

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, April 9, 1974

SUPPLY - CAPITAL SUPPLY

MR. CHAIRMAN: Capital Authority Requirements, Manitoba Hospital Capital Fund answering authority. The Honourable Member for Rock Lake was about to get up. Pass? (Pass)

Mineral Resources Limited \$340,000--Pass?

The Honourable Member for Brandon West.

MR. MCGILL: Could I ask the Minister of Finance. Is that for the Manitoba Mineral Resources Exploration Company and is that the total amount of their requirement for this year or is it a specific . . . ?

MR. CHERNIACK: Mr. Chairman, I appreciate the Honourable Member for Brandon West asking the question, giving me an opportunity to point out that the Minister of course is away and if honourable members wish to lay this over for his return then of course that would be agreeable. I have a very brief note. I'll give that to honourable members; if it satisfies them, fine and if not I think they should indicate we can pass it on.

My note indicates that Cabinet has approved a \$500,000 operating budget for the Manitoba Mineral Resources Limited for each of the next three years. There was a five percent inflation factor employed to maintain the same level of activity for the next three years. Namely for this current year - \$525,000; for the following year - \$551,000, and the year after that - \$579,000, making a total of \$1,655,000.00. The unused authority as at the end of last year, that is the end of last month, was estimated at \$1,315,000 leaving a net authority of \$340,000 which is the request. So that with the present unused authority of \$1.3 million and the requested authority of \$340,000, would give a total authority of \$1,655,000, which would provide the Manitoba Mineral Resources Limited a working possibility of the level at half a million dollars per year for these coming three years with the inflation factor. And I think that the reason for the desirability of having it for a three year period is that I'm aware that the Manitoba Mineral Resources Limited has made arrangements - I don't want to name the company, I think it has been given but I'm not sure of it - but there have been some joint venture arrangements made whereby I believe it was felt desirable to have the authority for a three-year program so that arrangements on joint ventures could be provided in that way.

Mr. Chairman, if my explanation is not adequate then I think we should leave it for the Minister; if it's adequate then we could pass it, but either way I would urge that we either pass it or leave it but otherwise I can't offer any more information.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, we were prepared to pass the item at this particular time but we would take the occasion to indicate to the Honourable Minister that there is an interest on this matter that we will want to discuss and debate this matter at you know somewhat greater length when the responsible Minister is in the House. We have other opportunities at the second reading of this bill to do this. It's not a question of in this instance talking or trying to glean a great deal of detail or information on the part of the activity of this government or on the activity of this particular endeavour or this expenditure, it's a question of asking in a more generalized way the general approach that the Manitoba Mineral Exploration Company is taking us and on what path. So, Mr. Speaker, we would indicate to the Minister of Finance that we are prepared to move along in the capital estimates at this time.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Chairman, I agree with my deputy leader's comments and I would just add one factor. That I appreciate what the Minister of Finance has had to say and I don't think he's going to be confronted with any problems, but I think he should be forewarned, we would like the Minister when he takes up from where the Minister of Finance lays off, we'd like to know what they did with the \$500,000 last year. We'd like to know the results of that, particularly when you're asking for a million five now.

MR. CHAIRMAN: Mineral Resources Limited \$340,000--pass. Manitoba Housing and Renewal Corporation \$20,000--Pass? The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, certain questions were asked this afternoon and some of us attempted to give some answers. I don't yet have all the answers in relation to what was raised this afternoon but I do want to update the information given so that if the

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(MR. CHERNIACK cont'd) information was inadequate earlier I want to add to the information available to me now and indicate that that isn't the full amount of information that will become available as we go along.

The reason the questions were raised today were mainly because the Report of the Manitoba Housing and Renewal Corporation was distributed this afternoon and members glancing through it noted the final page where there are notes to the statements, Item No. 7, which spoke of advances made by the Corporation of approximately one and a half million dollars on construction of 39 houses in Churchill and referred to the fact that construction completed on these houses had an estimated value of roughly half a million and the other million was advanced on behalf of Northern Manpower Corps representing various itemized types of programs or accounts.

Now, Mr. Chairman, if one would look at the Auditor's Report itself which--these pages aren't numbered but it's very near to the--well, it follows the report of the chairman, then there is a greater updating. The report is of course as of March 31, 1973, which is a year ago, but the certificate is December 20th, 1973, and in the - I call it "certificate" but it's called the Auditor's Report - the statement is made there that there was the 1-1/2 million approximately that I already referred to, but that subsequent to March 31, 1973, further advances of 1.6 million have been made, to a total of \$3,128,000 and some dollars, that these amounts were advanced on account of a contract for the construction of 39 family units at a cost of some \$885,000 subject to provisions for adjustments, on account of and arrangements for a further 80 family units to cost 2.8 million, which at the date of the report were not covered by a formal contract. And then the statement was made that because of a lack of effective expenditure allocations, the position vis-a-vis the various government's interests cannot be determined at the time of the certificate.

Well, Mr. Chairman, I made some inquiries in the latter part of the afternoon and over the dinner hour, and I'm informed that back in the fall of 1973 it was considered advisable to send in a special team to review the accounting and allocation process, that this was done with the appointment of an accountant especially for the review of this project with the bolstering of the manpower in the manpower operation of Northern Affairs involved in the program in Churchill, and with additional help at the Manitoba Housing and Renewal. This was all done with the assistance of my Department and in consultation with the Provincial Auditor. Apparently the great desire to get going on the construction program went ahead of the accounting facility that was provided, so that as they were constructing, the Manitoba Housing and Renewal was advancing money which actually totalled - well, over \$3 million against contracts or construction yet to be completed.

I believe that I gave the impression this afternoon that all that accounting has been completed and to that extent I was incorrect if I gave that impression. I'm told it will still be a couple of weeks before the complete accounting is done. But what has been carried on to the, I understand, satisfaction of the Provincial Auditor, was that the apportionment of the advances by Manitoba Housing and Renewal have been apportioned as against the particular projects. The 39 house contract referred to in the report has been completed - I believe they're fully occupied - but they have been delivered to the MHRC. So have another 10 houses of a larger size. There is an apartment block which is not fully complete yet, but there is considerable advance made in it plus material on site. There is a contract for federal houses; it's a two million dollar contract of which approximately 900,000 to a million is on site on account-- Pardon? The houses and the construction have been proceeded with and have been advanced in Churchill, Manitoba, to an extent that gives some pride to the people who were involved in getting things done.

The North West Territories, there were contracts entered into with the Federal Government for some hotels and some houses. Substantial amounts of that have already been paid by the Federal Government. There's a Hydro house completed, there was a PEP program completed, and the result now is that I am assured that within the next couple of weeks there will be a full allocation of the moneys advanced by MHRC which were used to finance the construction, and that by that time there will be full accord in each of the various contracts.

Mr. Chairman, there is no indication that there was anything illegal done, and that's the word that was used by the Honourable Leader of the Opposition, and I am again informed that when this accounting has been completed then there will have been a complete, an accountability

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(MR. CHERNIACK cont'd) which would satisfy the auditors that have been involved in this review.

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

MR. GRAHAM: Thank you, Mr. Chairman. The Minister has indicated that the 20 million we want for Manitoba Housing and Renewal is for 1974-75, but the report that we have is for 1973, ending March 31, 1973. The Minister has indicated an additional million and a half has gone into Churchill and the program was ahead of the accounting procedures--I believe those were the words he used. Could he indicate to the House how much money to date or to the 31st of March 1974 has gone into the Churchill housing program?

MR. CHERNIACK: Mr. Chairman, I did say that there was some \$3.3 million has gone into the Churchill program from MHRC to this date, or to March 31, 1974, and I point out that the statements for--the March 31st is the fiscal year for both the Housing Renewal Corporation and for the Northern Manpower Corps, so that that is the process which I thought had been completed, which I am now informed has not yet been completed, of the balancing of the books as at March 31, 1974, and that's where I was in error. I thought it had been completed and apparently it hasn't. But I did speak to the people in my own department and to the Assistant Provincial Auditor, or Deputy Provincial Auditor, and I understand that this is being done under his guidance and in accordance with his requirements. What I did not give was the breakdown of the \$20 million that is being requested and that's what the Member for Birtle-Russell would have wanted. I think probably the Minister will give a better breakdown of the expected requirements for the coming year in terms of any apportionment, but I do have it here. But what it does, it totals an expected expenditure for this calendar year of some \$48.7 million and a requirement to initiate the 1975 program of some \$9.3 million, which would be a total authority requested of \$58 million for this fiscal year. Of course, honourable members know that roughly 90 percent of this amount is borrowed from CMHC. Of that \$58 million we still have unused capital authority of \$38 million as of the first of this month, so the difference is \$20 million which is being requested in this authority. But the full picture is the 20 million in this authority plus the unused capital authority from previous votes of 38 million, making up a total of 58 million from which capital authority is being requested for this fiscal year. I hope those figures are clear and they could be broken down.

