but the municipality cannot reciprocate by making use of whatever facilities and services the local credit union may have to offer.

It has also been suggested to me, Mr. Speaker, and I think that this makes sense, that rather than have the sections in the Act as they now stand with reference to the by-laws - in other words setting out what the by-laws should contain - that perhaps we should copy the practice of other provinces where the by-laws, the standard form of by-laws for all credit unions do form part of the Act, as an appendix to the Act and I think there is some procedure for amending them quite easily without having to go through the formalities of legislative change. This, I feel, Mr. Speaker would assist some of the smaller credit unions through the initial stages of the organizational process.

(MR. HANUSCHAK cont'd.)

The other comment that I wish to make on this Bill, Mr. Speaker, is that in view of the fact that credit unions are locally owned, are owned by the people within the community or by some segments of the community, that there should be legislation to encourage and to facilitate investment of credit union funds in community projects, and perhaps in fact, the door should be open to allow credit unions to go into the development of certain types of enterprises that may be beneficial to the community which the legislation at the present time does not allow. There are certain restrictions on the types of investments that credit unions may invest their funds in, but there may be others, there may be certain community projects, it may in fact even be community centres, it may be senior citizens homes, and that sort of thing. I can think of no way better, Mr. Speaker, for allowing the people of any community to be real participants in the true sense of the word, in community development than if it were possible to do so in this way. And if that were possible, Mr. Speaker, if it were possible for credit unions to in fact initiate certain types of projects which would be established for the benefit of the community, I would also suggest that in that event, the doors do be open to the Manitoba Development Fund, to allow credit unions to make application to the Manitoba Development Fund for additional funds that they may require to develop any local project that they may feel would be in their best interests and in the interest of the community.

Lastly, I'm wondering whether there is any real necessity for the type of supervisory and auditing system that we now have. Would it not be equally effective to rely on the audit report, submitted by a qualified chartered accountant who is entitled to practise his profession and to perform such functions, and submit that type of a report to the supervisor of co-operatives. I'm not suggesting that the government ought not audit credit union books, the door could still be open for the government to make such inspection as it may from time to time feel may be necessary or see fit. Now that in brief, Mr. Speaker, are the comments that we wish to make on this bill.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Carillon.

MR. LEONARD A. BARKMAN (Carillon): Mr. Speaker, I would just like to make a few comments on this Bill. The few words I have to say possibly pertain to more or less the larger credit unions than the smaller ones but I do feel that the Bill amending The Credit Unions Act has many good items of legislation in it. However, I also believe that there are several points that appear to be fairly weak and perhaps should require a little more consideration at this time, and I'd just like to mention a few thoughts to one of the principles under Section 8 (5). Although the revision allows that so-called demand conditions on business loans, I fail to see the restriction as it applies here. I would like to see this open to include all the members. A demand note can always be collected according to the terms of the loan application and should delinquency control be the reason for the restriction, I'm sure this could be set up a little different. Credit unions operating under a narrow margin of between the interest rate that they try to keep low and the high dividends that they have to pay to be in this business, I think it would only be fair to see this have a little more flexibility. A demand loan after all, would provide these flexibilities for the credit union and meantime it would also provide the members possibly a lower cost on the loans.

The other point that I wish to mention is under the Stabilization Fund. The contributing credit unions have virtually no control of operations and functions of the Stabilization Fund according to Bill No. 63. Possibly referring to another principle of the Bill under 84, I cannot see why the Credit Unions should not be in a position to elect its own members as partly mentioned by the member that just spoke. I also would like to know why the contributing credit unions have - why they do not have the power to approve an operating expense budget on their own. I think that under Section 105, the members of the Stabilization Fund are the most concerned about the operating of their fund and I do not see why these do not report to the credit unions.

Mr. Speaker, a number of items of lesser concern would be eliminated by installing a - call it a democratic control or whatever you wish, as I've just tried to suggest. So I do feel that the Bill has a lot of advantages. With the image that the credit unions over the years have struggled to try to put on, I think it is only fair that this image of confidence should be given a little more room to operate and a little more flexibility.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I do wish to speak on the Bill amending The Credit Union Act.

(MR. FROESE cont'd.) When we dealt with the estimates, particularly under the agricultural estimates, I did not speak on the credit union allocation. I forget just what the matter was - I think I was out for the moment and when I got back the item had been passed. However, I feel that this is a much more important occasion to speak on the legislation that is being proposed on the legislation as it exists. I feel that there is improvement suggested here in the various amendments that are proposed but I certainly don't feel that it is covering what is needed by any means.

If I should start off where the Honourable Member for Burrows left off, in connection with auditing, I think this is one of the weak points of the total movement in Manitoba and I put the blame at the doorsteps of the government here for not improving the auditing system and the first improvement that should be made is that we have a chartered accountant to head the auditing department. I know for a fact that many credit unions that have been in trouble and that miss out on their bond, the reason for that was that the auditing department had not done a job and had jeopardized the credit union's position and chances of collecting under their bond. We know that this has happened not only once but this has happened more often. Another reason for it is that the bonding company will not recognize the government's audit and whenever difficulties arise, immediately the bonding company is notified, a chartered accountant audit is being made on the operations of that credit union in order to ascertain the situation. Too often we find when these chartered accountant audits are made that situations have been there for a lengthy period and have not been corrected by the auditing branch of the government. Therefore I would strongly urge that the government secure a chartered accountant to head that auditing branch.

