

## LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Tuesday, May 28, 1974

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 75 students of Grade 3 standing of the Laura Secord School. These students are under the direction of Miss McMillan. This school is located in the constituency of the Honourable Member for Wolseley, Leader of the Liberal Party.

On behalf of all the honourable members of the Legislative Assembly I welcome you here today.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees. The Honourable Member for St. Vital.

REPORT OF STANDING COMMITTEE ON LAW AMENDMENTS

MR. D. JAMES WALDING (St. Vital): Mr. Speaker, I'd like to present the third report of the Standing Committee on Law Amendments.

MR. CLERK: Your Committee has considered Bills:

No. 6 - An Act to amend The Surrogate Courts Act.

No. 13 - An Act to amend The Boxing and Wrestling Commission Act.

No. 14 - An Act to amend The Amusements Act.

No. 15 - An Act to amend The Queen's Bench Act.

No. 36 - An Act to amend The Public Schools Act.

No. 48 - An Act to amend The Liquor Control Act (2).

No. 49 - The Child Welfare Act.

No. 62 - An Act to amend The Financial Administration Act (2).

And has agreed to report the same with certain amendments.

All of which is respectfully submitted.

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

MR. WALDING: Mr. Speaker, I move, seconded by the Honourable Member for Gimli, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: Ministerial Statements or Tabling of Reports; Notices of Motion; Introduction of Bills; Questions. The Honourable Leader of the Opposition.

ORAL QUESTIONS

MR. SIDNEY SPIVAK Q. C. (Leader of Official Opposition) (River Heights): Mr. Speaker, my question is to the First Minister. I wonder if he could confirm that there are structures still in place that are blocking the exit out of Lake Winnipeg water through Playgreen Lake?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Not to my knowledge, Mr. Speaker.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I wonder if the First Minister can indicate whether Hydro obtained rights under the Water Rights Act or rights or licence under the Navigable Waters Act to place the obstructions in the area of the exit out of Lake Winnipeg into Playgreen Lake.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, inasmuch as the structure that was put in place last year was a temporary structure to be removed by the end of the open water season, I rather doubt that a licence was required. In any case I will check to ascertain.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Yes. I wonder if the First Minister is in a position to indicate exactly what effect the placing the structure has in view of the increased flow that took place, and is still taking place, in Lake Winnipeg.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I think I will have to ponder the question: what effect did the structure have in view of the increased flow? One knows that the increased flow with

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(MR. SCHREYER cont'd) . . . . the spring run-off this year, which was near record, and the rainfall since spring runoff, which has been also near record everywhere in the drainage basin, that this in itself would account for the water level problem on Lake Winnipeg.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Speaker, the First Minister indicated to the best of his knowledge there were no structures still in place at this point, but I assume that he's not in a position to give that assurance. I wonder if he could obtain from Hydro and be able, and present in this House an assurance that the structures are not in place, or some obstruction does not still exist?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I can certainly do that, yes.

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. I. H. ASPER (Leader of Liberal Party) (Wolsley): Mr. Speaker, my question is to the First Minister. I wonder if he can indicate how long it will take before the reduction in retail gasoline prices, to be accomplished through the reduction of provincial gasoline tax, will take to implement? When can motorists look forward to the price reduction going into effect?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, that would depend on two things. Primarily the date upon which the bill receives Royal Assent and is put into effect. So if my honourable friend wants me to speculate a date I would say . . .

A MEMBER: It's up to you.

MR. SCHREYER: . . . approximately the 15th of June or the 1st of July. Really very soon after the time of Royal Assent.

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. ASPER: Does the government intend to introduce legislation to recapture the excess tax from the oil companies related to the price rise that was put through.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I believe, I understood the honourable member's question. The answer is, indubitably, because without that revenue there is no means, no basis for providing some measure, some modest measure of consumer price cushioning to the motorists. As I indicated in the House some time ago, it is the allocation, the complete allocation of revenues resulting from the application of a certain tax schedule to the incremental value of the oil, of the crude oil. It is that revenue which will be applied in total to the cushioning at the retail level of gasoline and diesel fuel.

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. ASPER: Yes, Mr. Speaker. My question is, has the government settled on what portion of the incremental price rise that was allowed to the oil companies, what portion will be left with the oil companies and what portion will be taken by way of tax, and is he in a position to announce that?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, my colleague the Minister of Mines and Resources will be proceeding with the bill that deals directly to that point some time this week.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Yes, Mr. Speaker, my question is to the Minister of Industry and Commerce or to the Minister of Labour. I wonder if they are in a position to indicate whether the government's been in any negotiation or any discussion with Air Canada with respect to the new overhaul base and the ability of those who had to leave Winnipeg to be in a position to come back if they so desire?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Well, Mr. Speaker, I think I should answer that question. There's been no direct negotiations between myself and my colleague that I'm aware of with Air Canada in respect of this, the return of employees. As I indicated a week or so ago, this is a matter of negotiations between the union, the international machinists, and Air Canada. They negotiated certain conditions when they left Winnipeg to go down to Dorval, and I would suggest the same process in reverse would have to be done at this stage.

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MR. SPIVAK: Yes, Well in view of the fact the negotiations between them at the time that they left for Dorval were to a certain extent assisted by the government, and by the government protecting their interests, and the government representing them in part of the discussion, I wonder if the government would now not consider it necessary to continue that intervention.

MR. PAULLEY: Well really, Mr. Speaker, I'm not aware of any assistance that the government of the day gave except to expedite removal from Winnipeg to Dorval.

MR. SPIVAK: I wonder if the Minister of Labour can indicate to the House and confirm that the government negotiated with the Federal Government who placed terms and conditions on Air Canada with respect to the negotiations for the employees, and which in fact altered the normal relationship that existed between employees being transferred from one area to the other.

MR. PAULLEY: No, Mr. Speaker, I cannot confirm what the government did. All I know is that in the final analysis it was done under a collective agreement.

MR. SPEAKER: The Honourable Member for St. Boniface.

MR. J. PAUL MARION (St. Boniface): Thank you, Mr. Speaker. I'd like to direct my question to the Honourable Minister responsible for the Manitoba Public Insurance Corporation. Has the private insurance industry failed to provide adequate services for Manitobans?

MR. SPEAKER: The Honourable Minister.

HON. BILLIE URUSKI (Minister responsible for Manitoba Public Insurance Corporation) (St. George): Mr. Speaker, I wonder if the honourable member can define "adequate"?

MR. MARION: Well, in view of the fact of the impending legislation, Mr. Speaker, what are the areas where the private insurance industry of Manitoba has failed Manitobans? Perhaps that's more specific.

MR. URUSKI: Mr. Speaker, from the many letters and comments that I have received from both agents and policy holders there have been areas of concern in the City of Winnipeg, in rural and northern Manitoba, with respect to the policies and conditions that have been offered. But to be more explicit I will be bringing in the bill for second reading, and I will be giving a detailed explanation at that time.

MR. MARION: A supplementary question, Mr. Speaker, to the same Minister. When he's tabling his report will the Minister also table his departmental evaluation which evidences the failure of private industry in the various areas?

MR. URUSKI: I've indicated, Mr. Speaker, that I will be bringing in information when I will be introducing second reading.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: To the Minister in charge of the Public Auto Insurance. The Minister indicated that there were many letters sent to him in complaints. I wonder if he could indicate to the House how many letters in number, a dozen, two dozen, five, four, how many letters?

A MEMBER: Two, three.

MR. URUSKI: Mr. Speaker, I would have to check my files. But I personally have received, oh I think, several dozen letters.

MR. SPEAKER: The Honourable Leader of the Liberal Party. The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder, is the Minister prepared to table those letters in the House? --(Interjection)-- Well, I'm asking, is the Minister prepared to table those letters in the House.

MR. URUSKI: Mr. Speaker, I'll give examples of the letters that were sent to me when I'll be opening my remarks, as well.

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. ASPER: Mr. Speaker, to the same Minister. Has he studied the report of the Fire Insurance Industry for 1973 for Canada which indicates that the companies suffered a loss on underwriting of something of the order of \$200 million dollars?

MR. SPEAKER: Orders of the Day. The Honourable Minister. The Honourable Member for Assiniboia. The Honourable Leader of the Liberal Party.

MR. ASPER: I take it that the Minister indicated that he had made - had read the study.

MR. URUSKI: I haven't read the study but I'm aware of it.

MR. ASPER: Well, Mr. Speaker, to the same Minister. In view of the results of that study, is the government projecting that it will lose money in the fire insurance business that

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(MR. ASPER cont'd) . . . it intends to enter in accordance with the bill before the House?

MR. URUSKI: Mr. Speaker, if there are not going to be projected losses but however should the premium income fall below any payouts or claims, then there will be a loss. I would ask - not mention whether the insurance industry has ever projected a loss prior to a year ahead in their business operations.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, my question is to the First Minister. Uncertain money market at the present time has resulted in a decline of housing starts nationally. Has the government any information of any decline in Manitoba, and how serious will the situation be?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, certainly the premise of my honourable friend's question is correct. We do have in Canada at this point in time a serious problem in terms of housing starts and in terms of housing costs. It obtains from St. Johns, Newfoundland, to Victoria, and we are no exception here. It's a matter of degree. I would think that in terms of relative costs of housing the escalation pattern has been at work here as well, but by degree perhaps not as severe as some parts of the country and more severe than other parts. We recognize that it requires some extraordinary course of action or additional efforts, and this is what we are attempting to map out.

MR. PATRICK: A supplementary, Mr. Speaker. Can the First Minister indicate to the House if the government has any plans to stimulate the housing construction industry? I mean residential housing. Can the Minister indicate what plans?

MR. SCHREYER: Mr. Speaker, as I have indicated, we are attempting to map out or plan out a course of action, but frankly, Sir, some of the problems that relate to the housing industry in terms of starts and cost are matters which no provincial administration will be able to grapple with to any tangible beneficial effect. Many of the symptoms really require national action. There are some that can be acted upon by provincial jurisdiction but that's limited.

MR. PATRICK: A final supplementary, Mr. Speaker. In view that the requirements for down payments now are substantially higher than they used to be, would the government give any consideration to making available second mortgage money?

MR. SCHREYER: Well, Mr. Speaker, we do have some ancillary programs. They are modest in nature; we have never presumed that they would be other than modest and ancillary in their impact. I say frankly to the honourable member that no province, and I mean no province, can presume to deal effectively with a problem that national government at this time seems to be paralyzed in terms of remedial action.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the Minister of Industry and Commerce. I wonder if he can indicate whether his department or the government have had an opportunity of studying a transportation study completed by the Federal Government called the McKinsey Report, completed in 1971.

A MEMBER: The Kinsey Report?

MR. SPIVAK: McKinsey Report - which recommended that Air Canada's operations be decentralized.