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

MR. GRAHAM: Well, Mr. Chairman, when the Minister gave the breakdown on the Churchill operation, he said we're three million plus at the present time, there are 39 units are completed, the apartment building is pretty well completed, and most of the material is on site. He has said nothing about the other 80 units that he referred to. I would like to know how much of that 80 unit program has been completed and how much money will be required this coming year out of the 58 million, how much of that will be used in the Churchill operation.

MR. CHAIRMAN: Manitoba Housing--The Honourable Minister of Finance.

MR. CHERNIACK: I'm just trying to get a calculation here. From the information I have before me it would appear that the total program approximates 3-1/2 to 3-3/4 million dollars of which some 3.3 million has been advanced, and much of this is already in the completion stage. The honourable member said 39 houses; 39 houses, 10 houses, an apartment block which is not complete. Nine hundred to a million dollars in the - and I think that's the 80-house program, it's entitled in my notes as "Federal houses." A Hydro house has been completed which is not fully paid for yet. This appears to be the total program of which I am aware in the . . . at Churchill. There may be more in the \$58 million of which I am not aware.

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

MR. GRAHAM: Then I would take it from the Minister's statements that there's approximately half a million dollars still required to complete that program. But the Minister told us that 39 houses were completed plus 10 others, and the apartment block is substantially under construction, but he has made no mention of the other 80 houses--I don't know whether it was a program, one block of 80 houses. Are they three quarters completed or are they just started or . . . ?

MR. CHERNIACK: It's about half, Mr. Chairman. I said 900 to a million dollars - 900,000 to a million. That's out of a \$2 million project, so it would appear to be about half complete.

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MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I'd like to ask the Minister one question that I brought up on this very subject a couple of weeks ago. The Northern Manpower Corporation has contracts to build houses for the Manitoba Housing in Churchill. Now that's perfectly all right if they want to use them as the contractor to build houses in Churchill, but why is the Manitoba Housing and Renewal Corporation advancing money to Northern Manpower to build houses in the North West Territories? The Manitoba Housing and Renewal Corporation is supposed to build houses in Manitoba and the Northern Manpower Corporation if they, as a business, want to take contracts elsewhere, I would think that the government would advance money on that basis through another channel other than through the Manitoba Housing and Renewal Corporation. I can't really see the justification of the authority to the Housing Corporation supplying capital for a company to build houses in another area.

MR. CHERNIACK: Mr. Chairman, I'm inclined to agree with the honourable member and that is the item that I had referred to as having been dealt with more recently. The Manitoba Housing Renewal was advancing money to the Northern Manpower Corps program for work being done for it. The Northern Manpower Corps then went into this contract with the Federal Government which was a straight contract. I understand it was bid and they won the contract; in any event they got the contract, and proceeded to construct these units for, I think it's Rankin Bay in the North West Territories, without applying to the government for the financing that the Honourable Member for Sturgeon Creek indicates should have been done and it wasn't done. But they had the money that had been advanced by the Manitoba Housing Renewal, and that is what the auditor pointed out, or they themselves realized, was the wrong way to finance this program. As a result, more recently what has been worked out with the auditor and my department, an Order-in-Council was passed advancing to the Northern Manpower Corps the sums of money that would be needed for that contract related to North West Territories. So that as of now there is authority by Order-in-Council for the financing of the Northern Manpower Corps of that North West Territories contract of general funds of government and not the MHRC. And that's the accounting I referred to that is taking place, the adjustment is taking place now. I hope that explains.

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Yes, it explains. There's just one question arises that I, maybe I didn't catch it, Mr. Chairman, when the Minister, or maybe the Minister mentioned it and I didn't catch it. In other words then, the Northern Manpower Corporation technically owes the Manitoba Housing and Renewal Corporation some money and this is going to be paid back to them I . . .

MR. CHERNIACK: Mr. Chairman, that's the exact answer we don't have yet. They don't think they owe them money because they expect that as soon as this accounting gets completed in the next couple of weeks it will be shown that they have delivered in goods, in houses, to the Housing Renewal Corporation, an amount equivalent to the moneys advanced, and apparently the Housing Corporation believes the same. But I don't want to say that it is exactly right. We may find that they do owe in cash or kind or the other way around. Maybe the Housing Corporation owes money.

I want to correct an impression. The honourable member referred to the Northern Manpower Corporation. It isn't. It's the Northern Manpower Corps which is a part of the Department of Northern Affairs, and I should indicate, Mr. Chairman, that the program, especially the one involving North West Territories, has involved the training of personnel from the North West Territories, I believe Eskimos who have been training in Churchill with the construction crew and they are the ones who are going to set up the units at Rankin Bay and apparently the contract with the government, Federal Government, includes a payment for manpower training aside from the construction itself, and that is why the Department of Northern Affairs for Manitoba is involved in a joint program of manpower training as well as--not just construction.

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

MR. GRAHAM: Thank you, Mr. Chairman. The Minister indicated that this was a contract, and I would like to ask the Minister if, under the contract, there is a profit made on the building of these 80 houses, does that profit go to the Northern Manpower Corps or does it go

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(MR. GRAHAM cont'd) to Manitoba Housing and Renewal Corporation? And likewise, is there is a loss, who absorbs that loss?

MR. CHERNIACK: Mr. Chairman, the contract--now I don't want to get confused myself between the contract of the Federal Government for Northwest Territories or the contract with MHRC, but in any event these are contracts where the work is being done at a price. Now if there is a profit, it comes into government; if there's a loss, it is absorbed by an appropriation from government, and I have indicated that - I don't know the amount but I understand in the current budget there is actually an appropriation for Manpower Corps training which is part of an anticipated loss for the training of personnel that goes beyond the actual cost of construction, and that's part of a training gain for the people in that area.

MR. GRAHAM: Mr. Chairman, the Minister is still not clear when he says it comes back to government. Now, the Manitoba Housing and Renewal Corporation as such is not government, but the Northern Manpower Corps is government, so I would assume then that any profit will go to the Northern Manpower Corps or any loss will be absorbed by the Northern Manpower Corps. Is that correct?

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

MR. JOHANNSON: Mr. Chairman, I'd like to say a few words on this particular supply motion. I might stress that I'm speaking for myself, I'm not speaking for my Minister, and he's probably not going to appreciate some of the things that I say.

We are now looking at a capital authorization for MHRC for this year's program, and that capital authorization will enable MHRC to deliver a varied program. It involves a program of a thousand units of elderly persons housing, a thousand units of public housing, 200 remote units, 300, roughly 300 co-op units, 1,000 assisted home ownership. It involves aid to the NIP program - provincial input to the NIP program - land assembly, and of course the Minister of Finance in the budget address announced that a special fund of \$20 million had been set up to deliver an additional variety of programs in the housing sector. And I would like to say, Mr. Speaker, one of the reasons why I stood up to speak is that I want to express my pride in the housing program that this government has delivered over the past three years, and I also want to deal with opposition distortions of our program, in particular I would like to deal with distortions indulged in by the Honourable Member for Fort Rouge.

MR. CHAIRMAN: Order please. We are dealing with the Manitoba Housing and Renewal Corporation. Would the honourable member indicate what section he is dealing with in this particular resolution?

MR. JOHANNSON: Well we're dealing, Mr. Speaker, with an appropriation of \$20 million for the Manitoba Housing and Renewal Corporation in order to enable it to carry on this year's program, and in doing so we are of course looking at its past performance. The members of the Opposition have just been dealing with past performance in the Churchill area and I intend to do a similar thing dealing with the present program and the past program.

Now I wanted to speak long before this in answer to some of the criticisms made by the Honourable Member for Fort Rouge, but unfortunately during the Budget Debate he was absent and I wanted to make these statements when he was present, when he had an opportunity to hear me and also to reply.

I would like to stress a couple of points to begin with. First of all, my position with regard to housing is basically a pragmatic one and not an ideological one and I believe that my position is a far more pragmatic one than that of the Opposition who tend to indulge in ideological obsessions very frequently. I believe, like the Ontario Housing and Renewal Corporation does, that families with incomes of less than \$6,000 really can't afford home ownership. They need subsidized rental housing, and therefore any program must have, as one component at least, subsidized rental housing for this income group. Those between perhaps \$6,000 and \$10,000 can afford home ownership only with subsidies, and those above \$10,000 are, I would say right now, having difficulty in obtaining housing.