Mr. Chairman, there are a number of minor amendments here. For one thing, that the treasurer need no longer be the manager. I think this is quite simple because credit unions have grown to the extent where they have departmentalized within their operations and it just isn't proper that the manager also be the treasurer and some of these minor amendments have been overdue for a long time.

The matter of change of overdrafts I think is quite in order, where you have people with large shareholdings which can be transferred at a moment's notice and it also will enable lines of credit which in my opinion is desirable and which should have been there much earlier.

The matter of quorum, I don't have any quarrel with that at all.

Then also the matter of making the member liable in cases where there has been a violation of the Act and that the Board and committee members are responsible, but this will also make the member liable in addition to these committees. And I certainly am quite in accord with that as well.

The same thing holds true for the mandatory reporting of the chief supervisory committee to the Board at least quarterly and also at annual meetings. I think a number of these are minor matters and are good.

Then we come to some of the others, such as removing limitation of size of loans made to businesses or commercial loans and here I don't think that the existing limitations that were on the books did any harm but I certainly will not quarrel on the item either, because we had limitations there that no loan exceed 50 percent of the paid-up share capital of an organization and that the aggregate of these commercial loans not exceed 25 percent of the assets of the Society. I think this was quite in order but I will not quarrel that they have been removed. However, three years ago when we had amendments made to the Act, bringing in, or prohibiting demand loans and demand notes, I was very critical at the time, and I fought tooth and nail to the last to not have this prohibition or restriction placed on the books. Now we find that they're bringing it back so that we will now, the credit unions will not be able to make demand loans and make demand notes. I think it's a little late in the day though, because had the credit union movement been able to exercise these powers of having demand notes, they could then go ahead and increase the interest rates like the banks do today and they would not have been put into the position that they presently are, because the credit unions now find themselves in the position where they cannot meet the dividend rate or the interest rate on shares and deposits that are being made by banks and this is mainly due to the matter of not being able to have demand notes as one and the other one is naturally the restricting limitation that the maximum amount that you can pay on shareholders. As a result considerable monies are today leaving the credit union movement and are being placed with the banks and I for one hate to see this happen because it will be that much more difficult to recapture at a later date.

(MR. FROESE contd'.)...

Then, too, had we had the demand notes authorization kept on, which was on the books previous to 1966, we could have increased the interest rates on loans in a credit union and you could raise them all at one time. Now you are faced with the situation that even if you do increase rates on loans that it will only apply on the new paper, on the new loans that are made, on the new paper that is written. The existing loans will remain at the old rate and cannot be changed being term loans. However, had we had the opportunity of, in addition with the term notes also to have demand notes signed, we could then do as the banks do today; because they have the demand notes they can increase the interest rates at a moment's notice and all they have to do is just ask the person either to pay up or agree to the new interest rate. And we know what happens.

Demand notes are a must in my opinion, especially when it concerns commercial loans. I note from the amendments or the Act, the new Act that is being proposed, that it applies to commercial loans only. Here I would urge the Minister that it be enlarged so that it would also apply to personal loans, because on commercial loans if it's a term note and the loan is up-to-date the credit union can do nothing until such time as another payment is due. In the meantime they can probably see the business going downhill and there is nothing they can do. However, if they have a demand note securing such a loan they cannot take action at any time. This is what is needed and I am glad that we see that this is corrected. But I would ask that it not only include commercial or business loans but also personal loans where it involves farming and so on; and not only farming, personal loans in general.

I'm not so sure about the real estate loans. Many credit unions are in the business, especially the larger ones, in making real estate loans but these are generally considered on the basis that they are for a longer period and that the collateral and security that's taken are of a nature that they are well secured regardless. So that it's probably not quite as important that we have demand notes for those types of loans.

Then coming to the matter of the establishing of a mutual aid fund, I find here that we are changing the stabilization fund that was in effect for the last two years and bringing in considerable changes. I do not want to dwell on the individual changes at length but on two main sections. One has to do with making the stabilization fund a compulsory fund. I object to this and I am sure a number of the larger credit unions in the province do. The present stab fund under the present legislation is voluntary and any credit union that desires to become a member can do so and there is nothing to prohibit them from doing so. Under the new proposal we find that they're proposing two funds: one for the Caisse Populaire group and another one the fund for the credit unions in general; and while I have no quarrel with having the Caisse Populaire getting their own stab fund, they're certainly welcome to it in my opinion, I think we should make allowance for more funds rather than to limiting it to the two that are now being proposed.

Another point is that the election of the staff fund directors or the stabilization fund directors, under the proposition here they will be named by the two central organizations of each group and I feel that this should be left with the credit unions themselves probably at an annual meeting to decide as to who they like to have represent them and to give the credit unions who will be the members of the stabilization fund a choice in the matter and to leave the selection of their directors or trustees to these credit unions. There is also a point that should be raised here because not all credit unions belong to the league and therefore certainly members of some of the credit unions could not be appointed as a result by these bodies.