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I cannot recollect having studied that particular 1971 report.

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

MR. GEORGE HENDERSON (Pembina): Thanks, Mr. Speaker. I have a question for the Minister of Mines and Natural Resources. Is the Minister planning a further study of the water drainage problems in the Carman area for this year?

MR. SPEAKER: The Honourable Minister of Mines.

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, the drainage program of the entire province is reviewed on an ongoing basis and I can't tell my honourable friend what specific projects are contemplated in the Carman area, but I can get that information for him.

MR. SPEAKER: Orders of the Day. The Honourable Leader of the Liberal Party.

MR. ASPER: Mr. Speaker, my question is to the Minister of Agriculture. Has he now

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(MR. ASPER cont'd) . . . . considered and made a decision to bring legislation before this House at this session to restrict the ownership of farm land and recreational land by non-Canadians?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): I believe, Mr. Speaker, that members opposite have been canvassed as to submitting their names for a committee that will be dealing with that question between sessions.

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

ORDERS OF THE DAY

MR. GREEN: Yes, Mr. Speaker. Could you now proceed to the adjourned debates on second reading followed by the introduction of new bills on second reading.

MR. SPEAKER: The Honourable Minister doesn't want third readings?

MR. GREEN: No.

BILL NO. 58

MR. SPEAKER: Very well. Proposed motion of the Honourable Attorney-General, Bill No. 58. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I adjourned the bill for my colleague, the Member for St. Boniface.

MR. SPEAKER: The Honourable Member for St. Boniface.

MR. MARION: Thank you, Mr. Speaker. Well by and large, Mr. Speaker, this bill is one which should not bring about too much controversy. We have analyzed it carefully and it seems that the bulk of the recommendations or the amendments made are recommendations with which we can readily live.

There are a number of questions that perhaps, Mr. Speaker, we will be able to raise in Committee, but at this moment it would seem that all of the investigation that we have made would lead us to believe that by and large the bill will be improving the situation that we are presently living with. So, Mr. Speaker, with those very few comments I would say that we will perhaps add -- we'll let it go to committee and add further at that time.

MR. SPEAKER: The Honourable Minister - the Attorney-General will be closing debate. The Honourable Minister.

HON. HOWARD PAWLEY, Q. C. (Attorney-General) (Selkirk): Mr. Speaker, if there are no other speakers, I'd just like to make one comment before the bill goes to committee because there was one criticism of the bill and that was dealing with the area of referendum. The suggestion was made by the Honourable Member for Sturgeon Creek that the referendum ought to be binding upon any elected municipal council or group. Certainly one is faced with two conflicting points of view. There is the point of view that as many items as possible should be dealt with by referendum, by citizenry expressing their opinion through a referendum, and then their elected representatives being bound by the expressed wishes and views of the population as expressed through a vote. On the other hand is a very important basis I think of any democratic society, that those that are elected must assume responsibility for their actions and must not shirk responsibility by attempting to pass that responsibility over to referendums and other forms of opinion taking.

I think that there is some area in between. I think that elected representatives ought to be constantly aware of the views of those that they represent, and that means and avenues should be obtained in order to provide for a form of opinion-taking, so that when representatives do make decisions of substance that they will have before them the opinion of those that they represent. Up until now with the changes in the Act in 1970 there was no forum for opinion taking by which there could be a recovery of costs encountered by opinion taking. Under the provisions expressed through the amendments to The Municipal Act there is now that provision for referendum so that those which are involved at the municipal level in dealing with a matter can obtain the opinion of their constituents. But after obtaining the opinions of their constituents then the elected representatives are held accountable, as I think they ought to be held accountable, for making up their own minds from their own best judgment, including the results of the referendum and other material they have in hand, whether they proceed regardless of the referendum or not. And I think this is the way that it ought to be. I think that elected representatives ought not to shirk their responsibility, to avoid their

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(MR. PAWLEY cont'd) . . . . obligations to their constituents, and I think their constituents fully expect their elected representatives to sometimes make tough difficult decisions, often decisions that are not in fact supported sometimes by a majority of their constituents but decisions which on the basis of material in their presence would appear to be best in the long-term objectives of the municipality in which the elected representatives are responsible for.

So what the bill does is provide for opinion taking and still retaining the democratic responsibility that rests with elected representatives to carry out their own decisions in the ultimate sense, based however upon material that they will have collected from the referendum process. I think it's a good measure; it's one that has come here by way of resolution from the Union of Manitoba Municipalities, as was indicated within the notes, and I heartily commend this part of the bill to the House.

QUESTION put.

MR. MARION: . . . might I ask a question of the Minister?

MR. SPEAKER: The Honourable Member for St. Boniface.

MR. MARION: Thank you, Mr. Speaker. Mr. Minister, Section 9 . . .

MR. SPEAKER: Order please. We are dealing with principle at the present time.

MR. MARION: One of the principles evoked in the proposed amendments states that Municipal Government should be more concerned with environmental impact. However in reading Section 653 of The City of Winnipeg Act . . .

MR. SPEAKER: Order please. I'm sure the honourable member will have an opportunity to do that during committee. This is debate in principle.

QUESTION put.

MR. SPEAKER: The Honourable Member for Pembina.

MR. HENDERSON: Yes. Do other provinces do this the way that you're planning to do it? Do they have a referendum and then not follow what the people say?

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Mr. Speaker, first the question is really not accurate in the reflection that it casts. The reference to other provinces in respect to referendums, there is a variety of methods and in some provinces municipalities do in fact have the referendum which is binding upon the municipal elected councils. In other provinces, there is no referendum whatsoever. The trend, I should tell the Honourable Member for Pembina, is away from the referendum system.

QUESTION put and MOTION carried.

BILL NO. 70

MR. SPEAKER: Bill No. 70. The proposed motion of the Honourable Minister of Agriculture. The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Stand.

BILL NO. 64

MR. SPEAKER: Bill No. 64. The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q. C. (Minister of Finance) (St. Johns) presented Bill No. 64, The Treasury Branches Act, for second reading.

MR. SPEAKER: The Honourable Minister.

MR. CHERNIACK: Well, Mr. Speaker, I don't intend to take too much time of the House at this stage in introducing this bill. I think that there will probably be some debate and that I will be in a position to respond after I will have heard comments of members of the House in regard to the principle in the bill before us.

Honourable members must be aware that during July of last year at the Western Economic Opportunities Conference the western premiers jointly and unanimously recommended that the Federal Government be urged to amend The Bank Act so as to allow provincial governments to own voting equity in chartered banks, and to exempt provincial governments from the legislative restrictions which limits ownership by any individual shareholder to ten percent of the total outstanding share capital of any one bank. Well to date there have not been any amendments to The Bank Act and honourable members --(Interjection)-- The Liberal Party is now speaking on behalf of its senior partner, pointing out the excuse for that fact, and they will no doubt elaborate on it when they speak.

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(MR. CHERNIACK cont'd)

But there was an undertaking by the Prime Minister and by the Minister of Finance that there would be amendments made to The Bank Act; this undertaking was not one that satisfied the provincial premiers but nevertheless it was a step in the direction which the premiers had indicated was desirable, and we look forward to considering provincial action resultant upon the passing of any amendments. However as I say there have been no amendments. Meanwhile over some years now we have been studying the Treasury Branch system which exists in the Province of Alberta and in the Province of Ontario, with a view to seeing whether or not it could be a useful function for the citizens of Manitoba in their banking needs and uses within the Province of Manitoba.

The branches in each of the two provinces I've mentioned operate somewhat differently, and we have yet to study the detailed differences to determine the role which our Treasury Branches would follow. But nevertheless we've decided to introduce the Treasury Branches Act to enable the province to operate near banks or Treasury Branches within the provincial boundaries. These Treasury Branches would be financial institutions which would be designed specifically to meet the particular financial needs of Manitobans.

There are of course a variety of functions which near banks could perform such as providing bank type services to residents of isolated areas, particularly those which are not now served by the chartered banks. Essentially an agent of the Treasury Branch could accept deposits, pay interest, rent safety deposit boxes, make loans, and process security for the loans. It could also ensure that the savings as well as the profits earned on the savings of Manitobans are invested in the Manitoba economy and are not shifted elsewhere, be it to another part of Canada or to the world at large; under the Treasury Branch system, these profits would be retained in Manitoba.

It could facilitate financial dealings between individuals and groups and corporations and the Province of Manitoba; it could be the agent of the province in the sale of bonds; it could be the agent in the collection of fees; it could act as the financial relationship between individual Manitobans and the Province of Manitoba. It could ensure that adequate funds are available to Manitobans at competitive rates, especially in rural and northern communities which have traditionally been hardest hit by the tight money policies of the chartered banks; and it could infuse a degree of competitiveness into the banking system which is now practically non-existent.

As was stated at the Western Economic Opportunities Conference by the western premiers, and I quote now from the paper that was submitted and discussed: "The oligopolistic position of the Canadian chartered banks results in higher interest rates than are justified, a more conservative lending attitude and less flexibility in their lending policy." May I point out, Mr. Speaker, that it's of interest to note that in the last few years there have been two new banks chartered in Canada but there have been actually combinations of three banks, resulting in the net loss of a national bank in Canada. The mergers that have taken place, Toronto-Dominion, Imperial and Barclays, and Commerce-Imperial, actually eliminated three independencies of banks, whereas we have the establishment of the British Columbia bank and the Unity Bank.

I think it's quite clear that there is competition. I find that there is competition in the banking industry; it has little to do with rates, Mr. Speaker, it has more to do with service. It has to do with -- well I do recall that the City of Winnipeg came up for grabs -- was it last year? -- and there was a change, so it means that there was some competition. But in the main, and mostly as it affects smaller businesses and smaller enterprises in the province, there's really very little competition. --(Interjection)-- The Member for Pembina who no doubt will speak on the matter in debate questions the role of credit unions, and that is one role that we will discuss very carefully.

May I just say in passing that I had certain discussions in relation to a credit union bank with people involved, and responsible people involved in the credit union bank proposals last summer and fall, and I then received the definite impression that they wanted a bank because banking was a very good business to get into. Every bank in Canada has made very good profits; every bank in Canada had increasing profits, and the credit union people I spoke to said, now that is the kind of a business that credit unions should be in, in the banking business; not just the credit union business but in the banking union business. And of course that is their right. Surely one wouldn't question it. When I questioned as to their purpose, their motivation,

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(MR. CHERNIACK cont'd) . . . . and was told that it was very good business to be in, then I thought, well if it's good business for them to be in, and since we are believers, we in this House have believers in the system of competition, then the addition of a competitive bank would be all the better for the people in the Province of Manitoba.

