

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Monday, April 25, 1966

Opening Prayer by Madam Speaker.

MADAM SPEAKER: Presenting Petitions

Reading and Receiving Petitions

Presenting Reports by Standing and Special Committees

Notices of Motion

Introduction of Bills

Orders of the Day

MR. RUSSELL PAULLEY (Leader of the New Democratic Party) (Radisson): Madam Speaker, before the Orders of the Day, may I direct a question to the Minister of Education. Are either you or the First Minister now in a position to indicate to me when my people in Windsor and Niakwa Park might receive a reply from their Brief and the letters that they have sent to the First Minister with copies to yourself.

HON. GEORGE JOHNSON (Minister of Education) (Gimli): No I can't answer more fully at this time, Madam Speaker, I still would like to discuss certain aspects of the last letter with the First Minister. I might say in response to the First Brief, the Premier did reply to that brief in writing and . . .

BILLS Nos. 109, 108, 103, 127, 126, 87, 90, 95, 99, 98, 115, and 113, were each read a third time and passed.

MR. GORDON W. BEARD (Churchill) presented Bill No. 94, an Act respecting the Incorporation of The Town of Thompson, for third reading.

MADAM SPEAKER presented the motion.

MR. SAUL CHERNIACK, Q.C. (St. John's): I want only to express our regret that this Bill perpetuates a perpetual veto power on the part of a private company to deal with the boundaries of Thompson. It seems to me that a lesson should have been learnt with the entire problem of the CPR and the City of Winnipeg where perpetual agreement has acted to the disadvantage of the people of a certain municipality, many many years after it was granted and after it had no longer justified the perpetual rights of the private company. I am happy that in the matter we have discussed in the past, dealing with The Pas and the Pulpwood Mill that there at least there is a limit of 75 years, so those of us who expect to be around in 75 years will know that there will be an end to that agreement.

I doubt if any of us are going to be able to be around long enough to see the end of an agreement such as is accepted in principle in this Bill where the only time there can be any change is by sole racking, by difficult debates in principle and conscience when there will be proposed a change in the Act which will then take away this perpetual right on the part of a private company. You will recall the debates that took place in connection with the CPR and the City of Winnipeg and I forecast there will be similar debates and similar problems in the future, which I think should have been negotiated and settled before this Bill was passed. It would have been proper I think to enter into negotiations with the company long before and to make sure that the company should be given to understand that "in perpetuity" is a very long time.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Madam Speaker, before the final vote is taken on this Bill, I would just like to ask a couple of questions. I regret I could not be in during third reading. I had a delegation in seeing the Honourable the Minister of Education.

My questions deal with the original arrangement that was made between the government and International Nickel. As I recall it under that arrangement International Nickel committed themselves to the construction of quite a few specific things in public works such as roads, sewage, drainage, specific commitments insofar as schools and so on. Now have all of these commitments been lived up to now so that the load can now be transferred onto the local taxpayers in the Thompson area. I think this is very important because the original agreement did provide for some very definite actions on the part of the company and I would like to be sure that all of those have been lived up to and that the Town of Thompson will not have to carry any additional burden.

HON. ROBERT G. SMELLIE, Q.C. (Minister of Municipal Affairs) (Birtle-RUSSELL): Madam Speaker, negotiations have been carried on with the International Nickel Company and the administrator of the Local Government District of Mystery Lake for some time, concerning this very problem. There were some of the commitments of INCO which they were unable to

(MR. SMELLIE cont'd.) complete at the present time for a variety of reasons. One of the things that was concerning everybody was the necessity for schools which would have been occasioned by the growth of population of that young community in Thompson and based on the calculations of population that had been used when the original agreement was made, we made a calculation of the number of pupils there would be requiring school accommodation for that amount of population by 1970. Obviously we don't need the school today, but we may need it four years from today.

We eventually reached agreement on everything that INCO had agreed to do and as a result of that agreement they made a payment in cash to the administrator of the Local Government District for the estimated capital cost of the works that they were to undertake and at the time that they would have to undertake them. That money has been paid over now to the Local Government District Administrator and is available for the people of the community, either through their School Board or through the town which is going to be set up by this incorporation so that when the time comes that those works are needed, the capital funds are available with which to supply the works.

I'm satisfied that the negotiations were conducted in a fair and reasonable manner. The Local Government District Administrator who was also the official trustee is not. He thinks that we robbed INCO of some money, particularly on the school budget. I don't really think that we did. I think it was fair and reasonable. INCO obviously felt that it was not beyond reason because they agreed to pay it, but there may be some room for argument either way on the whole thing.

