

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
8:00 o'clock, Tuesday, April 22, 1975

SUPPLY - CO-OPERATIVE DEVELOPMENT

MR. CHAIRMAN: I refer honourable members to Page 17 of their Estimates Book, Resolution 42. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Before we go any further, you refer to Page 17. Do you really mean Page 17 or do you want to refer to the new Estimate Book that was delivered the other day?

MR. GREEN: Well, Mr. Chairman, I believe we would like to proceed on the basis of the Estimates as they are newly arranged, because there was a desire to see how it would work out. I think that the Leader of the Opposition is anxious that we start at the second line of the first item, which says "Fees" or something.

MR. JORGENSON: The intention was to proceed as planned, where the Minister would make an opening statement.

MR. GREEN: Yes, I understand . . .

MR. JORGENSON: . . . but the second item would be the second line on the Administration section.

MR. GREEN: No, that's not apparently . . .

MR. SPIVAK: Mr. Chairman, just so there's understanding, the first line deals with salaries, wages and fringe benefits, which includes the Minister's salary and that of other officials in the administration, and I think it's appropriate to make the distinction between the ministerial salary and the others, and be able to deal on the others right at the beginning.

MR. GREEN: The Minister will open his Estimates in the usual way and then, when we deal with the clauses, we will distinguish the Minister's salary from the rest of the salaries and then deal with the items in order. Is that correct?

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. BOSTROM: Thank you, Mr. Chairman. In introducing the Estimates of the Department of Co-operative Development, I'd like to outline the basis for this government's support of co-operative enterprise as an instrument for achievement of many of the goals of public policy in this province. I should first explain the principles which cover co-operative enterprise and how these principles operate to make co-operatives the unique vehicles for economic and social development that they are.

Co-operatives, Mr. Chairman, are democratic institutions. This means that the control of the co-operative is vested in its members, each of whom has one vote regardless of the number of shares held in the co-operative. Power within a co-operative is therefore vested equally among the membership. This emphasis on the importance of people over capital is carried through in a second co-operative principle, that of limited interest on share capital. In a co-operative organization, therefore, people's primary objective is to provide themselves with goods and services, not to reap a high return on their investments. For this reason, dividends are paid on a basis of patronage, not on a basis of capital invested. This feature of a co-operative enterprise provides a far more equitable distribution of the benefits of development than would be the case with a joint stock company. It's the people who patronize the company who reap the benefits, not a handful of large investors. Membership, Mr. Chairman, membership in co-operatives is open to all, regardless of race, religion or political affiliation. Co-operatives represent the aspirations of the average citizen regardless of background or socio-economic conditions.

Mr. Chairman, co-operatives are committed to continued self-improvement and cite continuing education as one of their basic principles. Co-operative organizations are therefore premised upon the very things that are fundamental to social democracy: the notion that people working together democratically can achieve desired goals and objectives; the idea that the benefits of development should be distributed amongst the people on an equitable basis; the principle that people should have equal opportunity to participate in development without fear of discrimination, and a goal of continued betterment of society and improvement in the quality of life.

In Manitoba, the record of government recognition of co-operatives dates back to 1887 when we had our first co-operative legislation. It's significant to know, however, that there was a minimum of government assistance to co-operative development until 1970. Co-operatives before 1970 generally developed in spite of government, not because of any active

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(MR. BOSTROM cont'd) . . . participation. There was a minimal amount of support for co-operatives by the Co-operative Services Branch which used to be under the Department of Agriculture. There was no training provided, no education of members, virtually no financial assistance. In the late 60s, Mr. Chairman, a small loan fund was established by the previous Conservative administration, with \$100,000 ceiling for the entire province. This is of course in sharp contrast to the support offered by that same government to other private enterprises by the MDF which they established. It's obvious that there was a real reluctance on the part of former Liberal and Conservative governments to assist co-operative enterprise in this province.

Mr. Chairman, the New Democratic government established co-operative development as a priority in Manitoba. A Department for Co-operative Development was established. A more adequate loan fund ceiling was also established. In 1972, a number of new programs were added to the services provided by the new department, including training and education programs as well as co-operative development and accounting services. Also in 1972, Mr. Chairman, assistance was provided for co-operative housing groups and agricultural groups desiring to form co-operative associations.

In 1973, a Research and Planning Branch was instituted in a new department to provide a backup for staff and co-operatives in Manitoba in general. More recently, audit functions of the department in the area of credit unions and Caisses Populaires were turned over to the Credit Union Stabilization Fund and Le Fond de Securite de Caisses Populaires. This was a deliberate move to move towards more autonomy to the credit unions and caisses populaires in Manitoba, while at the same time maintaining ultimate departmental responsibility to ensure adequate audit and inspection.

The main point to consider, Mr. Chairman, is that through the actions of the New Democratic Government, the support services for co-operatives in Manitoba evolved in a few short years from a weak, obscure branch of the Department of Agriculture to a full-fledged department. At the same time, as a consequence of major changeover in the fishing industry in Manitoba while the new department was being formed, the new department's responsibilities were expanding rapidly, particularly in Northern Manitoba, and while administrative and planning teams were being organized, the field services of the new department were strained to the limits by new demands from rural and northern areas for assistance in establishing co-operatives. There were many times, Mr. Chairman, when available manpower was strained to their limits by new developments and new responsibilities piling up.

I believe the new department was fortunate, however, to have as a core a very dedicated group of public servants who were willing to do their best in the service of people wanting to develop co-operatives in this province. I know a number of these individuals personally, Mr. Chairman, having met them and observed them in their work in the northern communities of Manitoba. I can say sincerely that the staff of the department that I am acquainted with, who assisted in the development of northern co-operatives, were eager and enthusiastic public servants, eager and enthusiastic in the service of people of Manitoba. They are public servants, I might add, who have good attitudes towards northern people, good working relationships with northern communities, and excellent work records. Given a new policy direction of this government in support of co-operatives, these same public servants who were so slammed and slurred by the Opposition in this House in the last Legislature, did their best, Mr. Chairman, did their best to assist northern people in the establishment of co-operatives in an attempt to organize the traditional fishing occupation in Northern Manitoba on a democratic and equitable basis for the first time in Manitoba's history. I would say this core group of public servants did a very credible job and deserve credit for doing their best in an often difficult and almost impossible task of organizing what amounted to be over a million dollar operation for a year. Over a million dollar fishing operation in Northern Manitoba.

When the development of northern co-operatives is looked at in its proper perspective, it's a credible accomplishment for a skeleton staff of development officers. In a very short space of time, Mr. Chairman, co-operatives were organized to replace deserting fish companies - and I say "deserting fish companies - and I say "deserting" because the private operators could not get out of the North fast enough after the Fresh Water Fish Marketing Corporation was established and the big money in northern fishing was over. Just to put this matter in perspective, I want to quote from statistics on northern fishing co-operatives and especially those, Mr. Chairman, that are held up by this Opposition in this House as failures. Production figures

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(MR. BOSTROM cont'd) . . . give you some idea of the moneys provided to these communities through keeping the fishing industry functioning.

Mr. Chairman, I'll quote from the statistics of the same co-operatives that were held up in this House in the last Session as failures. For example, the Brochet Co-operative which was established, incorporated in April of 1970, in five years of operation produced approximately \$400,000 worth of fish. And this, Mr. Chairman, was with a loan of \$10,000, a loan of \$10,000 which was loaned in 1972. The Ilford Co-operative, one which was held up in this House as a failure by members opposite, produced, Mr. Chairman, in a space of three years, 1971-73, over \$400,000 worth of fish - \$430,000, Mr. Chairman.

A MEMBER: What did they do in '74 ?

MR. BOSTROM: In Lake Manitoba, Lake Manitoba Co-operative Fisheries produced over half a million dollars in four years, over half a million dollars of fish production, \$577,000 to be exact.

The Big Black River Co-operative, established in 1971, in three years, Mr. Chairman, the three years that I have records for here, they've produced \$607,000 worth of fish. And this is with a \$10,000 loan, a \$10,000 loan which is in that particular case paid off at this time.

The other co-operative, Mr. Chairman, which the Opposition has held up as a failure and which specific allegations were made about which I'll deal with in a few minutes, is the South Indian Lake Co-operative Fisheries, established in 1969. Mr. Chairman, in six years this co-operative produced \$1.7 million worth of fish; \$1.7 million was injected into this community in the way of proceeds from fish production. And this, Mr. Chairman, if we look at the loan which was granted by the Provincial Government Co-operative Loans and Loans Guarantee Board is \$800,000.

If you look at all of the co-operatives that I've just mentioned, Mr. Chairman, you're looking at a total of almost \$6 million worth of fish production in anywhere from three to five years of production records - almost \$6 million, a major portion of which was injected into these communities. And if you look at the loans awarded to these co-operatives, the loans guaranteed by the Co-operative Loans and Loans Guarantee Board, it worked out to slightly over a million dollars, a million dollars to assist in the production of over \$6 million worth of fish.

The large proportion of these loans, Mr. Chairman, were awarded to provide the capital facilities required to operate these fisheries, capital facilities such as docks, ice houses, lakeside stations, etc. Much of the loan money, therefore, even if all of this million dollars had to be written off, would not be a loss to the province in the sense that capital facilities that were built as a result of these loans being granted are still there. They're in those communities, available for those residents to use in further production.

I would say, Mr. Chairman, that this whole experiment in Northern Manitoba in developing northern co-operatives took hard work and guts, hard work on the part of public servants delivering a service and a helping hand to these communities I've mentioned. And guts, Mr. Chairman, guts on the part of the Minister and the government to proceed in an aggressive way in Northern Manitoba where it was expected there would be problems. It was expected, Mr. Chairman, there would be many problems, horrendous problems of communication, distance, transportation, problems of control of funds, problems of organizing a fishery based on democratic principles, where it was expected there would be a lack of experienced help in the communities, lack of people with business ability to fill the required roles. And, Mr. Chairman, one of the reasons that there was a lack of people of business ability in these communities is because traditionally those communities have been organized by private fish companies that did all of the business end of the work, that never took time to develop any expertise in the local area. All they worried about was whether the fishermen got out of bed in the morning and got out on the lake to fish, and as long as they filled their pockets. Mr. Chairman, and took most of the money out of the North to the South.