Now a second point I would make, Mr. Chairman, is that the most effective way to deal with the current rising housing prices is for a massive intervention by the government on the supply side of the housing field. The private sector over the last few years has obviously failed to stop the rapid rise in housing in the City of Winnipeg and in some of the rural areas also.

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(MR. JOHANNSON cont'd)

I would like to also, Mr. Speaker, point out the hypocrisy of the Opposition. These gentlemen opposite continually this session have screamed about the rising prices of housing, and yet at the same time they have consistently opposed our housing program, and I think that's not an unfair statement to make. This is one component that could most effectively have dealt with this rising price in housing.

Another think that I have observed - and the honourable member, the Minister in charge of the Manitoba Public Insurance Corporation, dealt with this at an earlier period - every time we have an official opening of a senior citizens home, I have observed that we have Opposition members usually present and they're present, Mr. Chairman, they are present to share in the credit for the building of this dwelling - for senior citizens usually. They want to share in the credit. They do this consistently. I would remind the members opposite that 60 percent of the public housing program that they attack and that they have attacked consistently has been senior citizens housing, 60 percent senior citizens housing. They attack us for building it, then when we open the senior citizens housing, the buildings, who's there, Mr. Chairman? Members of the Opposition in all their glory to take part of the credit.

Now, Mr. Speaker, I'd like to deal at some length with the statements made by the Honourable Member for Fort Rouge on March 18th.

MR. CHAIRMAN: The Member for Birtle-Russell on a point of order.

MR. GRAHAM: What is the relevance of the remark that he claims he intends to make to \$20 million Capital Supply?

MR. JOHANNSON: Mr. Chairman, I'm dealing with the nature of the housing program that MHRC is delivering, and I'm dealing with some of the criticisms that have been made of this program and these criticisms are just as applicable, or to some extent as applicable to what we're doing now with what we've done in the past. So I think what I'm saying is fairly relevant.

Now the Honourable Member for Fort Rouge on March 18th replied to a speech of mine, which was a reply to the speech of the Honourable Member for Sturgeon Creek. The Honourable Member for Sturgeon Creek insisted that the province was responsible for the collapse of our family housing program, social housing program in Winnipeg; I insisted that that was not true, that the major reason for the collapse of the program was opposition from the City of Winnipeg, and the Member for Fort Rouge attacked me at some length. But I must, first of all, admire his style. The honourable member has a very pretty style. He has a pretty style. He poses as a moderate, a sophisticated moderate, the sweet voice of reason, and he presumes to speak from an impartial position above the fray - the fray being the fray indulged in by commoners like myself and the Member for Sturgeon Creek. The little people - yes. Now I can understand the political nature of the honourable member's position. He has to protect his colleague from St. Boniface who's in his caucus. He has to protect his colleague from the City of Winnipeg Council. However, what I can't understand is that an academic should have so little concern for the truth. You know, the honourable member shows about the same concern or the same devotion to truth as the Free Press shows to truth, and the honourable members present know how devoted the Free Press is to the pursuit of truth. C.K.Y. too? No, I'm not going to deal with C.K.Y. I would agree with the honourable member that in the question of housing blame-casting can be futile but I also think, as a former history teacher, that we should have some concern for keeping the records straight, we should have some concern for accuracy and precision.

Now I can understand why the City Council and why former members of it don't particularly want the truth to be told, and I can understand why the honourable member doesn't because he has shown a distressing tendency to build a case on a foundation of falsehoods, although when the honourable member spoke, he attempted to give an impression of impartiality in this whole question of housing and he attempts to give an impression that he really isn't opposed to our housing program. Yet, Mr. Speaker, when I read over his speech - and I read it over very carefully just to check the impression I received when I listened to him - I found, Mr. Chairman, that the great bulk of his speech was devoted to a defence of the opponents of public housing, and to a defence of the City of Winnipeg, and to an attack on the Provincial Government.

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MR. SHERMAN: What's wrong with that?

MR. JOHANNSSON: There's nothing wrong with that, Mr. Chairman. There is absolutely nothing wrong with that. But it does give the lie to the pose of impartiality. The member has a partisan position and he should be forthright about it.

Now, the honourable member defended the opposition to public housing and his arguments, I found, for an academic were amazingly stereotyped. He trotted out all of the old dogs, the old horses that have been used for ages to oppose public housing. He argued, for example, Mr. Chairman, that there has been opposition to public housing in virtually every suburb in North America, and the implication of this to the honourable member is that this must be human nature. Human nature must be opposed to public housing.

Now, Mr. Chairman, if the problem is human nature, if the problem is human nature being opposed to public housing--(Interjection)--Mr. Chairman, if the problem is human nature, I would ask why there has been no such opposition to council housing in Great Britain, why there has been no such opposition to public housing in Scandinavia, in various other areas which I would consider a bit more sophisticated than North America, and the reasons, Mr. Speaker, the reasons that there's been opposition in the suburbs of North America has to do with things that have happened here. In the United States in the thirties and following that, there has been a virulent lobby opposing public housing. In Canada, following the Second World War and up to the present, there has been violent opposition contributed to, by members opposite, to public housing programs, and in North America you have had the development of suburbs that have been exclusionist. They have attempted to exclude the poor and this has been a very unhealthy development.

The Honourable Member for Fort Rouge also argued that one of the reasons for opposition of suburbs to public housing was the economic costs involved in public housing for the suburbs, and Mr. Chairman, this has had some validity in suburbs in North America. In the past it had some validity in Winnipeg but it has no validity in Winnipeg now since the advent of Unicity, because public housing projects do not cost the suburbs money. They don't cost the people in the suburbs money. In fact, the projects which have town houses generally have a higher assessment per foot frontage than single family dwellings and there is not a cost involved for the suburbs. And really, Mr. Chairman, this isn't the real reason why suburbs have opposed public housing. These are code words, the economic costs, services, schools, recreation facilities. These are code words - code words to conceal the real reason why the suburbs don't want public housing, and the real reason is that they don't want poor people living next door to them. They don't want poor people.--(Interjection)--

Mr. Chairman, a third reason advanced, Mr. Chairman, a third argument advanced by the Member for Fort Rouge, was that studies done in Winnipeg and elsewhere - and I assume some of these studies were done by the Institute of Urban Studies - studies done in Winnipeg and elsewhere show that projects of 150 and more units create social divisions. Projects of 150 units or more create social divisions. Now, Mr. Chairman, that's an interesting, really interesting observation. The honourable member sets up a strawman to knock down. MHRC has not built a single project of family housing of 150 units. MHRC hasn't built a single project this size. The largest project has been 125 units; the average in the past was about 50 in Winnipeg, the average town house project in Winnipeg was about 50 units, and that average is falling each year because the projects we're building now are generally smaller. Now if you contrast this, Mr. Chairman, with the experience in the United States, contrast this with a place like Fort Green in New York City where there are 3,400 units, 17,000 people living in a single public housing project, our projects are tiny; our projects are what the honourable member's American friends would call vest pocket projects.

MR. JAMES H. BILTON (Swan River): The population is tiny too.

MR. JOHANNSSON: Mr. Speaker, in the City of Winnipeg MHRC has built some single family dwellings, some duplexes where the land cost was low enough, but generally the Housing Corporation has built town house developments because of the cost of land in this city. Now a town house project can have advantages that a single family area doesn't have. A town house project can have park space within clusters of housing; it can have playgrounds and tot lots within the project. It can be very attractive architecturally and I have observed some town house projects in St. James that are far more attractive than the single family dwellings surrounding them. So this can be an advantage. Another reason why MHRC has built town

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(MR. JOHANNSON cont'd) house projects has been because of CMHC cost constraints. The Honourable Member for Fort Rouge has several times castigated the government for not including sufficient recreation and social amenities in housing projects, and I would assure the honourable member that MHRC has stretched the CMHC cost constraints to their limits whenever we could, in order to include all possible amenities in projects.

I would read one statement from the 1971-72 Annual Report. "The corporation is always mindful of the need to avoid massive public housing projects." And this is the policy of the corporation. And yet members of the opposition and members of City Council continually distort this. In rural areas and in our remote programs, our housing program is almost entirely single family dwellings because in rural areas and in remote areas land costs make this possible. Now, the corporation tries to fit these single family dwellings into the community so that they are not obtrusive, so that they fit in the community.