I noticed the Member for Hamiota the other day supporting compulsory membership. He is not in his seat at the present time. I'm just wondering how he would like to have his own business contributing to such a fund and probably supporting other businesses of that type with sloppy management. I think this is what it could very well lead to - that credit unions knowing that well if something goes wrong the stab fund will pay up. I don't like the idea at all because of what it can mean in the future. I think, as I already pointed out, our auditing system here in the province is not first-class and add the two together and in my opinion is not leading toward a healthy and sound business for the future.

Then too, I support a voluntary plan for several reasons and one would be that the costs of the business would be increased. If we are supposed to pay 5 percent of the net earnings to this fund this will mean that in short order this fund will have some \$2 million on their hands. It won't be long, it will be a large fund. I'm just wondering whether we won't have empire

(MR. FROESE cont'd.) . . . builders within that fund very soon and that they will find various ways and means of using up those funds and probably squandering them and at the same time this means a cut in the net revenue of the credit unions to be distributed to their members.

Then, too, I feel that certainly there will be regulations made under that stab fund and that there could well be other restrictions placed on the operations of the credit unions as a result. This is happening so often when you find operations of this type set up which just live off the revenue of other organizations, and I for one do not subscribe to it. Then I feel we have vested too much power in the Chief Supervisor and the Director of Credit Unions. When it comes to making a choice as to which fund you want to belong and if you do not desire to subscribe to either fund the Act makes it mandatory for the Chief Supervisor to decide on behalf of the credit unions to which fund they will belong. I feel this should be voluntary, that a credit union need not belong.

Then, too, we find that the levy that will be imposed on the credit unions is 5 percent of their net earnings or 25 percent of the statutory reserve portion that has to be set aside each year; and while 5 percent of the net earning can mean different things to different credit unions, those credit unions operating at 6 or 8 percent no doubt will have much smaller net earnings; those operating at 1 percent a month or 12 percent no doubt will have much higher earnings and consequently the contribution will be much higher to the stab fund, so that you can have great disparities between the various organizations as to the amount they will contribute and the percentage that they have to contribute to their assets. What can come about is that we can see a weakening to our organization and our structure and credit unions. There could well be a shift from share capital to deposits because under the Act the interest rate on deposits can be declared before the year-end and can be paid and this will reduce the earnings considerably so that you have very little left to distribute at the year-end and so that there would be a desire to go in for this and having to pay less to the central fund rather go into deposits so that the members can get almost all of their earnings before the year-end and before they have to declare a dividend. So this would certainly weaken the organization. I know this has already happened to some credit unions to a great extent, not because of this particular stab fund at the present time, but because of the maximum that they can pay in interest rate as a share dividend. There is a maximum there at the present time as to what the credit union can pay and because the maximum is too low for some credit unions they have their members switch their assets from the share capital to deposits and in this way they are then free to pay whatever interest rate they so desire and whatever interest rate they can pay from their earnings, which very often then is much higher than what they could — the maximum that they could pay on share capital and in my opinion this is weakening the credit union structure from share capital to the deposits. Share capital, as you know, Mr. Speaker, is the backbone of the organization. When it comes to borrowings and so on this is where the organization has its strength.

Then, too, I'm not so sure whether the Stab fund is quite as essential as some people are probably led to believe, because each year a credit union from its operations has to set aside 20 percent of its net earnings to the statutory reserve and this amounts to considerable money. I know in my particular organization that I'm well acquainted with, having a net earning of well over \$400,000, 20 percent amounts to a lot of money. This is \$80,000 in a single year. I note from the Director of Credit Unions' report or address that he gave in March, 1968, to the Annual Meeting of the Credit Union League that the credit unions in Maniobba have a reserve fund of 5.8 million at the present time. I'm not sure whether this was at the end of 1968 or when their fiscal year-end terminated, so that I'm not sure just when the calculation was made. But this is what he reported in March, 1968. This is a considerable amount when you consider the losses. We know that when we discussed earlier the Bill to change The Agricultural Credit Corporation to the new type of corporation that the government intends to guarantee loans like the Federal Government does in connection with farm improvement loans and under the farm improvement loan legislation, the federal legislation, the Federal Government guarantees 15 percent of the total amount out on loans and the losses certainly never go that high. The losses are very low actually, I think they're less than 2 percent and certainly when our present government considers that under the new proposed legislation for agricultural credit they are going to guarantee farm loans, the losses certainly will not be heavy in my opinion. And here I might also ask whether credit unions will be brought under this legislation, because I think they could perform a very useful service here because they are already engaged in the business, are making loans for different types of purposes in connection with agriculture and

(MR. FROESE cont'd.)... farming.

So that in my opinion, Mr. Speaker, the Stab fund isn't that urgent in my opinion and I don't feel that it needs the amount of capital that will be coming in as a result of the levy that will be made and I am not sure whether this will not lead to less responsible management in credit unions. Then, too, I might point out that under the requirements credit unions are bonded, many are bonded at 100 percent, so that they have a lot of coverage here if they could only realize when they do get into trouble. And here I already pointed out that I felt that the auditing department of the government was not doing a job and that whenever credit unions did get into trouble they were not able to realize under their bond. So that I would rather see that changes be made in the Government Supervisory Branch and that a chartered accountant be engaged to head the services.