This is the reason that there was a lack of business knowledge, a lack of expertise developed in these communities. It would have been easy, Mr. Chairman, it would have been very easy over those four or five years to do absolutely nothing, to follow the Conservative or Liberal governments' example in Manitoba, to follow their example with respect to the approach that they took to Northern Manitoba. The alternative, to follow their example, is simply to hand out welfare, Mr. Chairman, hand out welfare. Mr. Chairman, their member

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(MR. BOSTROM cont'd). . . which they had from the North, the late Gordon Beard, to his credit, decided to pull out of that caucus, to pull out of that government and pull its support away from that government because, Mr. Chairman, they were doing absolutely nothing in Northern Manitoba. Absolutely nothing.

Give welfare to the corporations, Mr. Chairman. That would have been their answer. Give help to the private fish companies to go back in and rip off the fishermen. If they didn't give out welfare directly, Mr. Chairman, their alternative would have been to give welfare to the private companies. The sad experience with northern fishing co-operatives, Mr. Chairman is not that there were attempts made that did not result in resounding success. No, the sad experience is that while the New Democratic Government is promoting co-operative development as a tool to assist northern communities in their economic development, the Conservative Opposition in this House is determined to destroy that experiment for petty, partisan, political reasons.

We saw the sad debate last session, Mr. Chairman, that was initiated by the Leader of this Opposition. It was initiated by desire for political gain, partisan political gain on his part. The display last session, Mr. Chairman, of muckraking with respect to northern Co-operatives in Northern Manitoba, and co-operatives in Manitoba in general, have simply been unprecedented in the history of this House. The display of muckraking that we saw, Mr. Chairman, dragged down the reputation of co-operative development in Northern Manitoba and in fact in Manitoba generally. I've heard comments throughout the co-op movement lamenting about the adverse publicity the co-op movement received at the hands of the Conservative Party in this Legislature. Unfortunately, the Liberals of this House couldn't keep out of the fight either. I watched them last session, when the Conservative Leader was making his steady muckraking allegations, and I believe the Liberal Party, Mr. Chairman, resisted the urge at first because they probably recognized what the Leader of the Opposition in this House was attempting to do. But they probably thought they were missing out on too much free publicity because they began to get into the act as well later on. I guess I could say that it's to their credit, Mr. Chairman, that they at least stayed out for awhile, stayed out of that sad display for awhile. It shows a slight improvement over the muckraking tradition of the Liberal Party in this province. A most unfortunate aspect, Mr. Chairman.

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

MR. G. JOHNSTON: Mr. Chairman, I rise, not on a point of privilege, but on a point of order. I realize that the young person presenting his Estimates for the first time has very little experience, and it's quite noticeable that he has very little courtesy or decency, but I would ask him to stay within the rules of parliamentary procedure and let us debate his department at a decent level. That's all I ask him.

MR. CHAIRMAN: The Honourable Minister of Co-operative Development.

MR. BOSTROM: Mr. Chairman, the honourable member who just rose in his place is specifically the member I was thinking of in the Liberal Party who couldn't stay out of the fight last session, and took it upon himself to get into the muckraking practices that were initiated by the Leader of the Opposition. The most unfortunate aspect, Mr. Chairman, of the shameful methods used by the Conservative Opposition in the last session were the personal attacks made on the Public Service in the Department of Co-op Development, who have given their best in the service of the people of Manitoba, and in particular those in Northern Manitoba.

I would say, Mr. Chairman, that these reckless, irresponsible allegations made by the Leader of the Opposition were unfair to the officials in the department who couldn't defend themselves. These allegations were made in this House, with the immunity of this House, and significantly enough were not repeated out of this House so that these same officials could take legal action against the Honourable Leader of the Opposition and his colleagues.

Mr. Chairman, the allegations of fraud, cheating and robbing that were made by the Leader of the Opposition - and, Mr. Chairman, these are the very words used by the Honourable Leader - fraud, cheating and robbing the fishermen, were the very charges that were levelled at public servants in the employ of the Department of Co-op Development in this province. These words, Mr. Chairman, and these charges could have the effect of tarnishing reputations of these same public servants and jeopardizing their future careers. The charges have not been substantiated to this date, there were no specific pieces of evidence put forward

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(MR. BOSTROM cont'd) . . . by the Honourable Leader to back up his charges. In fact, Mr. Chairman, after the last year of investigations, the Provincial Auditor of this province in discussion with me indicated that he's prepared to indicate to the Legislature to whom he reports that he could find no evidence to this time of any fraud on the part of any officials of the department. And in his investigations of the northern co-operatives, of course there are a few minor matters yet to clear up, but in pursuing these matters he has indicated to me that he anticipates that there will be no evidence of fraud found. And, Mr. Chairman, for the benefit of members of the House and the smirking Leader of the Opposition, I would say that I have cleared these statements with the Provincial Auditor before I make them in this House. I've asked him if the statements that I'm making now are a fair interpretation of what he will report to the committee of this Legislature and he said, yes.

The charges therefore, Mr. Chairman, made by the Leader of the Opposition, which I fully expect him to continue making, he has his books piled up on his desk tonight and obviously is coming in prepared to make further statements, Mr. Chairman, these were irresponsible statements based on hearsay evidence, hearsay evidence with no solid evidence to back up his charges. He questioned the integrity of departmental officials, some of whom were on staff when the Conservative Party in Manitoba was in power. In fact the two individuals that he named in this Legislature, the two individuals that he named in this Legislature were hired by his government, they were on staff when he was in power. The question, Mr. Chairman, is why tar all the staff in the department with the same broad brush allegations without solid evidence. It simply defies common sense, Mr. Chairman, simply defies common sense and any sense of responsibility and public decency. You're talking about public decency. It simply defies any sense of public decency on the part of an honourable member of this Legislature and in particular a leader of an opposition. It's easy to understand, Mr. Chairman, that these kind of charges and allegations would create problems of morale in this department and I can say clearly that they certainly have. And it's no surprise. Let that rest on the shoulders of the Leader of the Opposition and his colleagues in this House. I believe, Mr. Chairman, history will judge him as it is already judging him.

The fact is, Mr. Chairman, that many of the problems the opposition alluded to were in the process of being worked out and would have proceeded even more rapidly if the department's time was not consumed during last session, consumed in responding to their irresponsible muckraking. The management problems, Mr. Chairman, the management problems were recognized from the outset in this development in Northern Manitoba, the management problems were recognized as those most difficult to overcome. Every attempt was made by the department to assist these local co-operatives in attracting experienced, interested and capable management. It's difficult, first of all, Mr. Chairman, as any one would understand to find good management, to first of all find good management, and it's even more difficult, Mr. Chairman, to persuade this same management to establish themselves in remote locations in Northern Manitoba. The inevitable result that management didn't prove out to be the best, and there certainly were problems in management, those are recognized. The accounting services of the department, Mr. Chairman, were recognized as having to be improved to serve the new role, the expanding responsibilities in Northern Manitoba. The Auditor's Report points out this fact. In fact the procedures used by the department previous to the reorganization by this government were the same ones used by the previous government in the operation of the Co-op Services Branch. There were a number of co-operatives working in Manitoba when this government took over and the same procedures were used in the new co-operatives formed in Northern Manitoba.

The Auditor's Report, Mr. Chairman, points out for those that are interested in truth, and I quote directly from the Auditor's Report here in saying that, "The Department had taken steps towards reorganizing its affairs to carry out its expanding responsibilities more effectively." This is a direct quote from the Auditor's Report. Mr. Chairman, the auditor goes on to say that "it has formed an audit section, headed by a qualified auditor to relieve the development officers of this responsibility. Further, he says, "a standardized accounting reporting system has recently been instituted and a central accounting service established to do the accounting for those co-operatives requiring it." Mr. Chairman, he goes on further to say that "this should further allow the development officers to be able to spend more time on their prime responsibility. Additional staff has been hired to enable the development officers to

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(MR. BOSTROM cont'd) . . . operate more effectively and to provide them with improved direction and supervision. A firm of chartered accountants has been engaged to assist the department in writing records and auditing co-operatives in serious financial difficulty." These words, Mr. Chairman, are taken directly from the Auditor's Report.

I must point out, Mr. Chairman, I must point out that this process of reorganization was well under way before the irresponsible allegations were made in this Legislature.

The financial problems associated with northern fishing co-operatives, Mr. Chairman, can be attributed mainly to a matter of rapidly increasing costs outstripping prices. While cost to fishermen in Northern Manitoba in recent years have been increasing at 50 percent per year or more, the price of fish has only increased a few cents per pound. And it's a simple matter, Mr. Chairman; what looked like as a potentially profitable operation in 1970 and 1971 now requires a substantial subsidy to simply operate. It's a simple matter of costs outstripping prices. The loss on operations in many of these co-operatives can be directly attributed to the inflation of costs, particularly transportation, particularly transportation, Mr. Speaker. This of course is amplified when you have a multi plant operation where more transportation is required to move fish on more than one handling. Mr. Chairman, in some of these cases, in some of these co-operatives, some of these fishing operations, the cost of transportation alone eats up almost half of the final price of the fish.

Certainly, Mr. Chairman, it was hoped, it was hoped, it was hoped and considered when these co-operatives were formed that they would become viable operations. This was based on a common sense prediction, Mr. Chairman, of costs and prices. A common sense prediction. But no one, Mr. Chairman, could have predicted our present inflationary problems, no one, certainly not the members opposite. Certainly the cattle producers in Manitoba, Mr. Chairman, the Cow-Calf Producers who my caucus met with this evening, certainly they admit that they did not foresee the escalation of costs and the change in prices which put them in the difficult position that they are in in Manitoba today.