The honourable member in his impartial address primarily blamed the Provincial Government for the failure to build family social housing or rental subsidy housing in Winnipeg, and he said, for example, that we made no effort to take account of suburban concerns, no effort to take account of suburban concerns. I would remind the Honourable Minister of Municipal Affairs of this. He would recall a meeting he held in North Kildonan with regard to one of our family town house projects, a public meeting prompted by public opposition. The Minister showed up, MHRC showed up, the project was modified because of concerns expressed by the citizens, and the result was a better project. I think the Minister would admit, and we would admit, that it was a better project because of the expression of those concerns. But the fact remains that that project went ahead. It was built and the result was a good project.

The Honourable Member for Fort Rouge also stated that MHRC has made no effort to find alternative solutions to the problem. The impression he gives is that MHRC has been coming to the City of Winnipeg with a whole series of Lord Selkirk Parks. This is the impression that one gets listening to the honourable member at times. And he has complained about the fact that we haven't tried to present alternative solutions to the problem. He's complained about the fact that we haven't brought out, brought forth experimental or innovative programs, and I'd like just for the record, Mr. Speaker, to go through some of those programs.

No. 1 - Village Canadien. This is a proposed co-op in St. Vital which would have perhaps 140 units of housing. The co-op members are largely French Canadian. There would be some rental subsidies involved. The project is a beautiful unit. What's happened? The local community committee has opposed this and the result is that the co-op has now taken this to the Municipal Board, so it's not yet proceeding.

A second innovative project proposed by MHRC is Nassau Square, which is 80 percent assisted home ownership. A beautiful design by Gustavo da Roza. There's a sketch of some of the housing units on the--(Interjection)--he's a Liberal, but he's a good architect, I must say that. But it's a beautifully designed project, 80 percent assisted home ownership. And yet this has been held up. A third--(Interjection)--Yes.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: I was just wondering, Mr. Chairman, when the honourable member is going to be getting to that part of his speech that his Minister is going to disagree with.

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

MR. JOHANNSON: That's a good point. Very quickly, Mr. Speaker. I've been running far too slowly. I've got to get to the point where I say something that the Minister won't like.

Another innovative project was Thawani Towers or Pioneer Apartments, where MHRC financed the condominium.--(Interjection)--Pardon? Well there are problems with it. Condominiums, condominium grants aren't the New Jerusalem; they don't avoid all problems. There are problems with this one.

Number 4, Mr. Speaker, Home for Paraplegics. Number 5, Home for the Deaf. These are, from what I understand, unique projects in Canada for catering to special needs. Number 6, renovations. MHRC carried out deep renovation projects in Brooklands and in Point Douglas long before CMHC and the Federal Government brought out their NIP program or their RAP program. And they carried out these renovation programs before or during the period when the Federal Government had cut off for five years all urban renewal funds, all urban renewal funds even for studies. MHRC also built housing for sale. Over 100 units were sold without CMHC involvement. These were single family dwellings.

CAPITAL SUPPLY

(MR. JOHANNSON cont'd)

No. 8, St. Laurent. Here we carried out I think a unique project. Mr. Chairman, how much time do I have left?

MR. CHAIRMAN: You have three minutes.

MR. JOHANNSON: Three minutes. Mr. Chairman, I guess I won't get to the point where I disagree with the Minister but I'll have another opportunity.

In St. Laurent we developed a project which was the pride and joy of the Attorney-General. Here was a project where local people asked for housing, for social housing. They were involved in the establishment of a Manpower Corps Training Program to train people in the community to build their own houses. They chose their own foreman; they chose the tenants for the housing. This was a unique and a beautiful experiment in the delivery of housing and in local democracy. And it also involved an innovative technical development in a plastic sewer and water development.

A 9th innovative project, I would point out to the honourable member, was at Churchill. Now problems developed at Churchill, mistakes were made, but Teddy Roosevelt, the former President of the United States, later a candidate for the Bull Moose Party, once said, "Show me a man who makes no mistakes and I'll show you a man who doesn't do things." And we've made mistakes. But the fact remains that in Churchill we have delivered badly needed housing, we have developed innovations in housing techniques to adapt the housing to the Churchill climate, and we have provided employment in a pre-fab housing factory in the community. So I think in spite of the mistakes that were made in Churchill, there's been vast benefit to the community through our programs and they'll be lasting benefits, whereas those mistakes were of a very temporary nature. Churchill.--(Interjection)--No I wouldn't say, "what's a million?" The Honourable Member the Leader of the Liberal Party may say, "What's a million?" but I wouldn't make that statement.--(Interjection)--He's never seen a million.

The Provincial Government has also carried out the greatest housing renovation and repair program in this country. The Honourable Member for Fort Rouge and I both attended a Housing Rehab Conference in Montreal where various Rehab programs across the country were discussed . . .

MR. CHAIRMAN: Order, please. The Honourable Member for Swan River on a point of privilege.

MR. BILTON: I wonder, Mr. Chairman, when we can get back to the capital authority requirements and get on with the business of this province instead of listening to the romancing over there of Junior.

MR. CHAIRMAN: That is not a point of privilege. The Honourable Member for St. Matthews.

MR. JOHANNSON: Mr. Chairman, I'll continue my romancing of the Honourable Member for Fort Rouge but I don't expect any productive results.

Mr. Chairman, getting back to the pensioner home repair program.

MR. CHAIRMAN: Order, please. The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, when the Member for St. Matthews first rose in his place he indicated that what he was going to do was to take a strip off the Minister, and we sat here in eager anticipation waiting for him to come to grips with the Minister, to no avail. We wondered what the purpose of the exercise was all about until we looked up into the gallery, and there is the oracle. He sits there and will be--(Applause)--he will be printing those words of wisdom, he'll be printing those words of wisdom as the truth, because according to the member or to the former Attorney-General, truth emanates from that side of the House only.

MR. CHAIRMAN: Order, please. The hour being 9:00 o'clock, Committee rise. Call in the Speaker.

The Committee of Supply has considered certain resolutions, has directed me to report same, and asks leave to sit again.

IN SESSION

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

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I move, seconded by the Honourable Member for Gimli, that report of the Committee be received.

MOTION presented and carried.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: First Item Private Members' Hour is Private Bill No. 35, the Honourable Member for St. Matthews. Very well. Adjourned debate No. 23. The Honourable Member for Radisson.

MR. SHAFRANSKY: Stand.

MR. SPEAKER: Stand. Adjourned debate No. 31. The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): Stand.

RESOLUTION NO. 14

MR. SPEAKER: Private Members' Resolution No. 14. The Honourable Leader of the Liberal Party has two minutes left.

MR. ASPER: Mr. Speaker, I get the distinct feeling that the length of applause is not tied to the length of time of what I'm about to say but for the length of time I have in which to do it.

Mr. Speaker, I won't try to recreate the points I had made prior to adjournment last time the resolution came up. I think I can summarize the keen approval of the Liberal party for the establishment of an Auditor General by simply making reference to the events of the past eight weeks, ten weeks, during which this House has been sitting. Mr. Speaker, we have in one short period of one short session of a whole legislative program of four years, we have five or six key examples that cry out for the appointment of an Auditor-General, that point up indisputably the inadequacy of the present system. We had allegations that were on a prima facie, on a surface basis substantiated sufficiently to warrant inquiry into the northern road program; that there was waste in those programs.

We had the same and even more well documented and broadly based fears that in the northern co-ops the fishing co-ops there was a squandering, a mismanagement, and perhaps even an improper accounting for money that the public pay to this government in taxes. We have an allegation that is supported by some objective observers, as a matter of fact, some objective investigative reporters, that there is an abuse of the public purse through both buying, using public money for that purpose, political payoff to secure voting.

We have had during the past year allegations, proven allegations, or certainly satisfactorily proved to my satisfaction, and by the way to a very broad sector of the financial community, that the government has taken millions of dollars if not tens, well as a matter of fact, tens perhaps 150, but certainly tens of millions of dollars of the public purse is lost, is squandered, is poured down a sewer, a bottomless pit, through MDC investments in an attempt to get into business.