Then, too, I should point out that under this proposed bill there are sections where adjudication is to be made and it refers the adjudication to the director. I feel this is wrong; this should not be the case. If adjudication is to be made I think it should be the Minister or some other appeal board. We already have too much of that in the Act where the director is called on to adjudicate or has the jurisdictions over different matters and it's more than I feel should be coming to him.

Then I would like to briefly touch on the matter of deposit insurance which is also contained in the Bill here for the central organization. Mr. Speaker, I'm concerned on this point, because when you bring in deposit insurance you are inviting federal inspection and I think it is the thin edge of the wedge of bringing credit unions under federal jurisdiction and I would not want to see this happen. I think they should remain as they are provincially chartered and under provincial jurisdiction. I would like to see this section removed from the Bill. I don't see what service it's supposed to render at the present time and if it is needed at some future time it can always be amended at that time. So I feel that this should be eliminated. It just would mean another cost to the credit union movement and would mean that the earnings would be that much smaller and that it would be that much harder to compete against banks and other financial organizations.

I have one further matter that is not contained in the Bill and I have drawn to the attention of the House on previous years, and that is that our public school legislation should be changed allowing school districts, divisions and so on to become members of credit unions - to purchase a share and to do business with credit unions. We have many organizations that are large and can well handle these accounts and they'd be only too happy to do so. In so many areas the teachers are members of credit unions and are using these services of the credit union so that I think it would be quite in tune to give the school districts and divisions the opportunity to become members and to do part of their business at least with the credit union and also give the members a chance to use the services in conjunction with it. I know in certain cases where they have circumvented the Act by a credit union giving a share to the district and in this way they became members and were able to operate and enjoy the services. But I think things should be done above board and that it should not be necessary to have it done in this way.

So, Mr. Speaker, these are some of the comments that I would like to make in connection with the Bill before us. I intend to bring in some amendments when we meet in committee to take care of some of the things that I feel that are not to our liking and especially I think the old Stab Fund sections should be deleted from the Act.

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

HON. HARRY J. ENNS (Minister of Agriculture and Conservation)(Rockwood-Iberville): Mr. Speaker, in closing debate on this Bill I should say at the outset that I recognize that all members opposite, I feel, are basically supporting the amendments before you. I don't mind also reading into the record that -- I don't know whether it's of any significance that as a bona-fide member of a credit union myself that I am in sympathy with a great number of the things that have been said. I would have to point out to the honourable members, and I think they are aware of the fact, that because of the legislation as exercised in this province we have had an enviable record of very few -- failures far and few between. We've taken perhaps the cautious approach and I suggest that we continue to take that approach because we are dealing with invested funds of, grant you in this case members, and we want to continue this policy. It's been satisfactory in the past, I think, as we evolve it; it's on that basis that we should carry on.

(MR. ENNS cont'd.) . . .

I think that statement probably covers a great many of the points that have been raised insofar as the honourable members opposite. Certainly I agree with the Honourable Member from Burrows when he suggests that the Act is in need of a complete revision or presentation of a new Act. It's getting very difficult to wade through the patchwork quilt of amendments upon amendments and it's becoming bulky to deal with. I believe I indicated in introducing the second reading, or introducing this Act at first reading that it's my intention to bring forward a new Credit Union Act at a time when we have the material before us. A fair amount of work has gone into developing this new Act. It would be my hope that I may be in that position in a coming session.

On the matter of whether or not the rural municipalities or the school boards, school districts, be in a better position to participate within the credit union movement, one of the problems is of course how do you make a rural municipality a member. Because I'm sure the Member from Burrows knows it is restricted — the area of activity of credit unions is restricted to membership, to shareholders -- and this is an area that's not within my jurisdiction but another matter as such.

On the question of the honourable member asking with respect to the audit service, again there is yes and no answers that you have to give to this. Certainly I am quite prepared to accept that the larger credit unions have arrived or achieved a degree of sophistication that do not require services from my department to supervise their auditing programs, are in a position to pay for competent independent auditors in the outside business community to adequately audit their books. On the other hand, there are many smaller credit unions, particularly, again in the Caisse Populaire movement where our auditors are in fact both beneficial to them from a financial point of view and where we would question whether or not they would avail themselves or indeed go to the expense of getting the degree of auditing if left entirely to their own. These are some of the growing pains that we have within the credit union movement, the fact that you have some very sophisticated financial institutions dealing with 40, 50, 60 millions of dollars -- and we have those kinds of credit union movements in Manitoba -- to the relatively smaller ones dealing in the thousands of dollars where this kind of independent audit just wouldn't be practical sense for them to engage in, and they lean and they look to our services that we provide in the department for this help.

The Honourable Member from Carillon he expressed some of the views of the, particularly the larger credit unions. Again I think basically I'm in agreement with much of what he said. I look forward to the amendments that we're introducing here that will give some greater degree of flexibility particularly with respect to the demand note situation. I know that this is being looked for within the credit union movement.

The Honourable Member from Rhineland made some specific charges with respect to our competency within the department re the audit services. I would have to refute them as of this moment because unless he is prepared to bring to me specific instances of auditing which he can show to me as being incompetent and indeed detrimental to the credit union involved, I can do nothing, but I know that the honourable member will feel free to do that if he feels that he wishes to do so and I certainly make the invitation open to him to do that. I'm certainly prepared to examine very closely any activities of members of my staff that he may feel are not providing up to a level, you know that the community or credit unions have a right to expect.