Mr. Chairman, the fishermen in Northern Manitoba are in fact in a similar predicament to the beef producers, only worse, Mr. Chairman, only worse. We are charged, Mr. Chairman, by the Leader of the Opposition with entering into a risky venture without considering all of the implications. Well, Mr. Chairman, we are where we are today in northern co-operatives after five years of deliberations and experimentation, five years, Mr. Chairman, it took us to get where we are in Northern Manitoba co-operatives today. Mr. Chairman, compared to that, compared to that five years, the Conservative Government in Manitoba got us into the CFI fiasco in only five days, five days as compared to five years. Mr. Chairman, it was five days from the time of the Conservative Government's first discussions with Monaco, that is Dr. Reiser and crew, on September 24, 1965, until the Conservative Government's decision to accept their proposal on September 29th. Five days, Mr. Chairman, Five days to get Manitoba into a hundred million dollar deal plus, which included the virtual giveaway, the virtual giveaway, Mr. Chairman, of 40,000 acres of Manitoba's prime forest to a foreign company, the virtual giveaway, not to mention the millions lost to the foreign con men, that are in Switzerland bank accounts probably today.

The risk we undertook, Mr. Chairman, must be considered in perspective, and when considered in the perspective of the comparisons I just made to the CFI, it certainly doesn't look so bad, in fact it looks pretty good. Any losses in co-operatives, Mr. Chairman, went mainly to the fishermen in supplies and payments for fish. This is in contrast to the millions sitting in the Swiss bank accounts that the foreign con men took our former Conservative government in this province.

Any subsidies, Mr. Chairman, in the way of loans that are unpaid, as I've already indicated, also go to the communities in the way of capital equipment. Any loans are in the communities in the way of docks, ice houses, packing plants and other capital facilities that can be used for fishing. Finally, Mr. Chairman, any money, any money put into these communities is virtually a complete substitution for welfare. The communities I've just discussed, South Indian Lake, Ilford, Kee-Noe-Zae Co-operative and others in the North, Manitou, Sakahikun in God's River area, many of these places, the money that was put into these communities in the way of assistance for co-operatives was virtually a substitution for welfare. There were simply no other alternative sources of employment.

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(MR. BOSTROM cont'd)

These fishermen, Mr. Chairman, through the efforts of the Department of Co-operative Development were gainfully employed producing fish rather than being paid out welfare. In that perspective, Mr. Chairman, if this experiment is looked at in that perspective, even if all of the money loaned out is written off, even if the entire million dollars plus which I just mentioned, even if it's all written off, it represents a net saving to society, because in Manitoba, Mr. Chairman, if these communities were not fishing, something approaching the total value of fish produced would have had to be paid out in welfare. In other words instead of the \$1 million, closer to the 6 million that was produced in fish would have had to be produced to those communities in the way of transfer payments. Rather than handing out close to \$6 million in transfer payments, it makes sense to assist those communities to be gainfully employed in producing fish. And the cost to the province, Mr. Chairman, in this case cannot exceed the \$1 million approximately that I've indicated.

Of course, Mr. Chairman, I realize that this kind of logic is certainly lost, this kind of logic is lost on the opposition in this province, Mr. Chairman, because I realize the Conservative and Liberal parties traditional ideas of assisting Native people in Manitoba, Mr. Chairman, the traditional ideas of the Conservative and Liberal parties in this province to assist Northern Native communities is to gather up and give out old clothes. It really warms their hearts, Mr. Chairman, it really warms their hearts.

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

MR. G. JOHNSTON: Mr. Chairman, I rise on a point of privilege at this time and I wish to read to you a rule and ask whether or not you're going to enforce the rules of the House. I'd like to read to you part of rule - it's on the points of order, matters of privilege and I only read in part: "There are privileges of the House as well as of the members individually. Willful disobedience of the orders and rules of parliament in the exercise of the constitutional functions, insults, obstructions during debate are breaches of the privileges of the House. Libels upon members and aspersions upon them in relation to parliament and inference of any kind with their official duties are breaches of the privileges of the members." Now I ask you, Mr. Chairman, if you're going to enforce this rule or not. If you're not, then let us know about it. But if you are let us carry on the matters of the House in a parliamentary manner.

MR. BILTON: On the same point of order, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman. . . --(Interjection)--

MR. G. JOHNSTON: . . . who want to take after me, stand in their place and make the charge.

MR. CHAIRMAN: Order please, the honourable members . . .

MR. G. JOHNSTON: Well, we have no Chairman.

MR. CHAIRMAN: Order please.

MR. PAULLEY: Will my honourable friend give the citation that he quoted from in order that we, too, may be intelligent of what he's talking about.

MR. G. JOHNSTON: It's against the rules.

MR. PAULLEY: I know more about the rules than you know about living.

MR. CHAIRMAN: Order please. Order please.

MR. G. JOHNSTON: Page 40.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, taking a note from the Honourable Minister of Labour this afternoon, I've been around for a long time too. I support the Honourable Member for Portage la Prairie. I have never heard a Minister rise in his place and speak in such an arrogant manner in the introducing of his estimates as I've heard tonight.

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Chairman if I may on the point of order raised by the Honourable Member for Portage la Prairie. I feel all of his citations irrelevant to anything that the Honourable Minister has had to say has made no aspersions on any individual member of this House. He is perfectly privileged to say what he likes about political parties without reference to individuals and he made no reference at all to the Honourable the Member for Portage la Prairie. And if it does disturb my honourable friend, the Member for Portage la Prairie, because the hat happens to fit him, then that is his fault, it is not in violation with the rules of this House.

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

MR. G. JOHNSTON: Mr. Chairman, before the Honourable Minister of Labour came in the House I was mentioned by name on at least two occasions by the Minister.

MR. PAULLEY: Then Mr. Chairman, it is in your competence to rule. References could be made to muckraking and the likes of that but I don't think that that is not peculiar in this particular assembly, and the reference of my honourable friend from Swan River to anything I said this afternoon has no bearing whatsoever on the point of order that's being raised here this evening.

MR. BILTON: Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: I merely attach myself as to length of service with the honourable member, nothing else. Nothing else. It had nothing at all to do with his comments earlier.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: Mr. Chairman, on the point of order, I agree with the Member for Transcona who indicated that it is within the rights of the Minister to introduce his estimates in whatever way he chooses. But the House is going to judge the Minister on the basis of that kind of a presentation and we're very rapidly coming to some kind of a judgment as to the competence and ability of that particular Minister.

MR. CHAIRMAN: Order please.

MR. PAULLEY: Mr. Chairman is in control of this meeting.

MR. CHAIRMAN: Order please. I've taken all points of order under . . . You have a point of order?

A MEMBER: No.

MR. CHAIRMAN: . . . and I don't think that there has been anything stated in this House that hasn't been stated before, not raised as points of order or privilege. There has been no personal attacks on members. Order please. If arrogance was a fault or an abuse of privilege of this House then I guess all members in this House, including the Chairman, could be guilty of breaking the rules. Order please. The Honourable Minister.

MR. BOSTROM: Mr. Chairman, to react briefly to the comments made. It's obvious the truth hurts. It's also obvious, Mr. Chairman, that the facts I am saying, the facts I've made about the kinds of allegations that were made in this House and the kinds of judgment that will be made, Mr. Chairman, will not be necessarily made against the Minister of this department, but will be made on the basis of history, Mr. Chairman, and history will judge this group opposite on the allegations that they've made with respect to this department and employees working in it.

Mr. Chairman, the comment that I was making about the attitude and tradition of former governments in this province towards assisting Northern Manitoba was said slightly tongue in cheek but not necessarily so, because I said that the Conservative and Liberal parties traditional ideas of assisting Native people in Manitoba is to gather up and give out old clothes is not so far from the truth. In fact it is the truth. In fact, Mr. Chairman, there was a full page ad, full page story in the weekend paper this weekend referring to a certain event by a former party member, former member, gathering up clothes, taking them up to Northern Manitoba and this was lauded as a great human attempt on his part. And so it may have been. But the thing is, Mr. Chairman, the thing is, Mr. Chairman, that the kinds of assistance that were made, the kinds of attitudes that former governments have had towards Northern Manitoba pretty well stops short of that. There was no real attempt to assist Northern Manitoba in a real effective way. It was more left to the basis of personal members of the House to assist northern people. There was no real attempt on the basis of former governments to assist them. It was a matter simply of ignoring the problem and/or giving out welfare.

Mr. Chairman, it's easy to provide someone with a hand-out. It's much easier than sitting down with that same person and working with him to work out the problems and to find a permanent solution to problems. And, Mr. Chairman, permanent solutions to poverty and unemployment is what people in the North want. Permanent solutions. They want the opportunity to participate in making decisions and to find those permanent solutions. Mr. Chairman, they want a government that's willing to walk shoulder to shoulder with them in planning their future. They don't want paternalism; they don't want old clothes.

We've attempted through the introduction of co-operatives, Mr. Chairman, in Northern



(MR. BOSTROM cont'd) . . . Manitoba, to bring some small measure of permanent solution to problems of poverty and unemployment and offer people the opportunity of participating in a decision-making process. But, Mr. Chairman, that kind of experiment is put in very great jeopardy when you get the kinds of attacks that have been made in this House by members opposite. Because, Mr. Chairman, that kind of attack can make a government or a group of people delivering service to a particular area, can make them less likely to want to continue that kind of effort. And, Mr. Chairman, it's important that when criticisms are made of that nature, when criticisms are made of the kinds of development efforts that are being made in Northern Manitoba, that they have some substantiation to them, that they are substantiated, and that honourable members opposite don't persist in making these wild unsubstantiated allegations that simply cause unnecessary problems. Certainly they get the Honourable Leader of the Opposition and some of his colleagues some good press but, Mr. Chairman, when the truth is known, when the facts are out, when history shows what the actual activities were of these people working in the service of the Department of Co-operative Development, I'm sure Mr. Chairman, that history will judge these individuals on the charges they've made.

To the extent, Mr. Chairman, that our government has failed in assisting northern communities in Northern Manitoba, I would say that we must re-double our efforts. We must not give in to this kind of silly attack. We must re-double our efforts to introduce more equity into the vacuum of Northern Manitoba created by approximately 100 years of neglect, a 100 years of inactivity and inappropriate responses from former governments. Inappropriate responses. When people asked for assistance straight money was given out in the form of welfare. Mr. Chairman, we are attempting to introduce in the North an opportunity for people to participate in a democratic decision-making institution such as co-operatives. And, Mr. Chairman, the Department of Co-op Development has done an incredible job in that respect.