The fact - and the dessert was offered this morning, the pièce de résistance was this morning when the Public Accounts Committee, which is charged with looking after and scrutinizing a billion dollars of spending, spent two and a half of its three hours trying to persuade the Minister of Finance to allow the Auditor General to do something that the Opposition Members unanimously felt should be done. Because the Minister was able to thwart that, nothing has been more eloquent in its persuasion of objective people that an Auditor General for Manitoba, similar to the independence of the Federal Auditor General, is not needed but is urgently required and now.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, throughout this debate we've had problems I believe with the use of words and some say, well, it's just semantic, but I don't know, I'm beginning to cherish more and more the desire that we all learn to use correct words. Now the Leader of the Liberal Party just - I think his last sentence - said that there was some two and one-half hours spent in trying to convince the Minister of Finance and the word "convince" I'm not sure of, but he said, to allow the Provincial Auditor to do something or other. Mr. Speaker, I really think that the Leader of the Liberal Party would have to admit that that is not a correct picture, to allow the Provincial Auditor to do something or other. That was never discussed this morning, whether or not I have the right, the ability, to allow the Provincial Auditor to do anything, or to deny him the right to do anything that he wanted to do. And the near - now he may not have meant that exactly but he used the expression, "trying to persuade the Minister of Finance to allow the Provincial Auditor to carry out some sort of function." It was as clear as could be, Mr. Speaker, that the discussion this morning related to a request, to an instruction to do something, to tell the Provincial Auditor to do something and to report back to the

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(MR. CHERNIACK Cont'd) committee, which is another positive requirement of him, you shall report back to the committee.

Of course, we got hung up on another matter involving I suppose semantics because the resolution as first presented was that the committee instruct the Minister of Finance to request the Provincial Auditor to do something, and I objected to that, and that was not just semantics. However, that resolution was changed so that it was in a more understandable form. But, Mr. Speaker, I pointed out at this morning's meeting that the Provincial Auditor is, I believe, the servant of the Legislature. I believe he is not - that a committee of the Legislature does not have any powers that are not given to it by the Legislature, and that therefore the committee has no authority to require anything to be done by the Provincial Auditor; nor Mr. Speaker, does the Minister of Finance have any authority beyond the one section that was referred to this morning in the Provincial Auditor's Act where a special request is made for an investigation.

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

MR. ASPER: My question to the Honourable Minister of Finance is this. Did he not hear the Auditor General say that he could not do certain investigations unless he got the authority and the permission of the Minister of Finance, and if he did hear him say that the question I have is, if the Provincial Auditor is a servant of the Legislature, why then does he only take his instructions from the Minister of Finance?

MR. CHERNIACK: Mr. Speaker, I'm glad the questions were asked because there seems another confusion in the mind of the Honourable Leader of the Liberal Party. He does not take instructions only from the Minister of Finance, he takes instructions from the Legislature, and his instructions are to make a proper audit of the accounts of government. But there is one section that authorizes the Lieutenant-Governor-in-Council, or the Minister of Finance, to direct him to make a special kind of audit and when that direction is given to him, then he has authority to go well beyond accepted accounting practices because he then has the authority to go into the books of a private agency, society, company, and start doing an investigative matter. And he also said this morning and maybe the Leader of the Liberal Party will remember, that he had some doubts about whether or not the Provincial Auditor ought to have that authority in a general way.

The Leader of the Liberal Party nods that he heard him say that; and I do too because that's a tremendous power and the Provincial Auditor has some doubts. But I think that it is pretty clear that not only because I said it, but because the Provincial Auditor confirmed it, that he knows that at any time he is prepared to go beyond the books of government or government agencies, and needs that kind of authority which is far reaching, that he only has to request it from the Minister of Finance, and I think he said as much as to say any Minister of Finance, but after discussions that we've had in the past he knew that with the current Minister of Finance he had only to indicate that he wished to have the authority and he would have it. So I think the Leader of the Liberal Party ought to agree that the debate this morning was not whether or not I would allow the Provincial Auditor to do what he felt he had to do or what committee members wanted him to do, the Provincial Auditor had that power.

Now there were several speeches made on this resolution, one by the Member for Riel - the Member for Riel did say several times, refer to something I had said at a meeting of the Committee on Public Accounts, and I quote now from page 1540 March 18th of Hansard, where the Member for Riel says, and I quote: "And the Minister of Finance stepped into the picture and he said, under no condition was I to allow a person's name to be defamed over a case such as that. And he said, 'I' Mr. Speaker. It wasn't the Provincial Auditor who said it, it was the Minister of Finance. 'Under no case would I allow.'"

Later the Member for Riel only a few lines down said, "A case where it was stated on the record in the Hansards of the Committee, where the Minister said 'I would not allow this to happen.'"

On the following page, he said, the Member for Riel, the top of page 1541, and I quote: "alluded to by the Minister of Finance when he says 'I would not allow, I would not allow him to reply'..."

Mr. Speaker, all the time, the three times that he said that, I felt that he could not possibly have been quoting me correctly. Well Hansard, or the hearing of the Standing Committee on Public Accounts of March 5th of this year on page 15 does - I now read what it

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(MR. CHERNIACK Cont'd) . . . reports my having said. And I quote from the report of the Committee: "then the Auditor certified to me that he was satisfied, I would never be a party to exposing or giving his name at all." That's the end of the quotation. Mr. Speaker, I said that I would not participate in exposing the name of a person who I was satisfied had innocently made an error in an accounting process. I did not say I would not allow anybody, or that I would not allow the Provincial Auditor to do that - I had no control, and I never pretended to have control. But the Member for Riel attributing words to me, "I would not allow" something to happen as he did, was also in effect saying that I would not permit the Auditor to do that, that's the only inference I could make from what he said. And here we are, the Leader of the Liberal Party today said that I would not allow the Provincial Auditor to do something, the Member for Riel back on March 18th quoted me, incorrectly, as saying I would not allow something . . .

Mr. Speaker, let's be practical and realistic. We passed an Act back in 1969 which, Mr. Speaker, did exactly what the resolution before us asks be done. The Members opposite have certain complaints about the way the Auditor conducts himself and --(Interjection)-- yes the Auditor conducts himself, and what they claim is the attitude of this government, but there is nothing in the resolution that is any different, any different from what it was that was done back in 1969 when all parties present, and I mean all three parties, present applauded what had been done. The controller of the treasury functions that had been performed previously by the Controller General were transferred to the Department of Finance, then the duties given to the Provincial Auditor from 1969 on were and have been patterned almost entirely on the similar provisions of the Act governing the operation of the Auditor General in Canada. Mr. Speaker, the Provincial Auditor has said as much but they don't seem to believe him. The Provincial Auditor has now appeared for the third time in committee and has said as much, and could be questioned further. He has no complaints about his lack of authority. He says he has authority. He said that if he asked the Minister of Finance for a direction to give him the power to investigate a private company or a private agency or society, and if he didn't get what he had asked for, he would consider then that he would want to report it in his annual report.

Mr. Speaker, I have no hesitation in permitting the question but I don't want it charged against my time. Is there that kind of understanding?

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

MR. ASPER: Mr. Speaker, the question to the Minister of Finance is this: Why then, in what he has just said about the independence of the Auditor General, why then has it been the Opposition and not the Auditor General that has brought to public attention the financial mismanagement problems that have been the subject of debate, and which the government has conceded there are management problems, e.g. the Northern Co-ops, and so on, which we know the government knew about a year ago.

MR. SPEAKER: Order please. Order please. A second debate is not in . . .

MR. CHERNIACK: The honourable member wouldn't want to abuse the opportunity that he is given --(Interjection)-- he says never. Mr. Speaker, now we come to the essence of what is the function of the Auditor General. Is it public exposure or is it to correct and to certify? Because, Mr. Speaker, the Provincial Auditor has made it clear that as he goes through his work and finds mismanagement errors, matters that need correction, he sees to it it's done and if it isn't done he reports it. Mr. Speaker, I think it's very important what he said in committee in one of the previous meetings. He said that he did not think he wanted the kind of instructions that the Federal Auditor General, Mr. Henderson said he had, and that is, according to what we are informed every kind of infraction, whether it's a mistake, an error, an oversight whatever, must be reported, and as I recall the Provincial Auditor, and I could find it if I had the time, he said, he is afraid that doing that in such a large fashion takes away from him, he thinks, the threat which is more effective and that is that when it is known that a correction requested or suggested by the Provincial Auditor is not made, it will be reported, and then it will stand right out because he will only report that which he considers a serious matter, that there will be more care taken than there would be now under the federal, and I shouldn't say now, under the Henderson approach, the Maxwell Henderson approach in Ottawa, where everything is in - and I think members know the

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(MR. CHERNIACK Cont'd) thickness of that kind of report - and the Provincial Auditor suggested that matters get lost in there and show up better in his report.

There was one point made that this will be a year later. But, Mr. Speaker, the fact is that throughout all the years of the Provincial Auditor's report apparently they never had an occasion where they had to report to the Legislature that they were denied the opportunity to make the kind of investigation they wanted to do.