I'd like to deal just in concluding with the considerable time that the honourable Member from Rhineland spent on the Stabilization Fund. I think it's not correct his assuming that this is in any way an invasion of the individuality of credit unions, in the individual area of freedom to operate of the credit unions. I think it is merely recognizing a trend that we welcome generally within our financial institutions here in Canada, that is that the investing public be adequately secured. And as I indicated to him at first reading that this feeling that is prevalent in our community these days may well prove at a later date that credit unions be subject to the same regulations as other financial institutions are with reference to the Federal Depository Insurance Scheme. This amendment making it compulsory for all credit unions to in fact belong to a stabilization fund could well prove to be a very helpful one and beneficial one to them at that time when, particularly some of the smaller ones whom I'm sure the Honourable Member from Rhineland is concerned, for, are faced with very severe premiums that are meant for the larger financial institutions as we know them in Canada and would be totally out of reason or out of line or out of reach for some of the smaller credit unions to cope with. Through

(MR. ENNS cont'd.) . . . the compulsory membership in the Stabilization Fund it will be possible for the credit union movement as a whole to purchase a premium within the federal depository insurance scheme and thereby avoiding this difficulty.

Mr. Speaker, I am pleased to note the general acceptance of the honourable members opposite of the amendments that I've introduced with respect to the Credit Union Act and I look forward for their hasty concurrence at committee of third reading. Thank you.

MR. FROESE: Mr. Speaker, on a point of order. I think the Minister need only check the files of the Audit Department Branch to find out the number of credit unions that were jeopardized in their position or not collecting their bond because of the Audit Branch.

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

MR. SPEAKER: Bill No. 73. The Honourable Member for Logan.

MR. LYON: Mr. Speaker, before we proceed, It's now ten after ten. I understand there have been some discussions among the Whips as to the possibility of our sitting 'til approximately 11:00 o'clock. We have another 18 Bills. We've only passed four Bills tonight and if I could have some expression of opinion on this point we would be quite happy to . . . If I could have some expression of opinion from the Official Opposition Parties we would be quite happy to continue to get some more work done tonight until 11:00.

MR. MOLGAT: The proposition is to sit 'til 11:00 is it? No later than 11:00? I'd be prepared to give that a try.

MR. PAULLEY: How about a compromise no later than 10:30, Mr. Speaker. It's a very important evening -- politically and otherwise -- and I think possibly for the start off we did agree last week to meet Wednesdays and Thursdays until 11:00 o'clock. I think maybe 10:30 is enough. It's a long enough day. I must apologize for not being here for this morning but most of the members of the House were. I think 10:30 would be plenty long enough for this evening. I make this suggestion and I have the co-operation in this of the Honourable Member for Selkirk. . . --(Interjection)--.

MR. SPEAKER: I'd be just as happy to go now.

MR. LYON: I suggest we just carry on then, Mr. Speaker. We'll see what progress we're making around 10:30, quarter to eleven, 11:00 o'clock.

MR. PAULLEY: What is it going to be, because I'd like to know. This 10:15, 10:30, quarter to eleven, 11:00 o'clock business, it might be all right in law but it's not in practical politics. I'd like to know. I make the suggestion again no later than 10:30 - give or take two or three minutes, not half an hour.

MR. LYON: Bill 73.

MR. SPEAKER: Shall we proceed with Bill No. 73? The Honourable Member for Logan.

MR. LEMUEL HARRIS (Logan): Mr. Speaker, I adjourned this debate for the Honourable Member for Brokenhead.

MR. SAMUEL USKIW (Brokenhead): Mr. Speaker, there aren't too many comments that I'm going to make in connection with this Bill. My observations are mainly the fact that there is a great deal of power given to weed inspectors in the various districts as established and I recognize that the establishment of districts is certainly a permissive piece of legislation. But when you give people that much power I'm wondering, Mr. Speaker, whether we shouldn't have considered a clause providing for an appeal. That is, so that a person may appeal the ruling of the inspector if he feels that the inspector has not justly dealt with his case. I have confidence that most of our inspectors will be reasonable people, but I think it is not beyond one's imagination to expect that on rare occasions you might run into perhaps a personality conflict between people, between the inspector and anyone that has problems with weeds, and for that reason perhaps we could have had included in the Bill some provision whereby there was a way to appeal the ruling of a weed inspector.

The other point I wanted to make, Mr. Speaker, was I wanted to know whether the Minister might in his closing remarks define what he really means when he talks about "cleaning equipment" before it moves from one piece of property to another. Probably this is old legislation and maybe it had a lot to do with the old threshing machine and the racks that we used to have at one time and I could understand that there was a real problem with respect to the spreading of seeds and so forth. But I'm wondering whether this is applicable to the modern methods of harvesting in particular or whether indeed the Minister is implying here that every farmer must be equipped with a portable compressor on a truck and he must dust his machine

(MR. USKIW cont'd.)... off quite thoroughly to make positively sure that he isn't carrying the seeds of noxious weeds on to roadways or other property. I could see that if we were to accept this to the very letter of the law if you may that it could become quite a problem although I would expect that there would be a bit of discretion in this connection. But I would like the Minister to elaborate somewhat on that point. I notice that on Page 3, Section 4 (1) it tells us quite specifically that these machines must be cleaned before they leave a field and then further down it tells us something a little bit different, "that you mustn't move a machine without removing therefrom all noxious weeds." So in the one I don't think it makes that distinction whereas in the other it refers to noxious weeds only, and if one was to assume that there were no noxious weed seeds on his machine, he may assume that he may not want to go to the bother of having to sweep it off or what have you.