The estimates that I'm introducing to the House, Mr. Chairman, are contained in a new estimate procedure, a new estimate breakdown, and, Mr. Chairman, it provides members the opportunity to see more exactly and more completely the breakdown of expenditures in this department. And I urge honourable members opposite, Mr. Chairman, to review these estimates carefully, to comment on them objectively and to comment on them responsibly.

MR. JORGENSEN: Like you have done.

MR. BOSTROM: Mr. Chairman, to comment on them responsibly and not follow the kinds of attacks that were made in the last session with respect to this department. Mr. Chairman, I respectfully submit the Estimates of the Manitoba Department of Co-op Development for the honourable members' consideration. Thank you.

MR. CHAIRMAN: I would refer honourable members to Pages 4 and 5 of their Estimate Book, and I think the proper procedure for to go through would be to start with the Standard Accounts classification on Page 5, Salaries, Wages and Fringe Benefits and to carry on down . . . Order please.

MR. G. JOHNSTON: Mr. Chairman, you are now instructing us on how to go about the estimates. The Minister has made an attack on members on this side and you're saying that we cannot reply?

MR. SPIVAK: Mr. Chairman, I believe that . . . on a point of order. I believe it's a question of who you recognize first, but I believe I was first to my feet. My understanding is that we will deal with the new program budgeting on the basis of line by line with the exception of the Minister's salary and then we will be in a position to come back to that again. And that's how I intend to deal with it. . .

MR. CHAIRMAN: That is correct. If the Honourable Member from Portage la Prairie would have let me finish, before he interrupted me so rudely, that is what I was going to say. Order please. What I was attempting to tell the honourable members of the House, that we would go down this thing here that we have, line by line. What appears on Page 17 of your Estimates Book, the Minister's Compensation, Salary and Representation Allowance, as we have dealt with it in other departments, will be the last item and under that item the honourable member can then reply. That is the situation as we have been operating. If you don't want to operate that way we can go right back to the old system. I don't care. I'm in your hands. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my intention is to follow the procedure and to deal with Salaries, Wages and Fringe Benefits with the exception of the Ministerial Salary, although

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(MR. SPIVAK cont'd) . . . of necessity there will be some reference back to the Minister, but in the main my intent will be to deal with the Deputy Minister and the officials whose salaries are included within the particular item.

I may say, Mr. Chairman, that although there may have been some promise expressed for the Minister by some who believed that he would bring to it some new vitality and would provide a new kind of approach on the part of a Minister, I think that what we have witnessed is a classic example of when you do not have a case, Mr. Chairman, you yell like hell. And I think that what really has happened is that the Minister, who does not have a case, has presented it in a way that is really a reflection on himself and to a large extent a reflection on the government.

Now we've seen a change of ministers and one can feel some sympathy for the new Minister. We recognize that he has been promoted to preside over a difficult task of restoring an administration, and that's what I'm going to try and deal with, Mr. Chairman. An administration which has been found in a state of serious despair and in a serious state of disorder. We also know, Mr. Chairman, that the new Minister had no direct responsibility for the breakdown and colossal mismanagement that has been documented and reported by the Provincial Auditor. We acknowledge that much of this responsibility is the doing or if not the undoing of the Minister of Agriculture who was the first Minister of Co-operative Development.

The new Minister of Co-operative Development is under a burden of a depressing legacy and he has been given the responsibilities of rectifying irregularities and of sorting through the mess. I would have hoped that he would have shown the fortitude to deal with those members of his administration who have been delinquent in their duties and who have been proved incompetent to a degree unequalled by any other department of government.

Perhaps the new Minister will do some soul-searching and ask himself the question of whether the existence of a separate department to assist co-operatives can be justified in view of the fact that most of the government initiated co-operatives for all practical purposes have failed. Most have gone bankrupt and the rest of them are ailing, and we will ask the questions, Mr. Chairman: Does the Department of Co-operative Development serve a purpose? Does it serve a function which can be justified to the taxpayers of this province? Now it's been obvious, Mr. Speaker, that the Co-operative Development is an article of faith with the NDP government to which tribute is paid by their friends at all party rituals. The Marxist prayer mills are forever reminding us, lest we forget.

However, Mr. Chairman, in the real world the faith is rationalized by telling us that the initiation and the growth of co-operatives is an important development strategy. But I suggest to you that this government has proved false to the taxpayers of this province and the co-ops are failing miserably as an economic development tool.

Let me say, Mr. Chairman, that there is growing evidence that the government is ill-advised by its courtiers, by the assortment of radical academics who have been invited by this government to come here to this province and use it in acting out their socialist fantasies. This is what we have along with an NDP Cabinet which has deliberately decided to govern this province with all the effective administrative checks and balances apparently inoperative. But the Minister, this present Minister, must accept responsibility for coming into this Assembly and asking us to approve expenditures to support a department of government which has not been organized or staffed effectively to discharge its responsibilities.

Mr. Chairman, we now have before us the estimates without any evidence that steps have been taken to organize the department in a way to allow it to function as intended. The Minister has changed, but have the Deputy Minister or the directors been changed? Have they been asked to account for their contribution in the mess, or do they simply follow orders? Who among other things asks supervisory personnel of the Department of Co-operative Development - that is, employees, civil servants of the Department of Co-operative Development - to form a co-operative within the co-op department with the purpose of carrying on a bulk purchasing operation? And where did the profits from this operation go? How could all the questionable incidents and operations take place?

The answer is painfully simple. They occurred because of a severe lack of administrative discipline; because the government has failed to impose administrative discipline; because cabinet has failed to impose administrative discipline; and more important - and this is throughout this government completely - because the First Minister benevolently and knowingly turns

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(MR. SPIVAK cont'd) . . . a blind eye on the lack of administrative discipline, which costs the taxpayer a great deal of money and which the auditor has documented for us in some cases, and almost notably in the case of the Department of Co-operative Development.

Mr. Chairman, the Minister chastised the Opposition, but I suggest if it had not been for the efforts of the Opposition, the number of instances which clearly demonstrate administrative irresponsibility would never have been documented. We have reason to believe that the comments which the Auditor has published in his report may, however, merely be the tip of the iceberg, a single reflection on an all-pervasive malaise which is found throughout this government. And there's no doubt that the malaise is caused by the First Minister and his Cabinet, who failed to enforce administrative discipline and this by default has allowed external licence, fool's licence, to many officials within the administration. We know how it is done. It's done under the pretext of certain frontier developments, or social developments. It's done under a false and misleading label under which public funds are loosely handled and loosely accounted for. It's one of the great, if dubious, achievements of the NDP government that they have brought us back into the political process and our public life has an administrative morality which most of us thought had vanished with the demise of Maurice Duplessis. But the NDP government has gone farther, then, back by providing the legal underpinnings for a politicized civil service which has become shockingly unproductive in many areas, all at taxpayers' expense. It has provided the legal underpinnings for a policy which opens the door to highly irregular practices, and the record of the Co-op Department provides conclusive proof that this is what has happened.

Now it's now more than a year since my colleagues and I raised a number of questions on the co-operatives and on the Department of Co-operative Development. Part of the basis for our questions at the time was a document which reported to be minutes of a meeting between officials of the Fresh Water Fish Marketing Corporation and the Department of Co-operative Development. You recall, Mr. Chairman, that in subsequent debates the status of those minutes itself was challenged. But the fact is, Mr. Chairman, that those minutes and related documents provided the basis for a concern, a concern which has been partly documented and fully vindicated by the Provincial Auditor in his most recent report.

What was the nature of the concern we expressed a year ago? What were the inferences that could be drawn from the documentation we provided at that time? Well, Mr. Speaker, they were several. We suggested there were grounds for fearing: That there have been extensive waste and mismanagement in the fishing co-ops. That the co-ops were effectively controlled by the department and were being controlled by people incompetent to discharge the responsibilities they had assumed. That native fishermen had either been robbed or placed in a position where money owing them would not be paid. That the financial records of many of the fishing co-ops were incomplete or in disarray. That moneys intended by law for one purpose had been redirected and applied to other purposes. That the government had guaranteed loans which could not be repaid and for which the government would be liable. That fishermen had received loans from the Manitoba Agricultural Corporation which they would be unable to repay as a result of the incompetence of others, but for which the fishermen would be held liable.

Mr. Chairman, anyone who is prepared to re-read Hansard of February and March of last year will realize that we were treated to a virtuoso performance of twisting, turning and squirming by the then Minister of Co-operative Development. On some questions we received as many as three or four different answers, answers which were consistent in only one respect: they were consistently wrong, incomplete, or misleading. And I am satisfied that the answers given by the Minister at the time, indeed the approach of the government at the time, was basically an attempt to throw the Opposition off the scent and to try and sweep the whole issue under the rug. They cannot plead ignorance, for they received signals, Mr. Chairman, long before we did, that something was wrong, yet they did nothing.

On the one hand, the Minister consistently evaded the issues and minimized their significance. The Premier for his part took the same line with an additional twist. In a letter to me on April 1, 1974, he made what I can only regard as a veiled threat. He said, and I quote: "You appear to allege that certain moneys were solicited fraudulently by Mr. Hryshko and Mr. Kalinowsky, and these funds were disbursed, not to the fishermen, but were applied to the capital cost of the co-ops. This allegation is very grave and people in authority are indeed aware of it."

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(MR. SPIVAK cont'd)

Now I emphasize those last words: "This allegation is very grave and people in authority are indeed aware of it." Those words could have been interpreted as an attempt to intimidate me by suggesting that the people in authority might commence legal proceedings if we pursued the matter, and the Honourable Minister said the same thing just a few moments ago. I was not intimidated then; I am not intimidated now. Indeed, if anything, I am simply incredulous that certain of the officials involved in the Department of Co-operative Development continue to hold civil service positions in the light of the damning indictment provided by the Provincial Auditor.

It's against this background that I wish to turn specifically to the report of the Provincial Auditor. In doing so, several general observations are in order. To begin with, I think it is clear from the debates of a year ago, and from the cross-examination in the Public Accounts Committee, that if it had not been for the vigilance and the persistence of the Official Opposition a year ago, much of what the Auditor has commented on would never have reached the public domain. We persisted last year on this matter, in the face of considerable skepticism both inside and outside this House, but we did what an opposition is supposed to do and we have been vindicated.