So that, Mr. Speaker, it's not a question of the authority, it's a question of whether the auditor has the opportunity to do a proper investigation and make the necessary corrections. If the Leader of the Liberal Party wants public exposure then that's a different thing, because the Auditor, I think, from hearing him and from what others can read, he's more concerned with getting a good job done, and he even thought that complete exposure of every error would make it less possible for him to do an effective job.

Now, Mr. Speaker, I don't want to take too much time --(Interjection)-- Oh, I'm told I, no - 20 minutes. I only have about five minutes left I believe, so I want to go quickly. Our debate that did take place in committee, the time before this morning, was whether or not the committee had the power but I say that the committee didn't have the power but the Provincial Auditor had the power. And peculiarly enough, Mr. Speaker, we spent two and a half hours somebody said - I think it was two hours - on this resolution and we spent the last half hour finding out - what did we find out? We found out that the Provincial Auditor without waiting to be asked, without waiting to be told, without waiting to be instructed, and before there were demands made in this House, had started to do certain investigations. Mr. Speaker, the Member for Swan River is screaming, why didn't you say so and, Mr. Speaker, I would tell him --(Interjection)-- his time not mine.

MR. SPEAKER: The Honourable Member for Swan River.

MR. BILTON: The Honourable Minister has a habit of using those words, and I'm not screaming - that's going over the air and you want that reported and I'm not screaming. I'm just suggesting to the Minister that he . . .

MR. SPEAKER: Order please. Order please. The explanation was valid. The further debate was not and the interruption was also not valid. The Honourable Minister of Finance.

MR. CHERNIACK: The Member for Swan River is correct, he was not screaming, he was interrupting me, and he did it twice, and I use the word "screaming" he was not screaming. There are occasions when he screams, and now I think he's close to it. So, Mr. Speaker, we discovered this morning something that I knew, and I think other members opposite probably knew or could have known if they had taken the trouble to speak to the Auditor. And I know that the Leader of the Opposition spoke to him because he told us he did, and I suspect that the Leader of the Opposition knew before today that the Provincial Auditor has started his own review and investigation and believes that he was doing it as thoroughly as he needed to do, and today we both reported that the Provincial Auditor told me yesterday that he expected to be asking formally for a direction to go to start investigating the Southern Lake fishermen's co-op books, and he knew and I knew that as of yesterday I said that when I received the request it will be immediately responded to. So that things are going on. It's not necessary to make the fuss that went on here for hours at an end, because the Auditor knows his job.

Now, Mr. Speaker, I want to deal somewhat with remarks made by the Leader of the Liberal Party, who today said he did not want to repeat what had been said, what he said the last time, and I'm glad he didn't because that was a real violent vituperative speech he made the last time and he only had two minutes today - he couldn't really repeat himself. But he was talking, Mr. Speaker, about the Provincial Auditor and he really clearly indicated that in his opinion the Auditor was not performing any function, and I quote from various statements he made: "What we have now in the Provincial Auditor is something that's a far cry from that of the Auditor-General. The proposed of the Act is not sufficient to give him those powers. They should be changed."

Mr. Speaker, he's wrong. There's no change needed in the Act. And he said, "We have here a Provincial Auditor that's really not empowered to report either to the Legislature." He's instructed to report but he said he's not empowered to report. Then he spoke about one of the acts that this government did, "We fired independent auditors," he said, "The Manitoba Development Corporation is a classic case where we had independent auditors not - and I quote -

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(MR. CHERNIACK Cont'd) "not by anybody who was answerable to government, or could be squeezed by government, or who could be starved by government, or who could be influenced by the fact that he still had to have the support of government in what he was going, but by independent objective auditors." And today he expressed some doubt as to his right to . . .

MR. SPEAKER: Order, please. Order, please.

MR. CHERNIACK: The Member for Swan River is starting to get close to screaming, Mr. Speaker. Now he is.

MR. SPEAKER: Order, please.

MR. CHERNIACK: Mr. Speaker, what the reference to the MDC was, was that this is not an independent auditor we have. Well, Mr. Speaker, I've got audit reports here. I'm not going to throw them on the floor, I'm just going to indicate I have reports. I have reports from the MDC for a number of years prior to the Provincial Auditor taking hold. Let me tell the Member for Wolseley that one looking through the reports finds nothing like the kinds of particular statements he expected. At times when loans of the MDC were not going well, no indication of that in these reports. But, Mr. Speaker, that's all right. He seems to think that every report of an audit has to indicate the various errors, mistakes, oversights. I would guess that the Bankers Trust in New York may have had some mistakes. I've found nothing there. The Royal Bank of Canada, Mr. Speaker, it may have made some mistakes there - the Member for Minnedosa isn't here to confirm it. The financial, the Auditor's Report doesn't even contain the kind of certification that the Leader of the Liberal party is asking for and which the Provincial Auditor indicated clearly is not the kind that one gives in provincial statements.

Imperial Oil, do you think they made a mistake or they had money wasted at any time? Nothing in the report to indicate that, and yet he seems to indicate that auditors do it. Sherritt Gordon Mines, do you think that they may have sunk a hole that was useless or do you think that they made any other mistake or oversight? I don't see anything here by the report. Do I need more? The Bank of Montreal, Bank of Nova Scotia, Mr. Speaker, I've looked at these and I find nothing like the kinds of information that are being demanded by members opposite, because, Mr. Speaker, what you get --(Interjection)-- The Member for Wolseley thinks that he's a shareholder, he even thinks he's a board of directors. There is nothing more given at shareholders' meetings than is reported by the Provincial Auditor at the time he makes his report or at the time that the Public Accounts Committee meets.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Thank you, Mr. Speaker. I think I might just begin by noting almost the coincidental timing of this resolution. The Honourable Member for Riel presented it on March 18th to this House and it happened to be the day of the first meeting, I think, of the Public Accounts Committee, and I thought it was appropriate at that time that we should be able to review what happened in that committee meeting in relation to the intent and the thrust of this resolution. Now today we're dealing with this resolution again just after the meeting of the Public Accounts Committee this morning.

Mr. Speaker, I as a member of that Committee, I think I should just relate to you briefly what transpired, or at least, Mr. Speaker, my version of what transpired because we have already had a version related by the Minister of Finance of the goings on at the Committee of Public Accounts this morning.

Mr. Speaker, the resolution that was introduced I think is the principal item because most of the discussion took place following the introduction of this resolution, and I would like to read it into the record. This was presented by members of the Opposition who were members of the committee, and the resolution reads as follows: "That the Minister of Finance be requested to instruct the Provincial Auditor to examine records of the Communities Economic Development Fund, with particular reference to J. M. K., R & M Construction, and Schmidt Cartage, and to report back to the Public Accounts Committee within four weeks as to the details of operations on all significant accounting information and whether the financial affairs have been organized and conducted on a sound basis."

Mr. Speaker, that was the request, the motion put before the Committee, and during the discussion of this resolution, while it may have been somewhat unusual, the Provincial Auditor was asked to comment. And now I come to my version of the Provincial Auditor's

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(MR. MCGILL Cont'd) replies, which will have to await the transcription of the meeting, but it was my understanding of what the Provincial Auditor said, that he was only able to go so far. He did say that he has undertaken, prior to the meeting, to look into certain matters which had been brought to his attention in Northern Manitoba. But he said, Mr. Speaker, that he was unable to go beyond a certain stage in the investigations because his authority did not extend to following certain loans and certain dispersals of the companies for which he was responsible into the books of these other organizations. He said that to us, Mr. Speaker, and I interpreted that to be an invitation from the Provincial Auditor to the committee to make sure that he had this authority. And so, Mr. Speaker, it was with this in mind, and prior to this explanation, that this motion had been presented to the committee and it seemed to me that the explanation of the Provincial Auditor reinforced our action in this respect. The Minister of Finance explained that if there was something that the Provincial Auditor felt he should pursue beyond the limits of his authority, then he should, by letter to the appropriate Minister, with a copy to the Minister of Finance, request that information.

Well, Mr. Speaker, I don't know whether this has been done by the Provincial Auditor in this respect but it would seem to me that there is a great urgency in the matter, and so the intent of our resolution was to just establish and provide the Provincial Auditor with the authority immediately through the committee and through the office of the Minister of Finance. Mr. Speaker, the attitude of the Minister of Finance during this debate and the manner in which he succeeded in having the resolution defeated were not the actions of a man who, in my view -- or a Minister of the Crown who in my view had a burning desire to seek out the truth in this respect. It was something less than complete enthusiasm for proceeding with the investigation which the Provincial Auditor said he had already begun. I would have expected that had he been anxious to pursue this thing to the proper and complete end, and get all the information which the Provincial Auditor said he was unable to get at this stage, that he would have supported this resolution. But, Mr. Speaker, he did not support the resolution and, as the result of that, the Provincial Auditor remains restricted in his investigation of this matter.