I just wonder whether the Minister might clear up those two areas that I think are important.

MR. SPEAKER: The Honourable Member for Seven Oaks.

MR. MILLER: Just one question, Mr. Speaker. With regard to the Metropolitan Winnipeg area, is it still going to be within the jurisdiction of the Metropolitan Corporation to look after noxious weeds or is it going to be left to the individual municipalities? Could he clear that up for me?

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I would beg to move, seconded by the Honourable Member for Wellington, that the debate be adjourned.

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

MR. SPEAKER: Bill No. 66. The Honourable Member for Lakeside.

MR. DOUGLAS CAMPBELL (Lakeside): Mr. Speaker, when the Honourable the Provincial Treasurer dealt with this Act, he was very brief indeed. I had the feeling that he was rather following the Biblical injunction to "Agree with Thine adversary quickly" because I thought he wasn't showing any disposition to get into too strenuous an argument regarding the merits of the proposal that he was putting forward. My honourable friend, the Minister, I am sure, told the truth and I'm sure he told nothing but the truth, but in the very brief review that he gave of the background of this legislation, he did not, in my opinion, tell the whole truth. That perhaps wasn't necessary and I know that there's frequently a disposition in the House to not waste too much time with what has gone before, but I think that it is necessary to an understanding of our situation at the present time to review the background a little more fully than my honourable friend the Minister did on the second reading of this Bill. It's interesting - and he mentioned this fact - that it's 21 years ago that the legislation which is now being amended, was put on the statute books, 1947. My honourable friend the Minister mentioned, Mr. Speaker, that at that time the provision was made that so far as the dead-weight debt of the province was concerned, what was defined as dead-weight debt, that a sinking fund program would be initiated of providing three percent of the amount borrowed which - it was figured by the financial people of those days and apparently agreed to since - would repay the debt in a period of 23 or 24 years. That was correct; that's what was done.

But the other part of the program - and that was an important part of it, Mr. Speaker - the other part of the program was not mentioned by my honourable friend because the other part of the program was to take care of the debt that already existed. At that time, 21 years ago, there was a total debt in the province of, oh something in the neighborhood of \$110 million, total debt, guaranteed and direct, and there were sinking funds at that time of something in the neighbourhood of \$20 million, so that at the time that this program was instituted there was a dead-weight debt of something in the neighbourhood of \$90 million. Well now, this program that my honourable friend speaks of, the provision of three percent of the borrowings from then on, was calculated to take care of the future borrowings for dead-weight debt purposes. But what was to happen with that \$90 million, Mr. Speaker? And so a program was program was developed to deal with it as well as the future borrowings. The reason was that we were just through World War No. II at that time; we knew that the programs that had been planned for and even during the war years were going to be implemented; we knew that the province was facing huge borrowing for rural electrification, for roads, for telephone extensions, both of which - all of which had stood waiting to a great extent during the war years, for the electrical industry reorganization and such many matters of that kind. So it was necessary to put the financial house in order, not only with regard to the future borrowings, but with regard to this

(MR. CAMPBELL cont'd.)... \$90 million of debt that was already accumulated. So in addition to this provision, for three percent annually of the total of the borrowings being set aside, which was calculated to retire each of the borrowings in approximately 23 years, in addition to that there was contained right in the legislation specific instructions to the government to take measures to retire the \$90 million roughly, of debt that was outstanding. And this was quite an important part, too, of the program of that time.

When I tell you, Mr. Speaker, that in the next 10 or 11 years that the government of that day paid toward the discharge of that dead-weight debt a total of more than \$60 million in that time, you will see that that amount of money, with the interest that was accruing on it, was starting to make a good impression on the dead-weight debt that was outstanding. When I say that in that 10 or 11 year period that more than \$60 million was paid on that back debt by the government that preceded this one, and that in the 10 years since then only approximately \$10 million has been paid for that purpose by this government, you would jump to the conclusion that I am trying to say that this government has not done its duty with regard to that debt situation. That wouldn't be correct, Mr. Speaker; that's not the point that I am coming to. The fact is that because of the large payments that were made into the fund during that time, those small payments of only \$10 million or thereabouts have completely filled the account so that that debt has been approximately wiped out by the subsequent payments that have been made.

Now, I wanted to give that background, Mr. Speaker, because I think it is important as one of the basic programs that was put into effect at that time - and I'm not criticizing my honourable friends in the government for the fact that the funds were becoming pretty well filled even by the time they took office and that consequently these much smaller payments that were made, were able to keep up the program. I think I must give my honourable friends credit for the fact that they have continued, so far as I am aware, and I believe we can take the Honourable Provincial Treasurer's word for this, that they have continued the three percent, the three percent payments on dead-weight debt borrowings since that time.