My second general comment relates to the position of the Auditor himself. He is not the servant of the Opposition nor of the government; he is the servant of the House. But I feel obliged to make this point because, while his comments vindicate our concerns, his comments are frequently couched in language that seems calculated not to offend the government. For example, on page 20 of his report, he says of the department development officers that they were not qualified to perform all these functions. Well, that surely is a polite way of saying that they were incompetent.

On Page 23, he says, "There also appears to have been inadequate control and custody over cash and records." What he should have said, that in many cases there are no cash books. But despite the gentle and polite language, the facts emerge strongly and clearly, and our facts are that the former Minister presided over an unholy mess, which he attempted to conceal and did nothing to correct. I want, Mr. Chairman, to read into the record of this House some of the things that the Auditor does say. On Page 20 the Auditor says, "The Department has not been organized or staffed effectively to discharge its expanded responsibilities. The departmental Development Officers were required to undertake responsibilities pertaining to co-operatives in the areas of management, accounting, preparing the financial statements and auditing the accounts. These officers were not qualified to perform all these functions. Public input by way of guaranteed loans was not controlled in the same manner as the practice for direct loans made by the government. The accountability for these funds was not given the kind of attention which is normally expected."

As I've already said, the Auditor is nothing if not polite, but what is he saying in fact? First, that the Department was not organized to discharge its responsibilities. We suggested that a year ago and that was vigorously and repeatedly denied by the then Minister. Second, that the officers of the department were given tasks which they were not competent to do and without adequate supervision. Review safeguards to protect the public interest against their incompetence. When we suggested this a year ago that, too, was vigorously and repeatedly denied. Thirdly, that supervision and control of public money was not properly insured by the Minister and his officials. When we suggested this a year ago, that too was vigorously and repeatedly denied.

On Pages 20 and 21, the Auditor says, "As was previously indicated, there were 22 loan guarantees outstanding as of March 31, 1974, having a dollar value of \$1,672,352. A substantial portion of the guaranteed amount appears to be in a position of requiring payment to be made to the lenders. What this means is that the Province is now in the position of having guaranteed loans which cannot be repaid by those on whose behalf they were made." When we suggested a year ago that that was the situation, that too, Mr. Chairman, was denied.

The second paragraph on Page 21 dealing with the accounts of Kee Noe Zae, states that "the records and documents, such as they are, have been delivered to the Department of Co-operative Development, but the decision has not been made as yet as to who will review the material and complete the records for audit purposes if that is possible."

What this clearly means is that the books of the co-ops are in such a disarray that it may

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(MR. SPIVAK cont'd) . . . never be possible to reconstruct them, it may never be possible to know who got what, it may never be possible to know the true extent of the loss, and when we suggested that a year ago and we suggested that possibility, that too was denied by the government.

On Page 21, dealing with the . . . Indian crafts and the Crane River feedlots, what does it say? First, that in the two co-ops a total of nearly \$70,000 worth of inventory is missing, and that the auditors are unable to express an opinion as to the financial situation. Secondly, the fact that discussions are now taking place with the Attorney-General's Department suggest at least the possibility of wrongdoing. Whether fraud, negligence or whatever is not disclosed. But, Mr. Speaker, a year ago when we spoke of possibilities such as these, that too was heatedly and repeatedly denied.

Page 22 consists largely of the financial statement dealing with Southern Indian Lake Co-op. Without reading the whole page, what are the salient points? The Department, which had the Power of Attorney, did not carry out the planning and construction in a businesslike way. There was no construction budget and no feasibility study for the facilities constructed. No proper tendering was done for the main contract or for the purchase of equipment.

Finally, this paragraph makes the point that "for the facility obtained, the price is reasonable." But the question that is never asked nor answered, however, is whether so expensive a facility, over one million dollars, was required, and why, and how decisions to embark on such a facility were made. All of these possibilities, all of these questions were raised by the Official Opposition a year ago, and they were dismissed by the government as having no basis in fact.

In the paragraphs on pages 22 and 23 dealing with the Southern Indian Lake Co-op, I quote from the Auditor's report: "There is evidence that because of lack of effective organization, supervision and control pertaining to the selling of supplies, sales to the fishermen were either under-recorded or not recorded at all, resulting in what would appear to be a substantial loss of revenue. Furthermore, the accounting system was not organized to produce periodical financial statements on the results of operations, and therefore was inadequate for disclosing the lack of accountability. There also appears to have been inadequate control and custody over cash and records. Some records pertaining to cash receipts and payments are not available. The records which are available are in such a state that it is very doubtful that a conclusive accounting will ever be established."

This paragraph, despite its polite language, suggests a state of complete management chaos at Southern Indian Lake. "The Auditor cannot establish whether sales were recorded or un-recorded. There was no periodic financial statement. There was inadequate control over records and cash, and the records pertaining to receipts and payments are now simply unavailable. We are told that the state of the existing records makes it very doubtful that they will ever have a final financial accounting, and we are told that the cash deficiencies and lack of accountability are being reviewed with the Attorney-General's Department." A year ago when we suggested these possibilities, we were again told that they were exaggerations and that no problems of any consequences existed.

Finally we come to the last section on Page 23 of the Auditor's report. And I'm not going to read the whole section but it makes for very interesting reading. First, we are told, Mr. Chairman, that the employees of the department established their own co-operative. This was without statutory authority and, as the Auditor says, was illegal. Actually he says euphemistically it did not have a legal basis, and I believe that means it was illegal. Secondly, the Co-operative Federation, which was a co-op of the development officers, civil servants, was financed with the aid of a guarantee provided by another board within the Department. The Auditor says that this was not in compliance with the Act, which means that that was illegal. And I suggest that that must be the understatement of the year, for there is surely no way that this feature of the Act did not also involve a prima facie case of conflict of interest. Again we are told that "the breach of law, the doubtful expenditures and the status of the money in hand are now being reviewed with the Attorney-General's Department."

We were not aware of this particular episode a year ago, but we did raise questions about the general conduct of officials of the department and we asked the Minister whether he was aware of what his officials were doing and again, repeatedly and vehemently, we were accused of exaggeration and the besmirching the names of the Minister's officials.

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(MR. SPIVAK cont'd)

The upshot of this, Mr. Chairman, is very clear. The former Minister has presided over one of the most chaotic and messy examples of maladministration we have ever seen in line departments. Even now the Auditor confesses to be unable to put all the pieces together, and it is not particularly reassuring to be told that continuing discussions are going on with this department and the Attorney-General's department for, in the case of the Attorney-General's Department as we've seen on Wabowden, there is little value in the government investigating itself when the government, secure in its majority, is determined to keep the lid on.

A year ago, Mr. Chairman, we asked for an inquiry. In our view, nothing in the Auditor's report alters that need. Indeed the Auditor's inability, on his own admission, to reconstruct many of the records and events reinforce our view that only a formal inquiry, armed with full investigatory powers, has any chance of unravelling this whole story and messy tale. But I do not urge this, Mr. Chairman, at this point, merely to complete an historical record. From what the Auditor has written, there is one glaring omission, and that relates to the financial position of the fishermen. The whole question of whether they have been short-changed, Mr. Chairman, whether the fishermen of Manitoba have been robbed by the incompetence of the Department and its officials, and whether they're being held liable for losses which were not their responsibility, has in no way been resolved, and therefore the whole question of possible compensation to the fishermen by the government is also in limbo. But in the light of the findings of the Auditor, can any reasonable person now deny that there is not a prima facie case for trying to determine the true legal and financial situation of the fishermen, many of whom have now effectively been deprived of their livelihood. Only a formal inquiry has any hope whatsoever of establishing what legitimate financial claims and legal liability the fishermen are now facing. An inquiry could and should also endeavour to provide recommendations as to the steps that might now be taken to salvage the department in its operation.

There are, however, two other matters of unfinished business that must be faced, and the first, I regret to say, relates to the position of the Deputy Minister. I do not know Mr. Gauthier personally and I therefore have no personal brief for him one way or the other, but it seems to me, however, that given the position he occupies and given the nature of the Auditor's findings, that the Deputy should be removed. He knew or should have known what was going on. Either he knew and failed to act, for which he must accept responsibility, or else he did not know, which suggests negligence beyond belief. In either case it would seem to be self-evident that the Deputy has been guilty of a gross dereliction of duty and should be replaced.

But one concern goes further, Mr. Chairman. We raised the question and made certain criticisms, allegations, in this House a year ago. However, reluctantly and with great dragging of feet on the government's part, an investigation by the Auditor has taken place and vindicated us. If, however, that investigation had taken place and no mismanagement, no negligence, no waste, no mysteries had been found, we would have been accused by the government and by the media of having attempted to make a case where none existed and the usual political sanctions would apply. But the notion of political sanctions in our system, Mr. Speaker, is a two-edged sword. It has taken a year for at least some of the facts to come out, but come out they have, and the facts in several respects are incontrovertible:

1. The Department of Co-operative Development under the previous Minister was in a state of managerial chaos.
2. The previous Minister has been shown to have limited knowledge, no control over and apparently little concern for the conduct of his officials.
3. The previous Minister presided over financial losses in his department which, owing in substantial part to the conduct of his officials, cannot now be fully documented or reconstructed by the Provincial Auditor.
4. The previous Minister has been demonstrated, on the basis of the Auditor's report to have misled this House by providing it with information that was wrong, inaccurate or incomplete. If that was done deliberately, it was reprehensible; if it was done through ignorance it was a lack of responsibility which is unforgiveable.

In the light of all this, it is not sufficient, Mr. Chairman, that Mr. Gauthier should go nor that the Minister, who was responsible, that his department has been transferred to a new Minister. For if the notion of ministerial responsibility means anything in this day and age, there are sanctions which must apply to the former Minister even as he continues to sit in the

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(MR. SPIVAK cont'd) . . . Cabinet. He cannot now resign as Minister of Co-operative Development, that option having been shrewdly foreclosed by the Premier several months ago, but on the grounds of negligence, incompetence and the failure to discharge his constitutional responsibilities while in that portfolio, I submit that the Minister, if he is capable of recognizing the honourable course, has now an obligation to resign as a Minister of the Crown, just as other ministers in other times and places had to do. To allow the Honourable Member for Lac du Bonnet to evade his responsibilities simply by shuffling him out of the department where he has made the greatest mess, could be a complete negation of the notion of ministerial responsibility for his own conduct, he must accept the responsibility for that of his officials. In either case, Mr. Chairman, he has no place continuing on as a Minister of the Crown.