Well, Mr. Speaker, the Minister of Finance is now saying that the Provincial Auditor is not ready to go yet. Well, the Provincial Auditor in my view is anxious to go. He gave that impression that he would like to seek out the truth in the matter because of the conflicting evidence up to this point.

Mr. Speaker, when this act authorizing the Provincial Auditor to report to the Legislature was first conceived and passed by this House, it was not, I think, foreseen that the government of this province would continue to develop and to become more actively involved in business operations in the province. And since that date there has been a great proliferation of the amount of operating activity undertaken by this government, the number of corporations in which this government has achieved equity positions has majority positions, so that the job of the Provincial Auditor is becoming much more complex than it was in the first instance. What we're asking for in this resolution is an authority for an Auditor-General, or a man who would have authority to proceed to the full extent of any investigation to the extent to which he felt it was necessary to go. This Provincial Auditor doesn't have that authority. We were attempting to give it to him in this specific instance today but the Minister of Finance prevented this from occurring.

Mr. Speaker, I'd like to point out another problem that is developing very rapidly in our modern business economy, and that's the device that is now frequently being used by people of somewhat questionable morality, the device of the fraudulent bankruptcy or receivership. There are an increasing number of instances in the business world today where receiverships are used for fraudulent purposes to the profit of those people who are involved, and this device is one which could occur and be related very easily to a loaning authority of government where the so-called sweetheart loans are used to provide credit and capital to operations which thereafter go into receivership. Now, it is impossible for the Provincial Auditor under the present circumstances to proceed with the investigation of the disposition of loans to private corporations. It's impossible for him, he explains to the committee, to harry and trace a loan from the Community Economics Development Fund to, say, a cartage company, and to investigate and determine who are the directors of the cartage company, what their accounts payable were immediately prior to their receivership. Mr. Speaker, I

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(MR. MCGILL Cont'd) submit that this is a very urgent authority; this is an authority that it's very, very necessary for the Provincial Auditor to have.

So there have been a number of instances during the past two or three years, of firms who have achieved loans, who have been granted credit by perhaps the Manitoba Development Corporation or the Community Economics Development Fund, where loans have been involved to companies which within a short time - and I'm talking about six, a year or eighteen months - have gone into receivership. Now I think that the Provincial Auditor cannot possibly be the the watchdog of the public purse if he is unable to proceed beyond the limitations of investigating the loaning authority. He must, Mr. Speaker, be able to investigate the receiving corporation in order to fully understand how this money was used and what the reasons and the causes of the bankruptcy which subsequently occurred were.

Mr. Speaker, I think that the prime and fundamental job of the Opposition is to hold the government of the day accountable for the way in which it spends the public money. We in the opposition, if we have any functions in this Legislature - and I must admit, Mr. Speaker, that there are times when I wonder whether we do have any function - but if we have any function that is really important, it is the function of acting as a critic, of the scrutinizing of the spending habits of the government, and to determine and to ensure to the best of our ability that this money is not wasted, this money is not diverted to activities that are not in keeping with the best interests of the people of Manitoba.

What we're asking for, Mr. Speaker, is that we have a watchdog of the public purse who will be accountable, not in a restricted way, to this Legislature. I'm suggesting, Mr. Speaker, that we have a Provincial Auditor who I believe is a very dedicated person, who I believe is very anxious to do all that he can to investigate thoroughly and to report any unusual of activities which he considers are inappropriate. But, Mr. Speaker, the watchdog which we have in Manitoba is on a tether, and the length of his tether, Mr. Speaker, is the length to which he can go in investigating the activities of Crown corporations, and beyond that his tether does not reach. Mr. Speaker, we must have an auditor who is not impeded in his activities, who does not have to wait for his master to untether him while the trail gets cold. Now there are times when the Auditor is on the trail of activities which he considers are not appropriate to the use of public funds, and by the time he has written a letter, I suspect to the Minister in charge with a copy to the Minister of Finance, by the time this has been perused and authority has been given, there is ample opportunity for people who are aware of his interest in their activities to, if I may borrow a phrase from someone else, to have sanitized the records and to make it extremely difficult for the Provincial Auditor to do an effective job.

Mr. Speaker, if the watchdog is to be unfettered, if he is able to go quickly in the direction which he feels is appropriate we would like to know then who really is the master of the Provincial Auditor. Will he report frequently to the Provincial Legislature? Will he simply have one annual report in which to indicate where he thinks there have been inadequate explanations given to him? There is only one, Mr. Speaker, in this report for the year ending March 31, 1973, and it relates to the way in which the Department of Education pays its grants to the school boards in Manitoba. That's the only one, I believe, that is really set out in his report. But I suggest, Mr. Speaker, that to be effective the Provincial Auditor needs to have freedom of action and ability to report without delay to this Legislature through the members.

Mr. Speaker, I would just like to refer finally to the report of the Manitoba Housing and Renewal Corporation, and I think in the final notes to the financial statements we have ample proof of the restricted terms of reference of the Provincial Auditor at the present time. He points out that there is a sum of money, over a million dollars, that he has not been able to properly trace and to properly account for. Now this statement was March 31, 1973, the notes to the financial statement are in December.

Now I wonder what happened here, Mr. Speaker. I wonder if the Provincial Auditor some time after March wrote a letter to the Minister responsible for Manitoba Housing and Renewal Corporation with a copy to the Minister of Finance. If he did, I didn't hear the Minister of Finance mention it. I wonder if that activity took place, because here is a case of eight months having elapsed and the Provincial Auditor has not been able to get to the bottom of this discrepancy. Mr. Speaker, obviously this clearly demonstrates that the limitations placed on our Provincial Auditor are unacceptable. They cannot be allowed to continue in this manner. With the increasing spending of the government, with the increasing involvement in business

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(MR. MCGILL Cont'd) activities, we certainly need much more complete and immediate checking and accountability by our Provincial Auditor. Thank you.

MR. SPEAKER: Before we proceed, I should like to indicate to the honourable members that due to the latitude I was allowing in debate, and of course having forgotten that the Auditor's committee had not reported yet, I allowed something to take place which should not have taken place. Members are aware that in debates one does not refer to a committee that has not reported its proceedings, and since this took place on one side I had to allow it to happen on the other, but I want to indicate that the fault is mine and I wanted to indicate that it was on my part that this remission occurred, but I would like to ask the cooperation of the honourable members, because they are the members of the Committee, to also remember the rules in order to assist the Chair. The floor is now open again. The Honourable Member for Shafransky. The Honourable Member for Radisson.

MR. SHAFRANSKY: Thank you, Mr. Speaker.

MR. SPEAKER: I apologize.

MR. SHAFRANSKY: I'm glad that you do remember my name. I don't know if that is actually saying that, mainly because he called me the Member for Shafransky, it might be a good idea to possibly change some of the names of the constituencies in the province of Manitoba, and I'll lend my name to one of those constituencies if that should be your desire.

Mr. Speaker, in rising to speak to the resolution of the Honourable Member from Riel, I was first moved to refer to a speech by the Honourable Member for Fort Rouge who takes it upon himself to be the judge of the people's attitudes, and I just don't know if I should waste any time on a member who will reflect on another honourable member of this House in a manner that the Honourable Member for Fort Rouge did. I noticed that he boasts of having some titles to his name and I'm moved that if a person is so moved that he has to remind people that he has some title, then I really can't understand the mentality of a person who tries to proclaim how intelligent he is, therefore I'm not going to continue on that vein.

Last night, Mr. Speaker, the Honourable Member for Lakeside - I don't know whether jovially or jokingly - he made some reference to me. Well the fact is, Mr. Speaker, that if a resolution is introduced in such a manner as not to make much sense, then it has to be corrected and amended that it will be more meaningful and more productive and will have some results as a result of the amendment that I am called upon from time to time to make.