Now I come to this Bill, Mr. Speaker, and I notice two particular matters in it. The first is with regard to the savings bonds. I had planned on taking the time to read from Hansard - and I have the Hansard with me here - of an exchange that took place between the then Provincial Treasurer and myself, in Hansard, about the savings bonds when they were first ventured upon as a financial move by this government. I won't take the time to do that, but the fact was that the then Provincial Treasurer and Premier of the province took the position that this was a very forward step in the province's financing. I, being the pessimist I was, took the point that it was of doubtful value and I pointed out that it could easily be - particularly if Canada should come out with a savings bond program paying a higher interest rate than our savings bonds carried, or if interest rates in general were raised in the meantime - that we might easily face a very difficult situation in the Province of Manitoba with having to redeem a lot of these bonds.

Mr. Speaker, I mention that only to say that while I have not invariably been a good prophet, I think that in this case, I was a really accurate one, because the Honourable Provincial Treasurer has had to refund a very large amount of these savings bonds. Well, this is something that was bound to happen with the financial situation in the way it has developed, and now my honourable friend is presenting this legislation because he feels that the present legislation compels him to pay that three percent sinking fund per annum even on the savings bonds that have been retired. I must say that I don't agree with that point of view, because having read the Act rather carefully and reread it on a couple of occasions, it seems to me that Section 12, subsection 2 of the Act is, and has been, authority for the Lieutenant-Governor-in-Council to have exempted these particular securities from the operation of that provision; but I'm not critical of that because this method that my honourable friend has adopted brings it to the attention of the House rather than the action having been taken by the Lieutenant-Governor-in-Council and I'm a great believer in matters of this kind coming before the House. I would suggest to my honourable friend, the Provincial Treasurer, though, that he check that section of the Act to see if he would not agree with me on reconsideration that the power lay with the government to make that exemption if they had wished to do so.

The other important point here as I understand it, Mr. Speaker, is that we now make a special division, a cut-off as it were, and we say that once again, from here on in, we're going to start putting the new dead-weight debt in a different category from the old dead-weight debt, that on the new dead-weight debt, that we are going to continue to pay an amount of three percent

(MR. CAMPBELL cont'd.) . . . per annum on the original amount of the debt, but that the earnings of the sinking fund shall go into consolidated revenue and this combined with the exempting of the savings bond payment into the sinking fund on saving bonds already retired are the two methods by which my honourable friend apparently estimates that there is a saving to the province. I question if that is a saving in the true sense of the word but we don't need to argue about that at this stage. Certainly it is a lesser amount that will have to be paid at this time. Whether it is a saving in the long run is another question. I think it exemplifies, along with some other actions that have been taken by the government, that they are very much aware of the fact that the financial stringency has overtaken them and that they must be looking at ways and means of saving some money.

Well, I certainly have no objection, Mr. Speaker, to them doing that and to the extent that this Bill accomplishes something that the government feels will be helpful to it under these circumstances, I'm certainly not going to object to it being done, but I thought I would call attention to the part of the program that my honourable friend didn't mention before and that I would indicate in the committee stage, that perhaps I would engage my honourable friend, the Provincial Treasurer, whom I always listen to with a great deal of interest, in what might be termed a philosophical argument about whether you really save any money by postponing the day of reckoning or whether you save money by getting rid of the debt as soon as possible. It's not necessary for me to go into that now, Mr. Speaker, and of course I intend to support the passage of the Bill.

MR. SPEAKER: The Honourable Member for St. John's.

MR. CHERNIACK: Mr. Speaker, I was waiting to hear the Honourable Member for Lakeside and I enjoyed listening to his historical account. I don't know whether I am prepared to just sit back and wait until another occasion to debate whether or not there is a saving because it was the word "savings" in the budget speech that caught my ear and intrigued me because I couldn't quite understand how one saves money in relation to payment of a debt and indeed the word saving doesn't apply at all in my opinion. I think there is no saving. That doesn't mean that what is proposed is bad or wrong; it is just the acceptance of the time which it should take to retire a debt, that's all it is. Whether it be 21 years or 15 years or 30 years, there is a formula established which carries with it a cost factor in terms of interest and the fact that the government found that because of fortuitous circumstances such as higher earnings, higher interest rate earnings on the investments of the reserve, or because they were paying in a larger amount than the amount required to be set aside by the Act as it is now being interpreted by the Honourable Member for Lakeside, all that does is decelerate what apparently became an accelerated program. That's really all it is. The government found when it came into office, that the prior government had said, we want to pay this debt off over a period of so many years. The government 10 years later discovered that the program was being worked out so that it was paying off this debt in lesser years than was originally designed, so they are now pedalling back to get back to the original principle. I don't disagree with it, but the fact that it means less dollars today being paid out of the current revenue doesn't mean a savings of any kind at all and to the extent the word was used, I disagree with it.

Now there is one factor I would like to understand more fully. I've tried to, without the benefit of all the background material that the Honourable Member for Lakeside had, I was most pleased to be invited by the Honourable the Provincial Treasurer to engage in a discussion with him for half an hour or more on this Bill and on the background and in doing so he gave me a good deal of information that would have been difficult for me to acquire otherwise, so I do express my gratitude to him for assisting me in attempting to understand it, and yet I must tell him I have not yet reached the stage where I am fully conversant with the situation that has developed.