But I must say, Mr. Speaker, and I'm still answering the Member for Pembina, and I'm doing that quite seriously, that it's only more recently that I've had some discussions with people in the proposed bank when I received from them the - stronger than impression - a statement that they were really interested in paying higher rates for deposits and charging less interest for loans. Now if that truly proves to be the case, then there will be an incentive to assist the credit union movement more than the banks, if indeed it will be better for the consumer in Manitoba - I mean the user of borrowing and depositing facilities in Manitoba. You know, it's one way or the other, Mr. Speaker. Either there are very high profits to be made, or if there are high profits to be made, then those profits could be passed back to the people from whom the profits are made, which is either the depositors or the borrowers, and either way it's desirable. At least the Member for Lakeside, who speaks fairly often on his feet, does speak much more often when seated, and because he is so diminutive he has trained his voice to bellow out, and therefore if he wants to ask a question I would of course be agreeable to it.--(Interjections)-- Well in line please. I now have three. But if he just wants to interrupt, then I would try to ignore it. I now have, Mr. Speaker, I have the Member for Pembina, the Member for Minnedosa, and the Member for Lakeside, in that order, and providing I have enough time, I will invite questions from all three.

MR. SPEAKER: I am certain if the Honourable Minister of Finance would probably face me he'd have less difficulty with the members from across the other side.

MR. CHERNIACK: Mr. Speaker, I have watched certain members opposite - I won't bother to name them - who don't really, well they face you, but they look above you and they make their speech over your head rather than to the members of the House. Now that has happened, Mr. Speaker, and rather than be accused of ignoring my colleagues in the House and speaking to the members of the news media, I would rather face them directly and speak directly at them, than speak directly facing you. Nevertheless you have a good point and there are occasions when I should take advantage of the advice you've given.

MR. SPEAKER: The Honourable Member for Pembina.

MR. HENDERSON: Yes, I'd like to ask the Minister of Finance would it be his intention to open a Treasury Branch in a centre such as Steinbach or Morden where they have large credit unions?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Yes, Mr. Speaker, it's an important question, and it is one which I can only answer by saying that no branch will be opened unless it is visibly apparent that it will be a service and will be worthwhile to do it. Now I would think that - now I don't know, I don't know the operations of the credit unions in the towns or places mentioned by the Member for Pembina, so I won't say anything about them. But I will say that I have run into some credit union branches which do not operate in the interests of the community and others that do extensively, and where they do then I don't see any point in stepping in, and where they don't then I do see a role that can be played.

My impression of the area in Steinbach, in what other?

A MEMBER: In Morden.

MR. CHERNIACK: . . . in Morden, my impression is that they operate credit unions which are operated in the best interests of their membership, and I would not want to destroy that at all. On the other hand of course they do believe in competition as being something worthwhile and if they do, like the banks, then it may be that it would prove worthwhile. But it would have to be on the basis of a proven review, review proven to make it worthwhile so to do.

I'm going to permit the Member for Minnedosa to ask me a question, but not quite yet, because I'm talking about his favourite relationship with the banking system and no doubt he has a completely objective and independent view on how banks operate, and that should be very useful for us to hear.

Well let me just mention the agreement that the banks have that they have arrived at, and may I say with the Federal Government. I do not believe that the Federal Government has been too helpful in the manner in which the opportunities of Canadians to get the best of service out



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(MR. CHERNIACK cont'd) . . . . of the banking system, I do not credit the Federal Government with a far-seeing view on that. I think they've been extremely restrictive; they've been both restrictive with the banking system, and they've also been very co-operative with the banking system, which makes it possible both ways for the bank to have certain benefits maybe which they've never asked for. But in June of 1972 the banking system, together with the Federal Government, made an agreement establishing a ceiling on the interest rates that they would pay for wholesale deposits up to 364 days. I think they've even given it the appellation of the Winnipeg Agreement. Is that correct? Yes. And by that agreement they have actually arrived at an understanding that they will not pay more than a limited amount for moneys on deposit. But you know, and we all know, that the banks are not restrained in the charges they can make for money they loan, and that in itself may be a simplistic answer to the fact that they are making money hand over fist, and have been in the last couple of years. But I don't resent that so much as long as they are taxed properly, which they're not being taxed by the Federal Government system; as long as they were taxed properly I would not resent that. Nevertheless, I would think that all Manitobans would like the opportunity to have their own bank in their own province, near bank I should say, in their own province operating in their interests since they will be the shareholders and there would then not have to be any conflict between the interests of the shareholders and the interests of the customers.

The Member for Minnedosa wanted to ask me a question.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): It was just a clarification, Mr. Speaker. There will be lots of questions that we can ask in debate rather than get into them now, but did I understand the Minister correctly a little earlier where he said that they would be allowed to pay more for deposits than they charged for loans. This just doesn't seem to be economically possible if you're going to operate a . . .

MR. CHERNIACK: If I said that then I really was not thinking clearly because obviously, obviously, I could not have meant that and - well if I said it, I don't question the Member for Minnedosa. I would be disappointed to think that this early in the morning I'm already making such a major mistake. On the other hand I'd be disappointed for the Member for Minnedosa to think that this early in the morning he couldn't hear well. So as between you, we are both in agreement that you have to charge more than you pay in order to justify your existence for any length of time.

Mr. Speaker, the particulars of the implementation of any treasury branches, or how many treasury branches, or where treasury branches, will be awaiting the recommendation of the task force which has been established within government to bring in these policy recommendations of developed program design in the following areas: the appropriate size of the treasury branch system, the proper scope of lending activities and the relationship of the treasury branch system to the Manitoba Development Corporation; which is in the lending business, the legal and the operational relationship between the treasury branches and the Department of Finance, the relationship to the credit union movement, and of course any other topics of policy importance.

I should say, Mr. Speaker, as a matter of information that the Manitoba Act is patented after the Alberta legislation. Like the Alberta--(Interjection)--the Member for Lakeside will not be invited to ask me a question if he interrupts. Like the Alberta system which has operated successfully for approximately 35 years, the Manitoba treasury branches are empowered to accept deposits, to make loans and investments, and purchase goods for resale. In large measure the treasury branch system can function as a publicly-owned bank. So it is perhaps worthy to highlight the fact and to point out that these treasury branches will function much like a Crown corporation. The revenues and expenditures will not be incorporated into the Consolidated Fund of the province but will be managed out of their own treasury branch deposit fund. They'll also present yearly audited financial statements in the public accounts as do other Crown corporations.

Mr. Speaker, I think one of the major differences between Alberta and Ontario - and I don't believe that it's attributable to the fact that they are both Conservative provinces because probably the treasury branches in Alberta were formed under a, well either the Social Credit or whichever preceded them, and that being so long ago I just don't really remember who preceded Aberhart. But in any event the Alberta treasury branches do operate a separate function

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(MR. CHERNIACK cont'd) . . . . entirely, whereas in Ontario the treasury branch moneys flow into and through the Consolidated Revenue of the Province of Ontario. It is our proposal to follow the system more closely to that which exists in Alberta. In Alberta of course they've been in existence for many years, and they do show substantial annual profits. I do not forecast, nor seek particularly, to have substantial profits through the treasury branches; I am hoping that the system, that their existence will be justified by the service they offer and the competition they provide in the financial field.

Now, Mr. Speaker, I have concluded my remarks. I think the Member for Lakeside - I think he indicated he would like to ask a question, and of course I would accept a question from him.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): The Minister in his remarks indicated that the profits of the treasury, or proposed treasury branches, would be distributed back to the people much in the same manner as the profits for the Autopac Corporation, the Crown corporation would be, and I was just simply asking the question whether he anticipates the same level of profits as we have experienced in the Autopac corporation as of late.

MR. CHERNIACK: Mr. Speaker, I would certainly elaborate on what I said. I certainly did not say that the profits of the treasury branches would go back to the depositors. The reason he quoted me as saying that is because he wanted to make a little speech which he made in regard to Autopac. So having misquoted me he was then able to ask a question, which again denies the statement that the profits of Autopac would be returned to the auto insurance people. I do not believe we ever talked about making profits. We talked about reducing the costs, the premiums, and in fact, Mr. Speaker, we certainly have done that. The fact that premiums have risen is only an indication of the fact that everywhere premiums have risen because of increasing costs. But they have certainly risen less than in the private industry, or would have existed. Therefore, Mr. Speaker, it is wrong to both misinterpret what I said this morning, misinterpret what was said at another debate, and to use it differently.

Now, Mr. Speaker, the Leader of the Opposition is in a good mood this morning, he is starting to insult at only 50 minutes after we've started, which is a little early because he could have started earlier and restrained himself.

Mr. Speaker, the Autopac like Hydro is denied the right to make a profit to pass on to its shareholders, and by the same token it operates on the basis of charging the rates related to its costs, which it is doing, and may I say that the Crown agency such as was mentioned in the question period of an insurance company may appear to be necessary if only to show that the private insurance industry, as indicated by the Leader of the Liberal Party, is in a disastrous way having lost, did he say \$200 million. It certainly needs some straightening out. If we can't rely on private enterprise to operate at least an operation that surely there is a . . .

MR. SPEAKER: Order please. I hope we can avoid the insurance debate under this bill.

MR. CHERNIACK: Well I'm speaking more specifically about treasury branches. I would say clearly that if the banks are showing that by a combination of this oligopoly they are able to produce the kinds of profits that they have carried out, then certainly that's another role for government to play to cut down the profits.

#### INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 24 students of Grade 5 standing of the Robertson School. These students are under the direction of Miss Schroeder. This school is located in the constituency of the Honourable Member for Inkster, the Minister of Mines and Resources. We welcome you this morning.

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MR. SPEAKER: Let me indicate before I allow any more questions, I will entertain questions of clarification, not like some of the ones we've had previously. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, yes I do have a question. The Minister is very cooperative this morning, and perhaps I can ask him at this time - he indicated that the services that are provided by the credit unions - I wonder if the Minister can tell the House if he had

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(MR. PATRICK cont'd) . . . . any discussions or negotiations with the Federation of Manitoba Credit Unions to see if they would provide the type of service that already they are not providing at this time.

MR. SPEAKER: Order please. That question is opening up some more debate, and it's out of order. I ask for the co-operation; I don't receive it. I'm not going to recognize members that play that trick on me. The Honourable Member for Pembina.

MR. HENDERSON: Thanks, Mr. Speaker. I'd like to ask the Minister if in an area where there was banks, credit unions, and treasury branches, if public utilities could be paid at any one of these, or would they have to be paid at just the treasury branches?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, that would be a matter to discuss with the utilities, and the honourable member is making a suggestion which is being noted and will be considered. Mr. Speaker, no decision has been made along those lines.

MR. SPEAKER: The Honourable Leader of the Opposition.

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

MOTION presented and carried.

MR. SPEAKER: Bill No. 67 (Stand). Bill No. 69 (Stand). Bill No. 72. The Honourable Minister of Mines.