MR. CHAIRMAN: The Honourable member has two minutes.

MR. SPIVAK: Two minutes. Mr. Chairman, these remarks make reference to a pretty serious accusation. The Honourable Minister in his presentation suggested that he had spoken to the Provincial Auditor. The Provincial Auditor indicates that the questions of wrongdoing do not exist. I note that the Provincial Auditor, in dealing with the issue of J.M. K. and R & M, states as well that there is no evidence of criminality on the part of officials, either the companies or the Fund. But, Mr. Chairman, the government either has or will have an RCMP report on this matter, and I believe that the RCMP report will indicate a position very opposite to that of the Provincial Auditor. The Provincial Auditor is an accountant trying to reconstruct information. He does not have the full investigatory power that is inherent in police power. I suggest that the Minister, in saying what he said, is not in a position to make statements that he's made. The formal investigation that is required must be undertaken with direction to the RCMP to review the Provincial Auditor's findings and to determine exactly what has taken place. I suggest that the government will move reluctantly into the stages dealing with Wabowden. The RCMP report in one case has been filed. The government as yet has not acted. When the RCMP report is published, if it ever is published, when action is taken, the charges made on this side will have been vindicated. I suggest that there is an obligation, not to the members opposite, but to the very fishermen whose livelihood you have jeopardized. You have said that you stood side by side with them. You have actually sunk them. You have actually robbed them of their livelihood, and for that an inquiry must be undertaken.

MR. CHAIRMAN: Order please. The member's time has expired. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Chairman, today has been a very strange day. We've heard the oldest member on these front benches make a sincere plea to the House to understand his problems, and I think he had a great deal of sympathy in this House --(Interjection)-- No, I do not say that, I consider the Member for Transcona to be a friend of mine and I think he's a very sincere person, and I took to heart a great deal of what he said on the problems that were facing him.

But then later in the day at almost the closing hour, we had the youngest member of the Cabinet stand up and, almost as if he had been fed the words by someone, "You have this very weak position and you had better attack," so he attacked. He attacked with a smear; he attacked with innuendo; he named people. He even had the audacity to name someone who's passed on. Because he had tried to do something in a very derogatory manner, he was put down. I think that is the first in this House, I really do, that someone would go after someone who acted out of sincerity in his heart. And we must remember at the time when that act took place that the government of the day then had about \$80 million to spend on about 800,000 people. This included education, it included welfare, it included highways, and even then they had a very difficult time collecting the taxes, the \$80 million of taxes, to finance the very meagre programs of the day. And for an upstart to come into this House and downgrade the sincere efforts of men who have gone before us, I think is a pretty poor show. --(Interjection)-- Well, let the Minister take his seat and question me or join in the debate. I don't mind that one bit.

Then the member had the audacity to say, well, the Liberals and the Conservatives who came before him neglected the North. They neglected the North. They were inhuman and they hardened their hearts. All they would hand out was a bit of welfare. Mr. Chairman, I would like the Minister to examine the record of the decent men and women who have sat in this House and did their best, did their absolute best.

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(MR. G. JOHNSTON cont'd)

I can relate to you a story that was told to me by Mr. D. L. Campbell, who is still with us and one of the finest Premiers this House has ever seen. At the time that our friend opposite is talking about, he held a cabinet meeting and the cabinet meeting went on till four in the morning --(Interjection)-- Oh, yes, we had the laughter for the hopeful Minister of Labour, I guess I would call him, the cheap shot artist, yes. And they can laugh at this if they will, but Mr. Campbell and his cabinet met till four in the morning in the 20's when he was the Minister. And what was the subject of the meeting? Whether or not Manitoba should default on their bond issue. There was no money in the Treasury. They had imposed a tax on working people to help keep the provincial administration afloat. There was no hundreds of millions coming from Ottawa. There was no buoyant tax base on this province. The people that worked for 50 cents and 30 cents an hour. The top rate at that time, I don't know, but it was certainly not a dollar an hour. And to have this Minister come in and denigrate the efforts of the men who have gone before us, who have tried to do their best by this province, I think is an insulting, degrading thing, and he has a lot to learn about the people of this province who gave of their best and have done their best for the province. And for the insulting remarks by the Minister tonight -- well, enough said about that.

MR. CHAIRMAN: . . . come back to the item under discussion?

MR. G. JOHNSTON: Mr. Chairman, I rose on two occasions to ask you to call the Minister back to the item before us, and you were silent.

MR. CHAIRMAN: The Honourable Minister was introducing his department.

MR. G. JOHNSTON: Yes, he was introducing his department.

MR. CHAIRMAN: Order please. I'm not going to engage in a debate with the honourable member. Now if the honourable member . . . I'll let him go on but I think he should come back to the topic under discussion. Order please.

MR. ENNS: When the chairman says jump, you jump. Don't ask him how high.

MR. G. JOHNSTON: Mr. Chairman, I note without any criticism that there's no annual report for the department so we do not have a past performance to go by. I know that the Minister has inherited from the Minister of Agriculture the problems that he is faced with, so really, while we don't have a formal annual report for his department, one only needs, or we can only point to the people of Manitoba to look at the Auditor's Report to see the disarray that his department is in. And while he calls it muckraking to question in committee, I presume he named me for muckraking because I proposed a motion in committee that one of the recommendations made by our auditor, Provincial Auditor, was that certain managers of departments be required to appear before committee.

Now, I pose this question to the Minister, and I hope he will answer because he seems to like to take on anybody and everybody, I ask him to produce those managers who sit at the table before him to answer the questions, because the Member for St. Johns led the government side on downgrading the idea of having the Auditor's recommendation made, for example, that certain managers be required to appear before committee, and of course in the Member for St. Johns' logic he said, "Well, you have a Minister who will answer for that in the House. You can call on the Minister and, if he so desires, certain people will be produced." So I'm calling on the Minister to produce his managers who he stood up and so stoutly defended, produce them in the House, and when we question him, he can get his answers, and answer them instantaneously. If we ask, under the present situation - and no doubt the Minister will say, well, I have to look into that, I have to find out about that - but I ask him to produce the managers, as mentioned in the Auditor's Report concerning Co-operative Development, to appear here and let him sit on the chair that's occupied by the gentleman presently, and let the answers be answered at the time of the session, not taken as notice, not saying, "Well, I'll get that for tomorrow." Let him produce these gentlemen when his estimates come up.

I could remind the Minister when he says what did previous governments do for people of the North, and many many people of the North are of Indian descent, it was a Conservative administration that gave them the right to vote, to express themselves in the affairs of our nation. It was a Liberal administration that extended to them the universal benefits of old age pensions, of family allowances, of the right to education. Right today it's the Northlands Agreement that gives my honourable friend the money to carry out many of the projects that he's carrying out. And to stand up and pretend that only he, in the few months that he's been in this department, or only his group in the few years that they've been in this House, have



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(MR. G. JOHNSTON cont'd) . . . done anything for the people of the North, is a lie - and he knows it. And I'll tell you, Mr. Chairman, when the time comes to speak on the Minister's salary, I hope I'm the first one to move the motion that his salary be reduced to \$1.00, because he is completely incompetent in what he is doing.

MR. CHAIRMAN: The Honourable Minister.

MR. BOSTROM: Mr. Chairman, first of all, I'd like to respond to the comments made by the Honourable Leader of the Opposition. The comments he made I fully expected, because I believe they're true to form and they were written down well before this meeting, they were written down to make a further attack, as I predicted, as I indicated in my opening remarks, a further aspersion and attack on the public servants of Manitoba, a further attack without evidence, without any solid evidence, naming individuals. Mr. Chairman, I believe he reveals, as I indicated in my opening remarks, the Conservative Party's reluctance to support co-operatives in Manitoba. He is revealing that clearly when he says that the Department of Co-op Development should be disbanded or included with another administration. He has called it socialist fantasies to engage in co-operative development in Manitoba. He has even used the word Marxist in relationship to experiments in co-operatives, co-operatives which were operating under his administration, under his Party's administration, when they were in government. --(Interjection)-- Pardon me, Mr. Chairman, I indicated in my opening remarks that co-operatives in Manitoba developed in spite of the reluctance of former governments to support the development in Manitoba.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, as a former Minister of Co-operative Development in the Province of Manitoba, I reject the remark made by the Minister. The operations of the co-operatives during my time of tenure of office was never done in spite of me. It was done in fact in the active support of myself.

MR. BOSTROM: Mr. Chairman, in response to the honourable member's contribution, in response I'll indicate one example, one single example that comes to mind very clearly, to point out clearly the reluctance of his former administration in the development of co-operatives in Manitoba.

The community of Grand Rapids in the early 1960s indicated an interest in forming a fishermen's co-operative to replace the rip-off private fish companies that were operating in their area. Mr. Chairman, they had made a proposal, submitted a brief to his government, and I'm not exactly sure if he was in charge of that particular section at that time or not, but they asked for a loan, Mr. Chairman, they asked for a loan, a government-supported loan to establish them, to give them the opportunity to build an ice house and a little fish packing station which they could use to operate a co-operative. Mr. Chairman . . .

MR. CHAIRMAN: Order please. Order. Order.

MR. BOSTROM: It's obvious, Mr. Chairman, that the honourable member anticipates what I'm going to say. He anticipates, in fact he knows now what I'm going to say, Mr. Chairman. He knows full well what I'm going to say when I finish my remarks about Grand Rapids Co-operative.

Mr. Chairman, the Grand Rapids people made a submission to this government, to the Conservative government and they asked for a miserable little loan to set up a little fish packing station, to set up a little shed where they could store their ice for the winter. And, Mr. Chairman, the ice, as they indicated to this government, to the Conservative government, the ice was their most important thing and they wanted a loan right away to set up a little ice house which they could pack ice in. Mr. Chairman, they made that proposal . . .