I understand the fact that we owe less money on savings bonds today than was expected in the normal course that would be owed because of the prepayments required by redemptions that were unexpected and abnormal. Yet the payments that were made for these redemptions in advance of time, came from somewhere, and I doubt if they came out of current revenue and I doubt if they came out of any particularly unexpectedly found sources. I suspect they came out of the reserve; and if they came out of the reserve then the reserve is short the amount which was paid on the redemption of these certificates or these savings bonds and does that then mean that some other fund was depleted earlier than expected in order to provide this? Now I don't know if I made clear what is doubt in my mind because since I am in doubt I cannot

(MR. CHERNIACK cont'd.) . . . really put across clearly just what the unexplained feature of this is, but I would say this, that I would hope that when we come into committee that we will have some sort of recap for the last 10 years showing annually the amount of debt as it increased and the amount of payments that were set aside and made into the reserve fund so that we can really appreciate the fact that this is really what's happening, that moneys borrowed 20 years are on their course of being repaid in this period of time, because one other way of financing is simply to borrow the money ahead and pay back what now falls due and not carry out this plan. So that this plan, I'm sure, is a good plan. So would a plan be good if it were designed to pay off sooner because in the end we would be paying less interest. But I think that we should get a fuller understanding of it. It is complicated and we should do it.

Now the other feature, the special reserve of course means that the government wishes to capitalize now on the higher earnings that are available beyond the amount which was planned as part of that amortization program some 21 years ago, at which time it was considered that three percent per annum earnings would be sufficient to liquidate this debt over that period of time, and since the earnings on this reserve would be greater now than three percent, and indeed were probably greater at all times than the three percent, that that excess of earnings will now annually form part of the general revenues of this province.

Well, again, it's taking from one pocket and putting into the other, and I don't really disagree with it as long as we accept the original formula, 21 years ago, which I think was-- was it a 24 year plan? Yes. That plan was there and it's as good as any other so by all means that's all right, but let us realize that by accepting that span of years as being the right span of years, we are now going to take advantage of the fact that if we put into the reserve the earnings that the reserve would itself earn, it would be accelerated, it would be paid off sooner. Instead of that, we're saying, we will invest the money in the reserve for the benefit of current revenue. That's really what this Bill is saying. Any benefit over the three percent, any benefit beyond that which was planned 21 years ago, will be taken by us as part of current revenue. And that's all right too; if that helps this government to say, we're balancing our budget, then goody for it. -- (Interjection) --

Now, something is not the case; I'm not sure what I said is not the case, but I've no doubt that the Provincial Treasurer will inform me.

HON. GURNEY EVANS (Provincial Treasurer) (Fort Rouge): Well, if it will help to clear the point, it's simply that we will not be taking into consolidated revenue any amounts in the sinking fund earnings up to the last 31st of March. It's only with respect to new debt created from now on.

MR. CHERNIACK: Well, of course. That's right. That's quite right. I didn't say anything that is in contradiction of the statement made by the Honourable First -- I'm sorry to say I can't call him "First Minister", the Provincial Treasurer, -- it doesn't contradict. He just points out, quite rightly, that the borrowings that have been made up to now are going to continue not to be tapped as in the past, but that any future borrowings after March 31st will be tapped in the way that I described it. So for the future it will be of help to the government that's in office for the time being, to get the benefit over and beyond that three percent amortization plan. I don't have any doubt that when one of the members of this party is a Provincial Treasurer, he will say, I'm glad that fellow thought of it; it eases the burden somewhat, and to that extent I'm sure we'll go along with it.

MR. SPEAKER: Are you ready for the question?

MR. FROESE: I was going to speak but the Leader of the New Democratic Party wants me to adjourn. So I move, seconded by the Honourable Member for Wellington that debate be adjourned.

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

MR. SPEAKER: Bill No. 87. The Honourable Member for Wellington.

MR. LYON: I think tonight, having regard to the special circumstances of the evening, that we perhaps should pay some more attention to what has been said by the Leader of the New Democratic Party with respect to the hour of adjournment than we might ordinarily do, by reason of the fact that this happens to be the wedding anniversary of that noble gentleman and his very charming and beautiful wife, Mary, and we, I'm sure, all take the occasion to wish the two of them many many more happy years together and remaining as a delightful couple and the delightful father and mother that they are.

MR. PAULLEY: I appreciate the -- I don't know whether it's condolences or

(MR. PAULLEY cont'd) congratulations of my honourable friend.

MR. LYON: Somebody said, Mr. Speaker, that's worth an extra twenty minutes any time. But tomorrow night, not being my honourable friend's wedding anniversary, I would hope there would be that agreement that we seek on all sides of the House to carry on with the business of the House because we still have 18 government Bills to receive second reading, we have 15 private Bills to receive second reading, in addition to all resolutions, government and private, and there are some who are optimistic enough to think that this can all be done by Friday. So I think with that goal in mind, if we set the reasonable goal that much can be done, but I think we will have to probably work a little bit longer than we have been up to the present.

Mr. Speaker, I beg to move, seconded by the Honourable the Provincial Treasurer that the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 9:30 o'clock, Wednesday morning.