BILL NO. 72

MR. GREEN presented Bill No. 72, an Act to amend The Clean Environment Commission Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

MR. GREEN: Mr. Speaker, the main thrust of this particular bill is to enable the province to implement a program that I believe is new in the environmental field, although it's not new in concept as it relates to urban renewal or other matters of that kind. But I do believe that it is new in the environmental field. I am not saying this, Mr. Speaker, from any position of attempting to demonstrate some farsightedness on the part of the branch, the department, or the government. The reason that this program is being suggested comes rather from necessity rather than invention or original thought. And that is not unusual since necessity has often proved to be the mother of invention as the cliché is often stated.--(Interjection)--You never heard that before.

MR. CHERNIACK: It's probable who the father was.

MR. GREEN: Now, Mr. Speaker, the problem we experienced, and which came up from time to time in the House, was of the following variety: that a particular land user was using his land in a perfectly normal and legal way. That could result either from the fact that his land was being used before any sound planning practices had come into existence, and therefore was a prior user and was entitled to continue; or because the use of his land, despite the fact that it was carried on in accordance with the best environmental practices, did constitute a nuisance to others, and this resulted, Mr. Speaker, in applications to the Clean Environment Commission respecting such uses. The Clean Environment Commission issued orders from time to time dealing with such users which tended towards the restriction of that particular use of land. And I do not fault the Clean Environment Commission for doing this; I think that they were trying to implement the spirit of the Act, which was to prevent people from utilizing the environment in such a way as to cause contaminants to enter either the land, the air, or the water; and where such contaminants did enter the land, or the air, or the water, and an issue was created by virtue of others who were also users of the natural surroundings, that the Clean Environment Commission tried to deal with the matter in such a way as to abate the contaminants from appearing.

But, Mr. Speaker, the fact is that there are certain things that cannot be carried on given the best environmental practice without the creation of certain things which may fall under the definition of contaminants. I think the best way of describing the situation, or indicating the situation, is to take two examples which actually occurred. One of them was mentioned by the Member for Morris several years ago in the House, and that related to the operation of a hog ranch.

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(MR. GREEN cont'd) . . . . .

Now, in this case, Mr. Speaker, the hog ranch was operated on land which was zoned for the purpose. In other words, it was agricultural land, which permitted the operation of a hog ranch by the zoning bylaws of the particular municipality in which it was concerned. In the same municipality residences were being constructed, had been constructed for some period of time previously, and as the city grew greater it became more and more a place for residential dwelling. So that you have the incompatibility, not from the point of view of physical use, but from the point of view of convenience you have the operation of a hog ranch in a manner which from environmental standards, known standards, appears to be the best way of operating a hog ranch, or at least a reasonable environmental way of--or properly in accordance with proper environmental practice for operating such a ranch, with people complaining because it happens to be in their vicinity. And the real complaint, Mr. Speaker, is not related to a bad environmental practice, it relates to the operation of a hog ranch, and I welcome the honourable member's advising me, because my department has not been able to advise me how it is possible to operate a hog ranch without any odour coming from the hog ranch. So, with the best environmental practices there is bound to be some odour from a hog ranch.

And the important feature of this operation is that it is on land zoned for the purpose. Therefore operating lawfully, and operating in such a way as to comply with what are known to be, or thus far known to be in any event, the reasonably satisfactory environmental practices, and yet, Mr. Speaker, the creation of a nuisance for the people who live in the immediate vicinity; and if the vicinity develops in such a way as to become more and more urban, of course the nuisance becomes more and more aggravated.

Now, in one such case, Mr. Speaker, the Clean Environment Commission issued an order making it in effect impossible, or not impossible, but uneconomic for the continued operation of the hog ranch, despite the fact that the land was zoned for the purpose, and despite the fact that it was carrying on reasonable environmental practices. That order was contemplated for quite a long time and I concede to the honourable members that it was not dealt with expeditiously; it was not dealt with quickly because the problem was a serious one, and one which could not be quickly dealt with. Ultimately the order of the Clean Environment Commission was reversed and the man was permitted to continue the operation of the hog ranch on land which was used for the purpose.

To give another example, Mr. Speaker, which is possibly more comprehensible to urban dwellers, there are many places in the City of Winnipeg where people have built prior to the enactment of any sound zoning practices. Therefore there are sometimes anomalous situations where you have light industry, or even approaching medium or heavy industry, situated within areas which have become totally residential. An example of that, Mr. Speaker, is the Prairie Foundry, which again was a case of this kind, although in the Prairie Foundry case the operation was not operating in accordance with acceptable environmental standards. But let's assume for the moment that it was. It was on land zoned for the purpose. It existed, the original foundry existed since 1906 when there were no zoning laws, then the community grew up around it but the foundry was still there.

Now, Mr. Speaker, when the Clean Environment Commission issued an order which said that the foundry would have to meet certain standards, that did not satisfy the people in the area, because as far as they were concerned they did not want a foundry in that area at all. Despite their wishes the fact is that the foundry was on land zoned for the purpose and had a right to continue, provided it adopted environmental, proper environmental standards. Therefore, Mr. Speaker, we envisaged a continuous problem, and one which is not easily correctible, a problem of incompatible land uses, each of which is legal, and each of which operates in accordance with sound environmental practices. We did not believe that it was the role of the Clean Environmental Commission in such cases to impose a standard which was more onerous, or more restrictive, because it happened to be in an area where other people were not happy with the existence of the incompatible use.

That was not a consideration which we felt the Clean Environment Commission should take into account. Because if a man buys property zoned for the purpose with which he wishes to use it, proceeds to use it for that purpose, proceeds to adopt every environmental practice which is satisfactory, then we did not feel that the Clean Environment Commission should be the one that says that that should be more restrictive. We issued a policy statement in that

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(MR. GREEN cont'd) . . . . connection, Mr. Speaker, last fall, where we indicated that that was going to be the policy of the Manitoba Government, and that coterminus with that policy we were going to introduce a new environmental program. The new environmental program is basically now being carried through in the hopes--and it is my hope that this legislation will commend itself to the House and that it will carry through this particular program, which briefly is as follows:

That where there--and it only applies where, and I want to underline that--it only applies where the land use is lawful, because if it's not lawful then it cannot continue regardless of the Clean Environment Commission or anybody else.

Secondly, it only applies where the environmental standards are being followed, because if the environmental standards are not being followed then the Department of the Environment, or the Clean Environment Commission can require it to be followed, and it only applies where the municipality is willing to engage in a program for relocation.

On this assumption, Mr. Speaker, that if you have a municipality which has permitted a certain land use which is incompatible, and the people in that municipality no longer wish the continuance of that incompatible use, because it is an inconvenience to them regardless of the lawfulness of the use, then the people in that municipality have to assume some responsibility for the relocation of that problem. It is one which is completely lawful. It affects a taxpayer within that municipality, and if it is to be changed, the municipality, the people who are complaining, have to be willing to participate in the problem. Now, Mr. Speaker, they don't have to, this is a point that I made to the Honourable Member for Morris who had some comments on the program when it was immediately announced, it is a completely optional program; it is not something which we are requiring anybody to do. Sorry. It is not something that any municipality is required to do, and it is not something, Mr. Speaker, that we are indeed going any further than making available a means of dealing with it. Because at the present time, Mr. Speaker, they are unable to expropriate the property because they don't happen to like it, and I think that that is a satisfactory situation. And they are unable, Mr. Speaker, under any grounds other than straight, I suppose, negotiations, to deal with such a situation.

Under the new law that is being proposed, what will happen is that somebody would go to the Clean Environment Commission, that applicaion can be made--my recollection is that the application can be made by the municipality, possibly by a--no, I think it's by the municipality, yes. They can apply to the Clean Environment Commission to make a finding that the use is in fact incompatible. The Clean Environment Commission then conducts a hearing, and the public is of course invited to participate in the hearing, and each person is entitled to make their position. If the Clean Environment Commission finds that there is an incompatibility, then the municipality is entitled to enter into an arrangement with the province whereby the province and the municipality through 50 percent net funding will find another place, relocate the industry, or the land user, that is creating the problem, and become the owners of the land. And when I say the net price, the total cost of relocation would of course be reduced by the amount which the land could be sold for, and that the province and the municipality can make an agreement for sharing the net price.

Now, Mr. Speaker, that is the thrust of this legislation and may I emphasize that it is permissive legislation, it is not compulsory legislation. We are doing it in an effort to give an avenue for dealing with this problem, because the existing situation, Mr. Speaker, leaves the matter without remedy. I'm not suggesting that this means that all of these conflicting uses will immediately be dealt with, and my inclination is to think that that would not happen. As a matter of fact, Mr. Speaker, the way the province has indicated that it will deal with it, is that it would deal with it on a priority basis. It is not an open-ended situation. It does not mean that if the City of St. James wanted to move the International Airport, and said that this was an incompatible use and it cost \$50 million dollars, the province could refuse to say that it is going to participate in the program. Pardon me?--(Interjection)--Yes. It is a permissive, it is a permissive program. It is one which we hope could deal with some of the types of situations that have arisen. The policy statement was sent to the various municipalities. I have had no knowledge of any adverse comments, and some have indicated that they--at least one to my knowledge has indicated that they would like us to start looking at a particular program.

So that is the main thrust of the legislation, Mr. Speaker, and I certainly would welcome

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(MR. GREEN cont'd) . . . . the comments of honourable members with respect to it because I believe it is new. I believe it is a problem which has perplexed me personally, and has, I'm sure, caused some questions to rise in the minds of honourable members from time to time. Because, Mr. Speaker, the fact is that at the present time we have uses - I think, one of the honourable members on the other side indicated that the Clean Environment Commission was running around telling non New Democrats to close up their businesses . . .

A MEMBER: Right.

MR. GREEN: I, Mr. Speaker, have no knowledge. I asked the honourable member if he could inform me of such cases. There are many cases where, particularly in rural Manitoba in the vicinity of towns, where we have had strong complaints, and one is in Carman that I can recall, in the area of Carman; another one in the area of Richer, where people have complained strenuously to the establishment of certain livestock operations. The department has continued to take the position, Mr. Speaker, that the land on which these operations are being conducted permit that type of operation, and we cannot tell people that they are not permitted to use their land for this type of operation merely because it is unsatisfactory to a neighbour. The fact is that there are cases, and will continue to be cases, where I suppose one neighbour doesn't like what the other is doing and vice versa, but we are trying to maintain the rights of each of the parties concerned.