MR. J. DOUGLAS WATT (Arthur): On a point of privilege, I'd like to ask the honourable member how many shares he's got in the co-operative.

MR. CHAIRMAN: Order please. Order please. That is not a point of privilege. If the honourable member has a question . . . --(Interjection)-- Order. Order. That is not a point of order. Do you have a point of order or a point of privilege, but not a question?

MR. WATT: Mr. Chairman, on a point of privilege.

MR. CHAIRMAN: All right. What is your point of privilege?

MR. WATT: My point of privilege is, I would like to ask the Minister . . .

MR. CHAIRMAN: Order please. That is not a point of privilege.

MR. WATT: Then on a point of order.

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MR. CHAIRMAN: That is not a point of order. The Honourable Member for Morris.

MR. JORGENSEN: I would like to rise on a point of order. I'm a little bit confused as to really at what stage we are in the consideration of the estimates. On Page 5, we're dealing with the administration program and I assumed that we would be dealing with matters relating to administration. And then on Page 6, we come into the co-operative program, and it seems to me that the matters that the Minister is dealing with right now are more related or identified . . . I would like to get up and speak too on this particular subject, co-operatives, but I was hoping that I could wait until we got to the item on Page 6. And I wonder if we're going to follow - I know it is perhaps a little more difficult when you're starting off in a new format, but I wonder if we shouldn't start off on the right foot and deal with the items that are before us rather than presupposing what is going to come in the ensuing estimates. And on Page 6, there is an item that deals with co-operatives, and I feel that that's where we should be dealing with this subject.

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Well, Mr. Chairman, I know that the Honourable Member from Morris is a sufficiently trained parliamentarian to know that if the members want, under Administration, they can talk about the items that have been raised. Furthermore, the Minister introduced his estimates; the Leader of the Opposition chose the title of Administration to deal with matters of alleged incompetence, irresponsibility, criminal activity, and the Member for Portage followed that up with the use of the suggestion that the Minister, he didn't call him a liar, he said he told a lie, and I imagine that under the same item of Administration the Minister would, as a natural course of debate, respond under the item of Administration.

Now, the Member for Morris admits that the term is probably broad enough to cover it and he would like to get to specific items. I'm afraid that because of the manner in which the debate has developed, he'll just have to be patient but certainly what the Minister is discussing is relevant to the manner in which the subject of Administration was introduced.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, you know, I'm not going to take a hard and fast position on this except that I think that it would be in the interests of the consideration of the estimates if we dealt with them in a manner in which we could follow the procedure that is laid out before us. Now, if that can't be done, well, then all right, then we'll have a free-for-all, and if a free-for-all is what is being asked for then I would be happy to participate. Then I would like very much to participate in it because I hate to . . .

MR. GREEN: He has the floor.

MR. JORGENSEN: Yes, that's right. I agree that he has the floor and that's the reason I raised the point right now because if I follow the Minister, which I hope to do, then I would feel free then to deal on the same subject that he's talking about right now. But the difficulty, of course, is that when we come to this particular item then we're going to simply duplicate the same debate.

MR. BOSTROM: If I could conclude my comment without interruption of the Honourable Member for Lakeside and other members, the comments I was making was with respect to the kinds of allegations that have been made. The obvious, very obvious to me at least, indication on the part of the Leader of the Opposition, of a reluctance to support Co-operative Development in the Province of Manitoba. The Honourable the Member for Lakeside got up on a point of privilege at that point and I was indicating to him . . .

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, on a point of order. The Minister has interpreted my remarks quite incorrectly and I want him to know that he can continue on. I indicated, and I indicate again, that the continuation of the Department of Co-operatives so that the co-operatives that are formed will lose money and in effect rob them of any opportunity of being able to continue and carry on is of no benefit.

MR. BOSTROM: Mr. Chairman, I was simply indicating that the Conservative government, the previous Conservative government in Manitoba, and the tradition seems to be carried on by this one, that they have indicated a reluctance to support co-operatives. And I was relating a simple story to the Member for Lakeside, for his information, that in the early '60's Grand Rapids applied to their government for support for a little ice house so that they could put up some ice to fish for the following year because they wanted to form a

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(MR. BOSTROM cont'd) . . . . co-operative in order to get greater benefits from fishing in their community and divide the proceeds among themselves rather than having profits being taken out of the community by outside fish companies. And, Mr. Chairman, when they made that application to the Conservative government of the day, they waited and they waited and they waited. They got no reply and, Mr. Chairman, when their reply finally came through, when their reply finally came through from the Conservative government of the day, it was over a year later. When they had already . . . In the meantime, they had borrowed money through the good-heartedness of a merchant in the neighbouring community, they had borrowed enough money to establish themselves as a small fish packing shed and an ice house and they had operated completely for one whole season and they had paid off the merchant in the other community. And, Mr. Chairman, it just shows you . . .

MR. CHAIRMAN: Order. Order please. If the Honourable Member for Lakeside is going to continue to interrupt, I am going to ask him to leave the Chamber.

MR. BOSTROM: It simply indicates to me the kind of reluctance on the part of their government to even reply to a group who were interested in assisting themselves in bettering their condition, bettering their economic condition. And that tradition, Mr. Chairman, of reluctance to establish, reluctance to assist co-operatives . . .

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

MR. GRAHAM: Will the Minister permit a question?

MR. CHAIRMAN: Order please. That is not a way to get the floor.

MR. BOSTROM: Mr. Chairman, if I have time at the end of my remarks . . .

MR. CHAIRMAN: I would refer the honourable member to Beauchesne and to his own House rules, to read them. The gaining of the floor by pretence of a point of order and then to ask a question is out of order. Order please.

MR. GREEN: I think, Mr. Chairman, that perhaps the atmosphere is affecting all of us. The honourable member got up and said would the speaker permit a question, which I think is a normal procedure in the House, and I admit, Mr. Chairman, that on several previous occasions people got the floor to then do the wrong thing. But in this case if you recall, Mr. Chairman, the honourable member got up, you said "The Honourable Member for Birtle-Russell" and he said "Would the Minister permit a question?" The Minister can say no, but I don't believe the Member for Birtle-Russell did what . . .

MR. ENNS: Mr. Chairman, just don't vote against him because his name is Harry.

MR. GREEN: Mr. Chairman, I believe that all of the members will understand your position in this connection but in this particular case the Member for Birtle-Russell has done what is normally done.

MR. BOSTROM: Mr. Chairman, I will be happy to answer a question at the end of my remarks.

MR. CHAIRMAN: The Honourable Minister.

MR. BOSTROM: Mr. Chairman, the Honourable Leader of the Opposition has also referred to the Auditor's report in his comments and referred to staffing. I believe that I answered those concerns in my opening remarks and I quoted directly from the Auditor's report. And, Mr. Chairman, the Auditor in his report indicates the kind of activities the department has been involved in in re-organization and re-staffing. And, Mr. Chairman, I see no need to re-read those sections in which the Provincial Auditor has recognized the re-organization that's taking place within the department.

Mr. Chairman, again the Leader of the Opposition is making attacks on civil servants, attacks on civil servants in which he's saying that certain people should be replaced, dismissed, whatsoever. And, Mr. Chairman, I would ask the Honourable Leader of the Opposition to at least produce some evidence. At least produce some solid evidence on which to base, on which to base the dismissal of any public servant in this department, any piece of solid evidence. Ask the Provincial Auditor if you will. In my discussions with the Provincial Auditor, he did not indicate to me any wrongdoing on the part of any particular civil servant. He did not indicate to me any wrongdoing on the part of any particular official within the department. Mr. Chairman, he did not indicate to me that there was any evidence of fraud as I indicated in my opening remarks.

Mr. Chairman, mismanagement, mismanagement is a way of alleging . . . Mr. Chairman, the Honourable Leader of the Opposition prefers to use the word "mismanagement"

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(MR. BOSTROM cont'd) . . . . as an implication that, in fact, there was some devious means of cheating or robbing fishermen in Northern Manitoba. And, Mr. Chairman, there has never been any denial of the fact that there were management problems in northern co-operatives. There's been never any denial of that. In fact, Mr. Chairman, as I indicated in my opening remarks, problems of management in northern co-operatives was expected. Expected, Mr. Chairman, because there was a vacuum in Northern Manitoba when the fish companies deserted these communities. Mr. Chairman, there was a vacuum there, a vacuum which was partly a result of the fish companies having operated there and not having trained local people to take positions of responsibility in running and organizing a business. And, Mr. Chairman, there was recognition from the outset that there would be management problems, and there were attempts made on the part of the department to find good management for these co-operatives.

Mr. Chairman, the Honourable Minister of Agriculture indicated to this House last year that in fact requests were made, the entire country in fact was scoured to attempt to find adequate management for northern co-operatives. Mr. Chairman, there were advertisements placed in papers across Canada. And as I indicated in my opening remarks, it's difficult, first of all, to find good management but secondly, Mr. Chairman, how do you get them to re-locate to northern remote communities? That is a difficult problem.

Mr. Chairman, if we again look at the remarks by the Honourable Leader of the Opposition, he came in here with a prepared statement and although I've been attacked on my opening comments as being hard and harsh, in fact, Mr. Chairman, I think you can say after listening to the Leader of the Opposition, that I anticipated pretty clearly, I anticipated pretty clearly what the kind of remarks the Honourable Leader of the Opposition would make to this House. I anticipated that he would in fact continue with his irresponsible allegations and charges against this department.