Mr. Speaker, the Honourable Member for Lakeside would have you believe that amending resolutions, amending resolutions is something new. I was checking back during the period of the history or time when the honourable members opposite, the Official Opposition, were in government, you know, and I was quite amazed and actually surprised, because I had forgotten that this particular Auditor-General, office of Auditor-General, was established by this government in 1969. I do recall that in 1969 earlier, it was that party that introduced a bill, but because of the fact that the Leader of the Conservative Party of the day, the Premier of the day, decided to call an election, that this bill died on the Order Paper and was not proceeded with, and I would like to remind the members of the Liberal Party that Mr. Molgat, the former Leader of the Liberal Party, had on numerous occasions for some eight years, talked about -- there was resolution after resolution talked about establishing a Provincial Auditor, to change it, to establish an act which would establish a Provincial Auditor responsible to the Legislature.

Up to that time it was the - what was it called? The Controller-General or something, that the reports, annual reports of the audits carried on by the province, was made by him. Other than that it was done by so-called independent auditors. Well, Mr. Speaker, I did have occasion some two years ago, on a comment by the Honourable Member for Portage la Prairie, and this again, who did attack the Provincial Auditor, and I got up to give a comparison between the Provincial Auditor and the Auditor General of Canada, and in making this comparison, Mr. Speaker, I went item by item, article by article, throughout the whole Act, and there was no way any difference, any measurable difference between those two positions. So, Mr. Speaker, the Provincial Auditor that we have established in 1969 is an independent position, responsible to the Legislature.

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(MR. SHAFRANSKY cont'd)

Mr. Speaker, you know, in listening and looking over the speeches by the Honourable Member for Riel, the Honourable Leader of the Liberal Party and, more recently, the Member for Brandon West, I have been trying to see what is it that they're talking about. Well, you cautioned us on the fact that they have been dealing specifically with Public Accounts and that matters which are currently before Committee are not in any way really dealing with the actual resolution, and Mr. Speaker, I would challenge the members opposite to specifically spell out what is it that you'd like to see changes made. What type of changes? In no way have you, any one of you, indicated what is it that you're asking for. What you're doing is criticising the credibility of the Auditor General, you're criticising his position, you're criticising his judgment. The Minister of Finance . . .

MR. SPEAKER: Order please. The Honourable Member for Riel state his matter of privilege.

MR. CRAIK: Mr. Speaker, this is twice tonight the Minister of Finance and now the Member for Radisson has said that we questioned in some way the judgment of the Provincial Auditor. Well, I want it to go on the record that that is an absolute misrepresentation of anything we have said in that respect. What we're questioning is . . .

MR. SPEAKER: Order please. Order please. That is not a matter of privilege. That's a difference of opinion. The Honourable Member for Radisson.

MR. SHAFRANSKY: I still say that in my opinion they have constantly, since 1969, since the passage of the act which established the Provincial Auditor-General, the members opposite, the Conservative Party have not really been attacking the Provincial Auditor as much as the Member for Portage la Prairie, but in this year specifically the members opposite, the Official Opposition, have been attacking the integrity, in my opinion the integrity of the Provincial Auditor. They're questioning his techniques, those things that have been established by legislation, and he is doing those things that are necessary, and the Minister of Finance indicated that he can proceed practically on any avenue that he wishes that there are no restrictions, no limitations.

Mr. Speaker, I still would challenge the members opposite, when they are speaking, to spell out specifically . . .

MR. SPEAKER: Order please. Order please. The Honourable Member for Swan River state his matter of privilege.

MR. BILTON: I challenge the honourable member when he says that we on this side, when we on this side are questioning the integrity of the Auditor . . .

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

MR. SHAFRANSKY: What is it that they want? It seems to me what they want is not any particular changes, they want one change. The members opposite, the Member for Riel, the Conservative Party, they want the Provincial Auditor to be responsible to the Conservative Party.

The Leader of the Liberal Party, he wants the Provincial Auditor to be responsible to the Liberal Party, and that's what they're saying because you haven't stated anything else. Mr. Speaker, I would like to remind members, I would like to remind members back in 1969, when Mr. Molgat - and it seems that they need reminding, the members of the Liberal Party, they need reminding - when Mr. Molgat on Sept. 3, 1969, then Leader of the Liberal Party, stated in this House and he said, Mr. Speaker: "It's with great pleasure that I see this Bill before us after having tried for eight years to convince my honourable friends to the right that it was a good thing to bring in a Provincial Auditor in the same way as a federal auditor. I recognize that they have proceeded to the point of bringing the bill before us at the last session. It was deposited on our desks on the 29th of April and never heard from after." Well, that's how much they were really interested in having a Provincial Auditor.

However, it's now before us and, as far as I can judge, in exactly the same form as the previous bill that was introduced by the Conservative Party. Mr. Speaker, Mr. Molgat went on to congratulate, back in the early spring, to congratulate the Conservative Party for having prepared such a bill and he said, "Mr. Speaker, I think the Bill is a good one. I compliment my honourable friends to my right who drafted it in the first place. Be it eight years late, I compliment them for finally doing it and the present government for proceeding with it in its

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(MR. SHAFRANSKY cont'd) form." To which the Leader of the Conservative Party, the previous last Premier, Mr. Walter Weir replied: "Well, Mr. Speaker, be it eight years late or 14 years late, depending on what your point of view might be, because Mr. Speaker, our honourable friend was a member of a government at one stage of the game too. Be that as it may, I just wanted to stand to say that the bill has the support of our group in the House." And that is quoted in Hansard on page 406.

Well, Mr. Speaker, the office of Provincial Auditor was established in 1969, and the Provincial Auditor does report to the House on matters of government involvement. Well, Mr. Speaker, I would like to go back to the speech of the Honourable Leader of the Liberal Party when he spoke of the fact that the Provincial Auditor has taken over from private or independent auditors the task of auditing Crown corporations. Mr. Speaker--(Interjection)--I'll get to that in due time. I'll get to that in due time. He called the Manitoba Development Corporation a classic case because it has been historically audited, not by anybody who was answerable to the government, or who could be squeezed by government, or could be starved by government in what he was doing, but by independent objective auditors, firms that were not connected with the government.

Well, what was this situation, Mr. Speaker? I would not have wanted to bring this matter up at this particular time, Mr. Speaker, but I believe it is necessary at this particular time because of the Leader of the Liberal Party's introduction of this matter into this House. The public may not be aware and perhaps the Honourable Member for Wolseley is not aware, that despite the fact that we had an independent auditing firm doing the auditing of the MDC, it was another professional accountant, the late Alastair Stewart, working for the Government of Manitoba, appointed by the Government of Manitoba, who with the then Provincial Auditor, Mr. McFee, assisted by the present Provincial Auditor, Mr. Ziprick, discovered what appears to be the financial mess in which the Manitoba Development Fund - as it was then known - found itself with its principal client the Churchill Forest Industries complex at The Pas. The problems here were not brought to our attention by the so-called independent auditors referred to so glowingly by the Honourable Member for Wolseley, the Leader of the Liberal Party.

Mr. Speaker, in order that I do not disappoint the honourable members, I do not intend to disappoint the honourable members opposite . . .

MR. SPEAKER: Order please. The Honourable Member for Birtle-Russell state his point of order.

MR. GRAHAM: Yes Mr. Speaker. The member quoted the Leader of the Liberal Party. Could he indicate to me the quotation - the source that he was using when he gave that, Mr. Speaker?

MR. SHAFRANSKY: Yes, my time is running out but I'll show you the quotation.

MR. SPEAKER: Order please. Order please. Order please. Let me indicate to the Honourable Member for Radisson he will have five minutes further, even though the clock is running out now.

MR. SHAFRANSKY: Well, fine. Next time this resolution comes up . . .

MR. SPEAKER: Order please.

MR. SHAFRANSKY: . . . the honourable member can check Hansard . . .

MR. SPEAKER: Order please.

MR. SHAFRANSKY: . . . for that quotation.

MR. SPEAKER: Order, please. The hour being 10:00 o'clock the House is now adjourned and stands adjourned . . .

MR. PAULLEY: Mr. Speaker, I wonder if just before the House adjourns I believe that you had made certain arrangements for, was it tomorrow, just prior to . . . ?

MR. SPEAKER: 2:15 for the photographs tomorrow for all members. I thank the Honourable Minister for reminding me.

MR. PAULLEY: Yes, and also, Mr. Speaker, may I indicate to the House, certain members have asked me what the balance of the week will bring. It is my understanding that the Committee on Economic Development will meet on Thursday morning as usual; the House will convene at 2:30 in the afternoon for government business. I understand that there is common agreement that the House will adjourn somewhere around 5:30 in the afternoon, so that we do not meet on Thursday evening prior to Good Friday.

MR. SPEAKER: The hour being 10:00 o'clock, the House is now adjourned and stands adjourned until 2:30 tomorrow afternoon. (Wednesday)