Mr. Speaker, the other sections of the legislation are largely administrative. In one case we are trying to lessen the load of the Clean Environment Commission by indicating that where a proposal complies with regulations, it can be approved of by the department who will then refer it to the Commission, which could conduct a hearing on aspects not dealt with in the regulation, but that the initial proposal can go to the department to see whether it complies with regulations rather than going directly to the Clean Environment Commission. So that where regulations are enacted by the department as applying to everybody, it is hoped that in this respect applications which cannot be the subject of contention would not have to be processed through the hearing procedures of the Clean Environment Commission.

Those are the main aspects of the legislation, Mr. Speaker. I commend them to the members of the House, and await your comments.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSON: Mr. Speaker, I wonder if I may ask the Minister a question. He referred to Springfield--well not by name, but I don't think it's any secret, Springfield Hog Farms--and he mentioned that the government issued a directive last fall in connection with the problem that arose as a result of the operation of that hog ranch. Am I to understand now that what is being put into legislation is the directive that was issued last fall; and if that is the case under what authority was that directive issued last fall, if it is now just being enacted?

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Well I think that the honourable member has misunderstood me. What we did was - the authority of the government relative to Springfield Hog Ranch was the right of the Lieutenant-Governor-in-Council to get an appeal from the Clean Environment Commission, and the government decided that appeal and permitted the hog ranch to continue. We then issued a policy statement, not a directive - there was no law involved - we issued a statement indicating that at the next session of the Legislature, which is now, we intended to bring in legislation which would enable such a problem to be dealt with by the community concerned and that's what we're now doing.

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

MR. HARRY E. GRAHAM (Birtle-Russell): I wonder if the Minister would entertain another question?

MR. SPEAKER: Clarification only.

MR. GRAHAM: Has the Minister given any special consideration to those farmers operating on river lot properties with respect to the operations of the Clean Environment Commission?

MR. GREEN: Mr. Speaker, the matter has not come personally to my attention but the fact is that where a river lot is concerned, then I am aware that the Commission and the department - because the department now passes regulations relative to hog ranches and they don't come before the Commission - but the emission of effluent into the river is a factor which would reflect the department's dealings with farmers who are on river lots, and, if that is the case, it is not because we are giving special consideration to the farmers where there are river lots, but that river lots

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(MR. GREEN cont'd) . . . . . implies special consideration, not farmers.

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

MR. GEORGE MINAKER (St. James): Thank you, Mr. Speaker. I beg to move, seconded by the Honourable Member from Rhineland, that debate be adjourned.

MOTION presented and carried.

. . . . . continued on next page

BILL NO. 77

MR. SPEAKER: Bill No. 76. The Honourable Minister of Finance.

MR. CHERNIACK: I'm introducing 77.

MR. SPEAKER: Thank you.

MR. CHERNIACK presented Bill No. 77, The Statute Law Amendment (Taxation) Act (1974), for second reading.

MR. SPEAKER: The Honourable Minister.

MR. CHERNIACK: Mr. Speaker, I believe that the provisions of the bill have all been forecast in the Throne Speech or the Budget or subsequent statements, so that I don't think there's anything really particularly new in the bill in the sense that it has been pretty clearly announced previously.

I'd like to point out, first of all, it is composed of seven parts. The first six are each concerned with a specific taxing statute, and part 7 with the effective dates of the other parts.

Part I of the Act provides amendments to the Revenue Tax Act, which is usually referred to as the Sales Tax Act; amendments provide for an exemption for Indians of treaty status of purchases of tangible personal property for delivery to and consumption on a reserve.

Also, as announced in the Budget Speech, the Act provides for increasing the exemption for restaurant meals to \$2.99 from \$1.99, which increase in exemption has been in effect since April 1st of this year.

Then the Act contains a number of housekeeping provisions as well as certain amendments, which were suggested by the Standing Committee on Statutory Regulations and Orders. The Members will recall that in years gone by there have been occasions when the Legislative Counsel has recommended that certain provisions in regulations should be transferred to legislation and this is in accord with that kind of suggestions.

The past year, I suppose actually since the introduction of the Revenue Tax Act, the public and we in this Chamber have continually referred to the Revenue Tax Act as the Sales Tax Act, and consequently for better identification this bill provides that the short title of the Revenue Tax Act be changed to the Retail Sales Tax Act.

Part II of this Bill concerns itself with amendments to The Gasoline Tax Act. In general, the majority of the amendments relate to housekeeping procedures which, in a number of instances, will bring the Gasoline Tax Act administratively on par with the Revenue Tax Act and other taxing statutes. There are, however, a number of important amendments to The Gasoline Tax Act. The bill provides the rate of tax for gasoline consumed on highways to be reduced from 17 cents a gallon to 15 cents a gallon, easing somewhat the increase in gasoline prices. The bill also provides a facility to allow a refund of tax paid on gasoline which is shipped outside of Manitoba.

At present, the Act basically only permits persons who are appointed as collectors under the Act to export gasoline in their own name to other jurisdictions without first paying Manitoba tax. Well until recently this procedure presented no problem inasmuch as the amount of gasoline products exported to other jurisdictions, say United States, was very minor and could usually be accomplished by the appointed collectors. However, with the current energy shortage, relating particularly to the people to the south of us and in the neighbouring States, it appears necessary to provide procedures which would enable gasoline companies other than collectors to pick up fuel, say in Winnipeg, and export it to the United States or some other jurisdiction, to be entitled to a refund of Manitoba tax provided they report the purchase to the jurisdiction of consumption and to abide by the laws of that particular jurisdiction and pay whatever taxes necessary to be paid to the state or province where the fuel is actually consumed. We therefore provided procedures which will avoid the implication of dual taxation while still assuring ourselves that tax will be payable, if taxable, to the jurisdiction where the gasoline is consumed.

The bill provides amendments concerning international air carriers taking on gasoline in Manitoba. In 1969, to promote the use of Manitoba airports for technical stopovers, the Gasoline Tax Act was amended to provide an exemption for air carriers which land in the province for technical purposes only - for refueling and things of this nature but not to pick up passengers - and they were exempted from the usual two cent per gallon tax. The amending Act provides for the removal of this exemption inasmuch as due to the current shortage of fuel, the number of such technical stops has increased substantially simply for the reason of



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(MR. CHERNIACK cont'd) . . . . picking up fuel and picking it up at a price which is somewhat cheaper than in other jurisdictions. As the gasoline picked up by such air carriers is not taxable in other jurisdictions, we do not have in this particular case a dual tax situation, and it only seems reasonable to me at this time to provide legislation that would tax these types of international air carriers at the same rate of tax that is payable by air carriers operating in Canada providing passenger and freight service.

In addition, the bill provides amendments which will modify and complement existing refund procedures in the Act. The Act currently provides an exemption for trappers and commercial fishermen under certain conditions to use clear product, that is, gasoline that has not been coloured, and apply for a refund of tax paid. This exemption was provided in 1970 but the refunding procedures are not working particularly well. Although we've made every effort to make those eligible for such refunds aware of the refunding procedures, we feel that there are some trappers and fishermen who have not applied for refunds and consequently we are introducing amendments which will allow these people to buy coloured product which is sold tax exempt, and consequently there will be no need to apply for refund. At the same time we are continuing, for the time being, the refund procedures re clear product. Therefore, a trapper or fishermen who uses gasoline for certain purposes as outlined in the Act, will be able to use either clear or coloured product with the same net result.

In Part III of the Bill, it provides for amendments to the Motive Fuel Tax Act, and similarly to the Gasoline Tax Act, provides amendments which will reduce the rate of tax re motive fuel used on highways by two cents a gallon, making the new rate 18 cents per gallon. This part also contains an amendment which will create an exemption for diesel fuel used in farm trucks other than those competing with common carriers, similar to that currently contained in the Gasoline Tax Act which has been in that Act for some time. The bill also provides amendments similar to those discussed earlier re the Gasoline Tax Act, which will allow a refund of taxes paid on motive fuel exported from Manitoba. And this part also provides a number of housekeeping amendments and other amendments to equate the administrative procedures of the Motive Fuel Tax Act with our other taxing statutes.

Part IV of the bill deals with amendments to the Tobacco Tax Act, and relates in most cases to administrative housekeeping chores equating administration procedures to similar procedures contained in existing revenue statutes, tax statutes.

Part V concerns itself with the Revenue Act, 1964, and the type of amendments contained in this part are similar to those of the Tobacco Tax Act inasmuch as they pertain to the administrative housekeeping chores.

Part VI of the bill relates to amendments to the Mining Royalty and Tax Act and provides for a change in rate of tax imposed under that Act. The rate is changed from 15 percent where income is \$50,000 or more, to 23 percent for incomes of \$50,000 or more, as well as providing for a lesser rate of tax if so fixed by the Lieutenant-Governor-in-Council. Mr. Speaker, this provision is in accord with what I may call the Green Paper, which was presented the same date as the Budget Speech, by the Honourable the Minister of Mines, relating to the desire to tax the profits of mining companies which arise due to world market, which are not related to the investment or the effort or the endeavour of the companies themselves.

In the paper tabled by my honourable colleague, he spoke of the plan to bring in a volumetric tax proposal in connection with mining; as stated at that time, that it's a very complicated formula which has to be carefully measured and assessed, and indicated in that paper that the royalty charged, the rate charged in the Mining Royalty and Tax Act, would be increased on a flexible basis to be able to make it accord with the desires set out in his paper. And for that purpose we are proposing to change the rate to 23 percent in order to make possible the returns to the people of Manitoba contemplated by the paper of the Minister of Mines. It will take effect and will cover the purpose of that paper until we are satisfied that the volumetric system is workable and has been fully evaluated, and that tax, then, could be imposed in a manner designed to include the amount being taxed under this Act. So it would therefore not be a double taxation in that respect. The provision making it possible to reduce the tax below 23 percent is again in line with the intent of the paper, to be able to adjust to changing world prices, world market, on the end product. I may say that I know that this proposal has been discussed at some length with the industry, who is quite familiar with the nature of the proposal made by this government as set out, described in the paper filed by the Minister of

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(MR. CHERNIACK cont'd) . . . . Mines, or tabled, rather, at the time of the Budget.

Now this part also provides for certain administrative changes to be made in the Mining Royalty and Tax Act to equate generally with similar provisions in existing statutes or other housekeeping chores similar to those proposed in other parts of this bill for other taxation statutes.

And finally Part VII of the Act provides simply for the commencement date of the various sections of the Act.

Mr. Speaker, may I say, as I said at the introduction, that these provisions are in line with what was in the Budget Speech and subsequent thereto, and I've coupled them into the one particular bill because it seemed to me to make a great deal of sense that when we are speaking of taxation changes we consider as much as possible all the tax statutes at one time. This should make it possible for the House to deal with so many of the amendments to the various bills which are quite similar one to the other, and members will be able to establish some continuity between the various taxation statutes. I look forward to further debate and suggestions in the Legislature, and commend the bill for second reading so that we can then proceed into committee and deal with the specifics.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I have three questions for clarification if I can ask the Minister. The first is that, as I understand his explanation, the maximum of 23 percent to be charged to mining companies under Part VI means that the maximum of the volumetric tax would be 23 percent. Is that correct?