Mr. Chairman, his comments about civil servants is, at the very least, inconsistent. In some cases, Mr. Chairman, he said that civil servants operating in Northern Manitoba in the departments that are serving Northern Manitoba, should not be political. They should not be political appointees. They should not be doing the kinds of things the government wants them to do. And he's attacked various civil servants in this House for being political appointees. On the other hand, Mr. Chairman, there have been comments made in the press by very respected members of the media, by one very respected member of the media in particular, who took the Honourable Leader of the Opposition to task for his comments on civil servants. This particular reporter said that in one case, Mr. Chairman, the Honourable Leader of the Opposition is saying that civil servants should not be political. At the same time he's attacking civil servants, and at the same time, Mr. Chairman, he's making comments at a particular gathering in Winnipeg of civil servants, where he's saying that if these civil servants do not like what the government is doing that they should speak out, they should speak out and be critical of the government. Mr. Chairman, and this is coming from a former Cabinet Minister. Mr. Chairman, and the author of that report to the newspaper, I would think, properly pointed out that it's not the duty of civil servants in this province, it is not the duty of civil servants in this province to criticize their government that they're employed by and the Honourable Leader of the Opposition knows that full well and yet he made that comment. Well, Mr. Chairman, I would like him to make up his mind about civil servants. Does he want them to be public servants or does he want them to be political servants? Let him make up his mind.

Mr. Chairman, if you re-read Hansard, which I have done and I've listened to the comments in the House here last year and I re-read the comments that were made in this House by the Leader of the Opposition and his colleagues, and I re-read the comments made by the Honourable Minister of Agriculture when he was responding to the charges and allegations that were made, and, Mr. Chairman, when you compare those statements, I would say the Honourable Leader of the Opposition is completely off when he makes the statements that the charges that were made were not answered. Every one of the charges that were made were not answered. Every one of the charges that were made were answered. And the Honourable Leader cannot say, cannot be truthful when he says, that the Honourable Minister of Agriculture mislead the House. It's simply not true.

Mr. Chairman, the Honourable Leader of the Opposition, in his remarks, in fact even attacks the Provincial Auditor. He even attacks the Provincial Auditor. He says the Provincial Auditor should have said this, the Provincial Auditor should have said that. In fact, he's mad, Mr. Chairman, he's upset because the Provincial Auditor is not saying what he would like him to say.

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MR. DEPUTY CHAIRMAN: Order please. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, it's not a question of the honourable member taking it out of context, but I think he would like to tell, you know, at least express, express what he says with, you know, some close proximity to the truth of what I said. I said, Mr. Chairman, that the Provincial Auditor meant this and it's very different. That's right. Very different.

--(Interjections)--

MR. DEPUTY CHAIRMAN: Order. Order. Order, please! Order please! The Honourable Minister.

MR. BOSTROM: The Honourable Leader of the Opposition said that the Provincial Auditor should have said this when he was making the statement.

MR. DEPUTY CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: . . . should have said anything. Not at all. Mr. Chairman, that is an absolute distortion and typical of the way in which the Minister handles responsibilities. Now if he wants to continue on with that, two can play that game, and I suggest, Mr. Chairman, there is an obligation on his part to interpret it and interpret it in a truthful manner. I said he meant this, not that he ought to say this. It's a very different . . .

MR. DEPUTY CHAIRMAN: The Honourable Minister.

MR. BOSTROM: Mr. Chairman, on the same point of order, when it comes to responsible reporting of what was said and responsible actions in this House, I will compare with the Honourable Leader of the Opposition any time. Mr. Chairman, in fact, in relating to the Provincial Auditor's report, he was saying the Provincial Auditor was too polite. Too polite, Mr. Chairman. In other words, the Provincial Auditor is not saying what he would have liked him to say, because the Provincial Auditor does not vindicate what he said in the House last year. He does not vindicate the charges that were made against the public servants of this province. He does not back up the charges that the Leader of the Opposition made with respect to robbing and cheating and fraud. Nowhere are those words used. Nowhere are those allegations substantiated in this report, Mr. Chairman, and the Honourable Leader of the Opposition in his comments refers to the Attorney-General's Department and he claims that they were not willing to investigate the charges that he was making. In fact, Mr. Chairman, my colleague the Honourable Attorney-General informs me, and he made it very clear in the House last year, that his department was very willing, very willing to investigate any charges that were made, but there had to be some solid evidence, Mr. Chairman. There had to be some solid evidence to go on.

MR. GREEN: There was nothing, nothing presented in the . . . What was the charge?

MR. BOSTROM: Mr. Chairman, he claimed in his comments that the records of the co-operatives, the records of the co-operatives were not complete; the records of the co-operatives indicated there was poor management in some cases. Mr. Chairman, these comments, these things were never denied.

MR. DEPUTY CHAIRMAN: Order please. Order please. The Honourable Minister.

MR. BOSTROM: The Honourable Leader of the Opposition has said that the Provincial Auditor does not have the powers to investigate, does not have the powers to do the proper kind of investigation that he thought should have been carried out, and Mr. Chairman, I simply point out to him something which I expect that he full well knows, and this, Mr. Chairman, is brought to my attention by the Attorney-General's Department, and they refer to Section 9 of the Provincial Auditor's Act. It says clearly here that the Provincial Auditor, or anyone instructed by him in writing, may examine any person under oath, touching upon matters which are required to be investigated by the Provincial Auditor pursuant to matters under his review, and in fact, Mr. Chairman, if the Provincial Auditor had those powers and has those powers when he was doing the kinds of investigations that this Opposition said should have been carried out in Northern Manitoba, Mr. Chairman, in fact the charges that the Honourable Leader of the Opposition made with respect to robbing the fishermen, is simply not vindicated in this report. Simply not vindicated. And the Honourable Leader of the Opposition comes into the House tonight and tries, Mr. Chairman, to backtrack, tries to backtrack and say that, well, he never really said it this way, he said it this other way.

Mr. Chairman, last year he was making allegations about public servants robbing fishermen, and the comments he was making would lead one to believe that there were public servants that were deliberately robbing fishermen. And just as an indication of the kind of

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(MR. BOSTROM cont'd) . . . . backtracking that he's doing, he's saying now, well, they were robbing fishermen through incompetence - through incompetence. Last year he was holding people's names up in this House and saying these people were deliberately, Mr. Chairman, he was holding people's names up in this House and casting aspersions on them, and now he's trying to backtrack on that. He's backing up. He's saying that, well, there may have been some robbing but it was through incompetence, not through deliberate robbing. And last year he would have left the implication, Mr. Chairman, he would have left the implication last year, he would have said that they robbed directly.

Mr. Chairman, with respect to robbing fishermen, with respect to that charge, if we asked the Provincial Auditor, as I have asked him, as the Leader of the Opposition has the full right to do, has the full right to go to the Provincial Auditor and question him, and he can question him in committee, and Mr. Chairman, in my conversations with the Provincial Auditor he said that he could find no evidence of any robbing of fishermen. In fact he said, Mr. Chairman, that the fishermen in fact probably got well paid for the fish that they were producing, because, Mr. Chairman, as already indicated in here, there were significant losses in some of those co-operatives. And, Mr. Chairman, the losses that were incurred in those co-operatives represented payments to fishermen and supplies that they received, so that in fact, Mr. Chairman, the fishermen got full value-plus for fish that they produced. Full value-plus; and Mr. Chairman, the Auditor has not found any indication anywhere of there being any evidence of departmental officials robbing fishermen, and, Mr. Chairman, that charge on the part of the Leader of the Opposition, given that evidence, would appear to be very irresponsible indeed.

MR. DEPUTY CHAIRMAN: The Honourable Leader of the Opposition on a point of order.

MR. SPIVAK: On a point of order, the honourable member should know that his expression of what the Provincial Auditor told him is not evidence, and I would accept that the time will come when evidence will be presented, but he should know that he has no evidence by saying the Provincial Auditor . . .

MR. DEPUTY CHAIRMAN: The Honourable House Leader on a point of order.

MR. GREEN: On the point of order, Mr. Chairman, this is not a court of law. The member is entitled to get up and say what the Provincial Auditor told him. I don't know, Mr. Chairman, whether we are only admitting evidence before you. What the honourable member is telling the House is what the Provincial Auditor told him, and it is not a point of order that that cannot be introduced.

MR. DEPUTY CHAIRMAN: I believe that was not a point of order. The Honourable Minister. The Member for Riel on a matter of privilege.

MR. CRAIK: Yes, a matter of House privilege. Would somebody please tell me who is the custodian of the people's money in this question? Would somebody please address themselves to the important question of who is custodian of the people's money?

MR. DEPUTY CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, on a point of House privilege. Earlier in the day, when the Chairman became angry with the member because he thought he was wrongly getting the floor to stress a point on a point of privilege, we had to remind the Chairman that it was probably the atmosphere which caused that ruling. And it's what the Member for Riel has just done, which resulted in the Chairman for the moment becoming angry as to what was going on in the House. And I would urge the Honourable Member for Riel to save that kind of point - which is maybe a good point for debate but it is not a point of privilege - and Mr. Chairman, honourable members should not take the floor to interrupt debate on a point of privilege which they well know is not a point of privilege.

MR. DEPUTY CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, a point of privilege on estimates is a point of privilege on the spending of the taxpayer's dollar. Mr. Chairman, a point of privilege in Estimates in Committee is a point of privilege with regard to the spending of a dollar, and the Minister in no way reflected any responsibility for the spending of the taxpayer's dollar. He dwelt on the point, Mr. Chairman, of whether it was the civil servants, in their custodian role, or the fishermen that were responsible in his accusations against the Leader of the Opposition. He in no way addressed himself in his responsibility as Minister to defend the spending of the taxpayer's dollar, and that is a point of House privilege and taxpayer privilege.

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MR. DEPUTY CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, with the greatest of respect, I now ask for a formal ruling as to whether the honourable member's remarks constitute a point of privilege.

MR. DEPUTY CHAIRMAN: I would like to draw to the attention of members that our House Rules require that a member be allowed to complete his remarks without undue interruption, and I would hope that all honourable members would familiarize themselves with just what constitutes a point of order and what constitutes a point of privilege. The Chair doesn't find any point of privilege raised. The Honourable Minister of Co-operatives. The Honourable House Leader.

MR. GREEN: Mr. Chairman, I move that Committee rise.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker, Committee of Supply has considered certain resolutions and begs leave to sit again.

IN SESSION

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

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

MOTION presented and carried.

MR. GREEN: Mr. Speaker. I move, seconded by all honourable members, that the House do not adjourn.

MR. DEPUTY SPEAKER: It has been moved and seconded that the House do now adjourn. Agreed? (Agreed) The House is adjourned and accordingly will stand adjourned until 2:30 tomorrow afternoon (Wednesday).