MR. CHERNIACK: I think the honourable member means "would be the approximate equivalent of 23 percent". Not necessarily so. The maximum of 23 percent is considered to be sufficient to provide the kinds of revenues that the Minister of Mines contemplated in his paper. The reason for the ability to reduce is, as I said, to adjust to world markets.

MR. SPIVAK: But then you're essentially saying to this House that you're not in a position to present the legislation with respect to the volumetric tax, the application of it. What you're asking for is legislation which would provide up to a maximum royalty of 23 percent, but at this point you are not in a position to indicate to the House how or in what way the volumetric tax would operate.

MR. CHERNIACK: Well, Mr. Speaker, I am indicating intention of the government, but let me say that if this bill passes and the volumetric bill does not pass for any reason, this bill will cover. This is the 23 percent tax subject to reduction, and when the volumetric tax bill, well, after it is passed and after it is brought into being - the system is - then this tax could be reduced back to the 15 percent which it was and the volumetric could take over.

MR. SPIVAK: I'm sorry for my misunderstanding. The volumetric tax is going to be introduced this session, is that correct?

MR. CHERNIACK: For the record, it's not called the volumetric tax act, I described that as the method of calculation. I think it's already received first reading but if not I'm certain that -- yes, it has received first reading. It will be presented to the House shortly.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder then - the Minister is indicating then that it will be possible then, or likely, that the Cabinet or Lieutenant-Governor-in-Council will in fact, as a result of the application of the volumetric tax, be able to levy by Order-in-Council a separate tax for each mining company.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I do not propose to debate the tax which my colleague will be introducing by way of legislation. As a matter of fact, he has already whispered to me that the use of the word "volumetric" may be questionable. I think that that bill should be discussed when it's before us so we're more knowledgeable on it.

This bill provides for a tax of 23 percent royalty, and the Cabinet reserves the right to reduce it, reduce the rate of taxation below 23 percent. --(Interjection)-- No, not each company. That's not what I said, that's what the Leader of the Opposition said.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: The question I then want to pose to the First Minister, the formula would be applied to all companies, not to each individual?

MR. CHERNIACK: Mr. Speaker, I think the bill itself should be very clear. If it

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(MR. CHERNIACK cont'd) . . . isn't it should be clarified. But it is clear that the tax, the royalty tax is 23 percent, and it can be reduced. The tax bill to be brought in for second reading by the Honourable the Minister of Mines will be dealt with on its own and does not have to be related in a discussion with this. But I believe that when we deal with the bill of the Minister of Mines, then he will be explaining that there will be a relationship between the Mining Royalty and Tax Act and his bill. But it's not the other way. In other words, his bill, his Act will affect the Mining Royalty and Tax Act but the Mining Royalty and Tax Act can stand on its own feet, and that's why I say if his bill never comes in it's still in this Act.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. JAMES R. FERGUSON (Gladstone): Mr. Speaker, I beg to move, seconded by the Honourable Member for Rhineland, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: We will proceed to . . .

MR. GREEN: Third readings, Mr. Speaker. Bill No. 25.

THIRD READINGS - BILL 25

MR. SPEAKER: Bill No. 25. The Honourable Member for Gladstone. Bill No. 25.

MR. FERGUSON: Yes, Mr. Speaker. I adjourned this for the Honourable Member for Brandon West.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, I thank the Member for Gladstone for adjourning this debate for me in my absence yesterday. I think that this bill is identical to a bill which failed to reach third reading last time. I have nothing further to add to my comments made during second reading. I think it's in order and I think it should proceed now to become statute law. Thank you.

BILL 25 was passed.

MR. GREEN: Bill No. 11, Mr. Speaker.

MR. SPEAKER: Bill No. 5.

MR. GREEN: No, Mr. Speaker. Could you call them as I direct? Bill No. 11 first.

BILLS 11, 5, 16, 17, 66, 60, and 18.

BILLS 11, 5, 16, 17, 66, 60 and 18 were each read a third time and passed.

BILL NO. 27

MR. CHERNIACK, on behalf of the Honourable Minister of Tourism, Recreation and Cultural Affairs, presented Bill No. 27, The Lotteries Act, for third reading.

MOTION presented.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I move, seconded by the Honourable Member for Brandon West, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: You may proceed now to the Concurrence motions, Mr. Speaker.

CONCURRENCE - HIGHWAYS

MR. SPEAKER: Resolutions 52 to 56 -- passed. Resolved that there be granted to Her Majesty a sum not exceeding \$67,394,700 for Highways.

Resolutions 64 to 68 -- pass? The Honourable Member for Virden.

MR. MORRIS MCGREGOR (Virden): Well, Mr. Speaker, I just would like to put my protest to some of the programs in some of the areas that I feel the government is neglecting, namely, the biggest business in Manitoba is tourist trade, and we do see the slowness of progress on the four-lane east and west on No. 1, and if we're going to continue to encourage tourists, and my colleague from Roblin was down on 83 just last week-end, and they feel there that we are just not bringing our north-south highways also up to a standard that they would appreciate. They do like coming north to Manitoba but they don't feel really there's as good a highway as they would like to see up here and I think it's something that we should aim for. We know we're getting a convention from that association in Manitoba next year if

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(MR. MCGREGOR cont'd). . . everything goes well, and I would like to see a little more progress on 83 because we've literally had no expenditure last year or this year. Also I would just reiterate again my thoughts that the No. 83, I would like to see it attached to - in reading Hansard it looked as though we're trying to join the highways; it really is so, but to attach 83 onto The Pas and onto Thompson, and I am sure this would be greatly appreciated. They'd feel as though they'd got a part of this if we attach, and this would be the world's longest one-numbered highway. We're also trying to get that extended also into Mexico, but if this was done at our end it would certainly encourage the Americans to come up and see - and they of course aim one day to be able to drive right to Hudson's Bay, and that maybe is within our lifetime of accomplishing it.

The other one that certainly the PR's and I know the Minister and his Department is having a time today after all the excess water, of trying to find where the expenditures should be, but I think we have to concentrate on these provincial roads to upgrade them because I know the ones that I travel are most hideously rough at the moment and, you know, a big car or a little car you really get shook, and somehow I still say the municipal people were grading them much more often, were looking after them even though back in our days of power this new plan was to try and get people into a certain traffic avenue to use one route rather than the government having to grant and aid an awful lot of roads, that really one road would have done. I think the move of the Minister at that day was right and I say again, we were criticized in those when we first took over because we weren't grading them as the municipalities had graded.

And again, on the access road, I do hope that the Minister's promise, that there will be hard surfaces on these access roads that at this hour the legislation doesn't allow the Minister to do.

So with that, our tourists are Number One. We must somehow, the Minister must somehow encourage his Treasury Branch to give him more money because it will take money to build and upgrade these roads to a standard that will encourage tourists, that will help out the people, the residents of Manitoba, on the PR system, because I think that is the two areas. Certainly the road weights, the vehicle weight is another area that's rather international but does bring considerable problems to the through truckers that many times are encouraged to leave Manitoba, go south, and come back in in Saskatchewan because of that. So with that, Mr. Speaker, thank you.

MR. SPEAKER: The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Speaker, I just have a few words on this matter before we let it go. Over the weekend it was brought most forcibly to my attention the Dover Spike Bridge east of Bowsman was swept out and the Reeve of the Rural Municipality tells me that they have been in touch with the local engineer this past three weeks or more and nothing seems to be developing. I apologize to the Minister that I haven't talked to him personally but it's only within hours that I've heard about this. I didn't know of it earlier. But the situation as it exists now requires that many farmers will be travelling some 25 miles or so to their holdings in order to get on with the seeding, and with the wet problem that it is, they are going to be inconvenienced something out of the ordinary. And added to that, of course, with this bridge out - and it's a steel bridge - with this bridge out they are cut off from attending the auction mart and very many other facilities, and I would ask the Minister in all sincerity to give this priority and I'm sure that until moneys can be found, that if a temporary bridge of some kind could be put in for the convenience of these people in being able to get to their land with their machinery in the next week or so, it would be very very much appreciated.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Speaker. I would at this time like to put several words on the record, too, with regard to provincial roads. In my particular riding, La Verendrye, I have had very many phone calls this past couple of weeks. I've had several petitions and I've had very many letters with regards to the bad break-up of the provincial roads. I realize that part of the problem is not the fault of the Minister because this is a real bad year. The water table is high, we've had a lot of rain, and some of these things are unavoidable but I would like to draw to the attention of the Minister several problem areas.

I have a little town which is called Drew, which is a little farming community in my area. It's located on the junction of P.R. 210 and P.R. 311, and this last little while, the last

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(MR. BANMAN cont'd). . . three weeks, these people have been having a real difficult time just trying to get out of that area. They have to thread their way through the municipal road system in order to get out. These two particular roads have been virtually impassable and farmers along that road have been kind enough to pull people out with their tractors.

I would also draw the Minister's attention to the petition I'm sure that he received also, as well as I did, with regards to the Provincial Road 302 in the Richer area. This road was totally impassable this last little while and I think that the residents of the area should be able to at least receive some consideration and make sure that they could get in and out of their farms, as well as their residential places, to the main roads.

The Provincial Trunk Highway 52 from Steinbach to La Broquerie is broken up real bad, but I understand that the Minister is acquiring land in that particular area and that there will be some work done on that.

I would just like to once again urge, and join my colleague the Member from Virден, in urging the government to provide more money for upgrading and increased maintenance on provincial roads. I realize that the truck traffic is heavier and there are even more lighter vehicles travelling on these roads right now, but I think in order to keep up with the times and to try and keep the traffic rolling and try and facilitate the proper use of these roads, I think that more money should be provided by the government to help create better provincial roads in the province.

MR. DEPUTY SPEAKER (Mr. Boyce): The Member for Birtle-Russell.

MR. GRAHAM: Mr. Speaker, I have a few words for the Minister of Highways; words, Sir, that I believe are very important at this time, because what we have happening in this province at this time is a complete lack of leadership, a lack of leadership on the part of the province, the Cabinet, lack of leadership on the part of the ministers of the various departments, and Sir, I refer to an article I read in last week's paper where the head of the International Steel Workers, who is also the Chairman of the Taxicab Board, indicated that they were going to hold hearings in the Province of Manitoba, and the whole purpose of the hearings was to determine whether or not they should have more taxicabs in the City of Winnipeg.

Sir, I say that is a sham. It's a waste of public money. Because you and I both know, Sir, that if you want to have more taxis, it's no trouble to go out and get 200 people off the streets and tell them to come in and say that we want more taxis. And then, there you are the great benefactor; you're responding to the public, the public wishes. Or if you don't want any more taxicabs it's just as easy to get 200 people off the street to come in and say, "No, we have no more need of any more taxis". So, to masquerade under the cloak of public hearing, I think in this respect shows a lack of leadership on the part of the Minister, and I'm going to say quite openly to the Minister that if you want more taxicabs, tell the Chairman of the Taxicab Board that you want more and make it a statement of government rather than the head of the Taxicab Board.

To my knowledge, Sir, this Minister hasn't told the head of the Taxicab Board anything. He's operating a business and I don't know how often he reports to the Minister, but it seems as though the Taxicab Board has virtually their own authority to operate under and is not closely supervised by the Minister at all. And all I want to say, and I want to reiterate it again, Sir, that if the Minister wants to have more taxicabs in the Province of Manitoba, tell them, and tell them how many you want, but to just let the Taxicab Board go out and hold a bunch of public hearings, and then say, well, we'll assess the results of that, Sir, to me doesn't wash. It's a sham and it serves no useful purpose whatsoever, because you and I know that you can get whatever results you want just by the number of people you corral for those public meetings.

MR. DEPUTY SPEAKER: The Minister of Highways.

HON. PETER BURTNIAK (Minister of Highways)(Dauphin): Mr. Speaker, I must apologize. I was a little late in getting here as I was in Management at the time, and I think I missed part of some of the things that the Honourable Member for Virден had pointed out. I did catch the last part of it. I think he mentioned something about Highway 83 extension. I think that the honourable member made some comments on that during the time when we were reviewing our Department of Highways' Estimates, and as I said at the time, and I repeat, that this is something that is part of our, what we call a three-year program. We will look at all possible extension or all possible work that could be done, roads to be built

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(MR. BURTNIAK cont'd). . .and what have you, not necessarily on the one-year basis we had in the past, because as you know, our problem has been from time to time and it is the situation now, especially experiencing that on the twinning of No. 1 Highway, for example, and many others, where right-of-way has been the problem; and this is why we decided to establish a new policy going on a three-year program so that it will give us time to deal with these matters.

Now, in regards to upgrading of PRs, I think that I will agree with the Member for La Verendrye when he stated, and as I stated here during our departmental review, that insofar as the PRs are concerned there are more cars nowadays; they travel more miles; there are more trucks and what-have-you; and therefore there's no doubt that from time to time some of the PRs are pounded out pretty good. But we have been trying to, as I said before and I repeat again, I have instructed our district engineers to do the best that they can and hire extra equipment even from the municipalities if that equipment is available. Now, under the circumstances that we are confronted with today, or at the present time this spring, that will become a pretty difficult task, because municipal roads are also in pretty bad shape and they of course will have to use that equipment, their own equipment as much as possible, on their own municipal roads.

In regard to vehicle weights, I think honourable members are aware of the fact we are now dealing and have been dealing for quite some time with the Federal Government, and when I say "we", I don't mean only the Province of Manitoba, but also Saskatchewan and Alberta, and we are very close to signing an agreement whereby we'll be getting "X" number of millions of dollars from the Federal Government for the upgrading of our road system in the Province of Manitoba in order to allow us to increase the truck load weights on our PRs and our PTHs. That agreement, as I said, has not been signed but I hope that it will be signed very, very shortly.

The Honourable Member for Swan River mentioned the bridge. No, I was not aware exactly of that particular bridge, but I do know that whether this is an additional bridge or whether this is one of the five or six that we were aware of that washed out during the spring flood, and I know that once a bridge is washed out naturally it causes problems to all people, because they have to go around it somehow and naturally do travel extra number of miles.

As far as the break-up of the road is concerned, it seems to be that this is one of those years where road restrictions have had to be put on on these roads that have never had restrictions before, the deflections have been really bad, and I could tell you of some of the roads that never had restrictions placed, not even 350 pounds, this year we've had to put 250 pounds on some of them. However, on some of the roads, particularly the one leading to the North, No. 6, we have to keep 350 pound restrictions on there because if we don't then of course no trucks can get up to the North at all, and they rely very heavily on the truck traffic to the North.

The Honourable Member for Birtle-Russell stated something about taxicabs. If the honourable member will recall, I have stated in this House some two weeks ago during our Estimate review that we had meetings with the taxi people in Winnipeg, several of them. They made certain requests on the Provincial Government through the Taxicab Board, of course, and we did meet with them on a couple of occasions and we decided to give them a bit of a break, which they accepted. But we also stated very emphatically that unless the taxi service is improved in the city we would have no choice but to issue more licences for taxis in the City of Winnipeg. And I don't think that it is up to the Minister to tell the board that they must, or you will just go ahead and bring in more taxicabs into the city. I think it is the duty of the Board to review the situation, to talk to them. This is their duty, not really the Minister's; report to the Minister, and at that time decisions will be made, and we're now in the process of doing that. So I'm not going to say to the Member for Birtle-Russell that I will go and tell the board you do this or you do that. I think that upon reviewing the situation, then decisions would be made. I don't think that the honourable member would want me to rule in that matter.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, what the Minister says is to a large extent a fact insofar as the condition of the roads are concerned, but it does raise a much larger issue that the Minister has not dealt with on this occasion or previously when the Estimates of his department were being considered in Committee of Supply. The deterioration of provincial roads in this province he attributed to weather and to the increase in the amount of traffic, particularly

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(MR. JORGENSEN cont'd). . . truck traffic on many of those roads. And what the government is going to experience is an increasing amount of that traffic. This will become particularly acute as soon as the railway abandonment starts to take effect, and that is not long in coming. And when railway lines start to be abandoned, it means that farm produce, particularly grain, will have longer distances to travel, and with those longer distances will naturally come larger trucks and heavier loads. And unless the condition of the highways is such that it can stand the increased weights that will be travelling over those highways, if the Minister thinks he has a problem now, he hasn't seen anything yet. There was no indication from the Minister that the province and the Highways Department are taking steps to plan and to co-ordinate an abandonment program that will take into consideration the need for trucks to travel these longer distances with heavier loads. There seems to be - and if there is it is not obvious to many of us - no co-ordination of the efforts of the Department of Highways, for example, with the needs of Agriculture and with the needs of the Department of Tourism and Recreation.

We hear a great deal from the Minister of Agriculture on the question of the stay option. The fact is, Sir, that it's been demonstrated over and over again that the provision of a proper system of communications throughout the rural areas is the best favour or the best infrastructure policy that the government can implement so far as the rural communities are concerned. That was demonstrated, Sir, in the Interlake area during the progress of the implementation of the ARDA recommendations. If the Interlake area benefitted from ARDA in no other way - and I'm not suggesting that they didn't - one way they did materially benefit, visibly benefit, was the construction of a network of roads in that area that has enabled those people, not only enabled them but encouraged them, to remain in those communities and develop those communities, and I think to a large extent the development that has taken place, and there has been considerable progress, is as a result of the network of communications that were built through the ARDA program.

If there is a sincere effort on the part of the government to retain the rural communities, then most certainly the most valuable contribution that the government can make is the provision of adequate, indeed much improved highway communications. This year the government, for example, are intending to - and it's been a three or four year program - to hard surface Highway 75, the main artery of communication for our tourist traffic and indeed a lot of our commercial traffic from the United States. There's no question, and I'm sure there's no question in the Minister's mind, that that artery of communication should be four-lane, perhaps even before Highway No. 1. But I doubt very much if there is any planning along those lines. There will continue to be a series of fatal accidents because of the volume of traffic that now travels on Highway 75. And that bring me, Sir, to perhaps a more parochial point of view on the question of Highway 75. As the Minister knows, the highway travels through the Town of Morris, and when the planning was originally done for Highway 75 it's unfortunate that the planners decided to route the highway directly through the town. In those days, of course, Sir, every community along the way wanted the highway to go through the town, but because of the problem of having to cross three separate railroad tracks, it was decided that it would be much simpler to route the highway through the town. It couldn't go further east because of the river, it couldn't go west because of the railroad tracks. But that poses a problem now for the Town of Morris, and I, for the life of me, can't figure out why the government would assume the responsibility for the completion of a portion of that highway that goes through the Town of Morris, all but the last two blocks in the north end of the town. And despite repeated requests on the part of the Town of Morris, that portion of the highway remains incomplete.

More recently, another problem has been revealed just immediately north of the town, when the entire highway from Winnipeg to the border was closed because less than a quarter of a mile of highway just north of the bridge was submerged under about 18 inches or two feet of water. It seems to me, since that highway is going to be repaved this year, that portion, surely notwithstanding all of the other problems that the Minister has, and this government is not reluctant to borrow money for highway construction, borrow a few dollars more; raise that portion of the highway to at least the level of the bridge so that the highway would not have to be cut in times of floods such as we had this year. Now if the water gets a couple of feet higher, well then of course the highway will be under water in more than that area, but at least it seemed incongruous that because of two feet of water on that less than one-quarter mile of highway, that the entire network or the entire communication route between the United States

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(MR. JORGENSON cont'd). . . and Winnipeg had to be severed for almost, or over two weeks. It's a considerable disruption in communications and particularly commercial traffic between the United States and Canada, and indeed disruption in tourist traffic - if indeed there is much tourist traffic at that time of the year.

But these matters have been raised to the Minister before and I know that on Thursday he'll be meeting again with the officials of the Town of Morris and I hope these two points that I assume the Town Council are going to raise with the Minister will be given some favorable consideration. It's not as if he has a fixed budget to work under. This government find ways of finding money when they need it. The Minister of Finance has demonstrated his capacity to find money whether he has authority or not and I'm sure that for a cause as worthwhile as improving the network of communications throughout this province, that extra money can be found. This is one occasion, Sir, where I believe that the government should be spending more money. This is, in my view, a legitimate responsibility of government - the provision of roads. That to me does not smack of socialism, it smacks of providing the kind of an infrastructure that is necessary to develop the economy of this province, and if this Minister can find enough influence to press upon the Minister of Finance the need to meet the requirements of roads in this province, he will earn the undying gratitude of the people of the rural areas of this province and will have made a substantial and a worthwhile contribution to the Minister of Agriculture's oft-repeated Stay Option philosophy.

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Chairman, my remarks will be very brief. I again appeal to the Minister or to the government to give me the names of these people that are on the Manitoba Transportation Economic Council and also the Manitoba Transportation Advisory Committee. Have they done any studies? Have they got any reports? Who are these people? Again, I've appealed to the Minister of Industry and Commerce, I've appealed to the Minister of Highways, who are these people? I'm interested in improving the transportation system of this province, which includes in the release rail, road, air and water. Who are these people? What are their names? Have they got any way that we can meet them in committee? Can we get some of their studies, their literature? I'd like again, Mr. Speaker, to appeal to the Minister: Tell me who these people are.

MR. SPEAKER: Resolutions 64 to 68--pass. Resolved that there be granted to Her Majesty a sum not exceeding \$5,734,000 for Industry and Commerce.

Resolutions 69 to 73 collectively and separately--pass? The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I rise to, in concurrence of Industry and Commerce, really in the main to talk about the Air Canada overhaul base, but before I do that, Mr. Speaker, I'd like to make a few remarks and I'm happy the Minister of Industry and Commerce is here.

I look at the budget of the Department of Industry and Commerce with the Estimates and recognize that there's a 20 percent increase in the estimates and wonder how the Minister of Industry and Commerce was able to sell this 20 percent increase to the Management Committee and the budgetary process. I would say, Mr. Speaker, that he has to be given credit as a salesman, because for a department that essentially has not produced in the last little while to have been given the opportunity for a 20 percent increase in its budget, either reflects on the salesmanship of the Minister or the inadequacy of the process in which the budgetary items are dealt with.

Mr. Speaker, this is almost - well, I guess it's almost two and a half times the amount of the estimates at the time that I retired as Minister of Industry and Commerce, and I recognize that inflation has increased the costs. I don't think that numbers are significant in the sense of new people, but there appears to be substantial more money being paid out and the question one has to ask is whether the results justify it. I've already indicated that I consider the Minister is irrelevant to the economic scene in this province, and what he says and what he does really is of no consequence. He stands up here and indicates that, but I mean it really doesn't make any difference one way or the other. And I think, Mr. Speaker, that that is the general attitude of the business community in its relationship both with the Minister and with the government. But, Mr. Speaker, having said that, it doesn't seem to me that it's necessary for the increased costs to be borne by the taxpayer, as the Parkinson Law and Peter Principle seem to work together so successfully for the Minister in connection with his departmental activities.



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(MR. SPIVAK cont'd)

Mr. Speaker, there are just literally numerous number of reports produced by his department which indicate over and over again the lack of an economic development policy and the inability for execution of the departmental activities because that policy is not known. And, Mr. Speaker, this is the concern. The problem is that until a development policy is understood it makes it very difficult for anyone to know exactly what decision's to be undertaken.

Mr. Speaker, the other thing that concerns me in the nature and the approach of the Minister and his department, is the people who listen to him with respect to the kind of study and research that's required in the economic field. I tabled in the House the report on the cement industry prepared by his department for Management Committee. And, Mr. Speaker, I wonder if that really is the model of the kinds of reports produced for the government as they enter now into the Treasury Branch field and as they enter into the fire insurance field. Because you know, Mr. Speaker, that report was a report, you know, that could have been completed by someone in high school; it was not a report that in any way dealt with the matter. I think there is probably a case to be made with respect to regulations in the cement industry, I don't think there is any question about that, but the Minister didn't make that case in his report, and the report is a meaningless document. It is an exercise that was unnecessary for the kind of recommendations that were made because the recommendations don't support the position given, and the information provided can at best be characterized as being junior in its presentation. And I, Sir, say that if that kind of report is the kind of report that the government has in front of it when it deals on major issues, then God save this province, because Mr. Speaker, it's ridiculous. It could not stand any test by any reasonable student of economics or by any reasonable researcher who understands the way in which a researcher has to evaluate something and give the presentation with the policy alternatives being presented for consideration by the Minister and by Committee of Cabinet.

Mr. Speaker, I'd like to talk about the Air Canada overhaul base, and I rise to talk about it at a time when I think generally there is an opinion that the Air Canada overhaul base coming back to Winnipeg is an achievement of note and is something for which great political credit should be given to the people who were the principal actors involved. Now I probably would not have risen in the House on this matter if the statement and the presentation had been given by the Honourable James Richardson. I rise because the statement of government policy which is responsible for bringing back what was taken away was made by the Prime Minister, and I've examined his words and I've listened to what he said, and I feel that certain things have to be put on the record and certain statements have to be made.

The fact that we are going to be successful in getting an overhaul base back to Winnipeg - and, Mr. Speaker, it's really not being returned and that is probably the first error - but the fact that we are going to get a new smaller facility in Winnipeg four years after Air Canada moved out of its overhaul facility is really a credit to an effort by a number of people over the years, and that includes, Mr. Speaker, the former leader of the New Democratic Party and now the Minister of Labour, who as Leader of the New Democratic Party in Opposition, fought for the retention of the overhaul base. It includes Duff Roblin and Walter Weir, it includes Senator Gil Molgat; it includes the present city member for Winnipeg South Centre, Dan McKenzie, it includes the Member for St. Boniface, Joseph Guay; all of whom over the years have pressured the government - and includes, Mr. Speaker, as well the Mayor of the City of Winnipeg - who over the years, along with many citizens and along with the group that I'll refer to in a few moments who are the union people involved, pressured the government to try and see that there was equity and justice for this part of the country. I mention the union particularly because the union leadership at the time and the men who were involved fought hard to try and stay in Winnipeg. They fought hard to try and continue to live in this province and, Mr. Speaker, their lives were disrupted as they had to make a choice as to whether to remain with CAE or to go to Montreal.

They were promised by the government and by the Prime Minister and by the then Minister of Labour, federal Minister of Labour Mr. Mackasey, that if they remained in Winnipeg they would have the best of two worlds. There was an undertaking given that if they did not want to proceed, when Air Canada took the overhaul base out, with Air Canada, they could remain in Manitoba with CAE and be given the best of two worlds with respect to the rights that they had under Air Canada, to the level of pay and to the pension plan that they

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(MR. SPIVAK cont'd). . . were undertaking. But, Mr. Speaker, very quickly after the Air Canada overhaul base was taken out, it started; the rights that they were given, were supposed to be given, began to be eroded and the disruption that occurred to their lives started to take place, and those who remained here were really in the unfortunate position that the kind of protection that was supposed to be given to them was not given and they found that their situation deteriorated.

Mr. Speaker, the Prime Minister in his statement said that it is not the objective of his government, and I quote, "to move jobs from one part of the country to another".

MR. SPEAKER: The Honourable House Leader state his point of order.

MR. GREEN: I wonder if the Honourable Leader of the Opposition couldn't use his ingenuity a little bit more in trying to make a speech in support of Mr. Lyon in a manner which relates to the Estimates which are before the House.

MR. SPIVAK: Mr. Speaker, I would have assumed that the Honourable Minister of Mines and Natural Resources, who was in Opposition at one time, would recognize that the Minister of Industry and Commerce was the Chairman of the Manitoba Air Policy Committee, and that in effect the Manitoba Air Policy Committee was involved in this matter. And I intend, Mr. Speaker, to relate -- I must say to the Honourable Minister of Mines and Natural Resources, I don't think that the overhaul base would have come back to Manitoba had Sterling Lyon not run for the nomination for the South Winnipeg Progressive Conservative Association. I say that to him and I say that without question. I think it's acknowledged -- as a matter of fact, Mr. Speaker, I can quote from an editorial in the Montreal Star dated May 21st, in which it says that "the exercise" dealing with the Air Canada overhaul base at that time, "the exercise in political cynicism is designed to help the election campaign of Defence Minister Richardson whose clear majority as of 1968 and 1972 appear in danger".

Now having made that point to satisfy the Honourable Minister of Mines and Natural Resources, because I'm firmly convinced that it would not have happened, that is, the government would not and Mr. Trudeau would not have reacted that way, I want to deal with what really has happened and I'm then going to deal with the attitude of the government and the kind of response that's been given and the answers that have been given in the House with respect to what I consider is a continuing problem. Because, Mr. Speaker, if we get a \$12 million overhaul base in Winnipeg, and Dorval is expanded by \$200 million, then I say, Mr. Speaker, that the proportions and what is being offered has to be questioned, not only in the context of the political situation of today, but in the context of the totality of regional development and where we're really going, and the kind of response and undertaking the government is supposed to, and provincial government is supposed to give to be able to protect the interest of the individuals and the interest of the province and its economy.

So I go back, Mr. Speaker, to the point that I made about the Prime Minister. He said, "We will not move jobs from one part of the country to another". In 1969 he moved them; in 1969 at a time when -- or excuse me, in December of 1968, when the Air Canada delegation, the overhaul committee, went down to Ottawa and appeared before the Prime Minister and appeared before the Minister, the present Minister of Defence, appeared before the Minister of Transportation and the Minister of Labour, together with the Air Canada officials, that was the last official meeting of the overhaul committee in Ottawa, asking for the government to reconsider the decision to completely phase out the Air Canada overhaul base and sell its facilities to a contractor at that time; it was the . . . but it was not officially mentioned. And the Minister of Labour as Leader of the New Democratic Party was present, and I've repeated this before, Mr. Speaker, but I repeat it again, that meeting was held in the railroad room in the House of Commons and the first statement that the Minister of Labour said when he walked in is, "We're going to be railroaded right now". And of course we were. Because the Prime Minister, Mr. Richardson and others said two things; it was uneconomic for Air Canada to remain in Winnipeg; and secondly, Mr. Speaker, that the government could not order Air Canada to change its policies if it was against their economic interest, and Air Canada could not be used as a means of regional development.

Mr. Speaker, I can quote from those meetings and from the reports of those meetings. Mr. Richardson said -- and this is dated December 3, 1968, prior to the meeting: "The Federal Government is committed to a policy of regional equality but not through a national airline. There are other ways." And, Mr. Speaker, four years, five years later, four and a half years

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(MR. SPIVAK cont'd) . . . later, we have a complete reversal of the policy positions that were made, and we have, Mr. Speaker, the overhaul base or a new overhaul facility which I suggest is smaller, being brought back to Winnipeg, which will create, Mr. Speaker, only approximately 300 new jobs from that --(Interjection)-- Well I'm not against that. I want to say to the Honourable Member for Assiniboia, I'm not against that, but I'm not prepared to stand up and applaud the Prime Minister for giving us less than what we had in 1969 and for not allowing this province to develop in the aerospace field in the way that it should have. And I'm not prepared to acknowledge that the efforts of the Provincial Government on Saunders Aircraft is in substitution for the kind of development that could occur. And I'm not prepared, as the government appears to be prepared, to buy the Prime Minister's statements for two shekels of gold or for two Saunders Aircraft as being sufficient, Mr. Speaker, as being sufficient, Mr. Speaker, not to stand up and to protest at this point, to protest at this point what I consider has essentially been a sell-out as far as this province. I give credit to Mr. Richardson who has had the impossible situation of trying to fight a government that has not been concerned about this area and was not concerned at the time about regional development, was not concerned at the time about directing a national airline, was not concerned, Mr. Speaker . . .

MR. SPEAKER: Order please. Order please. The hour being 12:30, the House is now adjourned and stands adjourned until 2:30 this afternoon.