I'm satisfied and the Local Government District Administrator is satisfied and the advisory council are satisfied that INCO has either performed everything they agreed to do or that they have paid an amount in capital sufficient to cover the cost of such works when they are either possible or required.

MR. PAULLEY: Madam Speaker, will the Minister of Municipal Affairs permit a question? Is the local administrator referred to by the Honourable Minister of Municipal Affairs, who feels that INCO was prejudiced as the result of the agreement of the cash settlement, the same individual that in accordance with this Act will be foisted on the incoming Council of Thompson as a result of the terms of this Act until such time as they dismiss him?

MR. SMELLIE: Madam Speaker, my honourable friend asks a question to which he obviously knows the answer.

MR. PAULLEY: No I don't.

MR. SMELLIE: The Local Government District Administrator has been the same person since the Local Government District of Mystery Lake was established, and so far as I am aware he expects to continue so long as it lasts, or at least until the incorporation of the Town takes place.

The Act provides that the Local Government District of Mystery Lake on the 1st of January 1967 will become the first town manager and he will hold office until the council of the town replace him. That could be on the first Tuesday in January if they so desire. But there must be somebody there to maintain the continuity of that office. There has to be some civic service if you wish that looks after the town affairs between the 31st of December when the local government district ceases to have any control over town affairs and the first Tuesday in January when the Council take office and until the Council can devise the policy they may wish for the future operation of the town.

MADAM SPEAKER: The Honourable the Member for Churchill.

MR. J. M. FROESE (Rhineland): Madam Speaker, is the member closing the debate?

MADAM SPEAKER: I'm sorry, I didn't notice the -- the Honourable Member for Rhineland.

MR. FROESE: Just a very few remarks and it's just pertaining to this matter of having agreements running in perpetuity. I would have to associate myself with the remarks made by the Honourable Member for St. John's. I certainly oppose any such agreements and I could, in that respect, not support the Bill. Now I'm going to accommodate the Honourable Member for Thompson.

MADAM SPEAKER: The Member for Churchill.

MR. BEARD: Madam Speaker, I don't think that one could seriously consider the incorporation of the town of Thompson without reflecting on the mushroom growth over the few short years. I think we must keep in mind that the planning and estimating that went into the development of the town, and also the commitments of both government and the International

(MR. BEARD cont'd.) Nickel Company, had to be made before any development took place whatsoever; and while there are differences on the policies that went into the agreement, certainly I think that government and the company must be commended in many respects to what the contract included, because I feel that one can grasp this easier if they take the opportunity to fly between The Pas and Thompson. You go for hundreds of miles without anything - just trees, swamp area, and then you come upon the town of Thompson and you drive through it and you find that planning - certainly much planning has gone into the town.

It provides services that have been adequate and efficient in servicing a small town which started with just a few people, grew to a few hundred people, has grown to now an estimation of over 10,000 people, and still those services which were made available over the years, and to start the town off in the first place, are adequate and they will be adequate they tell me in many cases to service a town of over 15,000. The area, as has been pointed out before, will accommodate up to 50,000. So, Madam Speaker, I feel that this area is certainly adequate to look after the incorporated town of Thompson for many years.

In considering boundaries, I think that the members should also remember that the Local Government District of Mystery Lake which surrounds that part that was actually taken out of it for the town of Thompson is comparable in most cases to the municipalities that surround any town, whether it be Dauphin, whether it be Neepawa, Steinbach, wherever it might be, and if those towns wished to enlarge, they had to negotiate. They had to negotiate with the Province of Manitoba, with the municipality, and of course the towns wishing to enlarge their boundaries also have to be in on the negotiations, so really this is very little different, I feel. The government is involved in it, the International Nickel Company and the town. And why is International Nickel Company involved? Because they are responsible financially for many of the expenses in the town and for the expense of the district of Mystery Lake, and certainly I feel that we have got to be careful on these areas that surround the town, for certainly all we have to do is go out and look at some of our small towns in Southern Manitoba where within the boundaries of the town we had orderly development, and outside the areas of the town we had hodge podge buildings which certainly do not add to the small towns in the rest of that province, so consequently we have authority that governs both the Local Government District of Mystery Lake and the incorporated townsite.

The problem of a business manager has been spoken about and it is definitely a problem and a serious problem in the town of Thompson, because up there we are a new community. People have come in and most people up there have not had the experience of dealing with municipal matters, for the simple reason - I'm just not sure what the average age is at Thompson but I believe it is either 21 or 23, which is very low. People have large families as a rule and their young people relocate into a new area, and while we certainly have people that are capable and able to be elected as mayor and councillors, are these people going to be able to take it on as a full-time job? I don't think so, and so I go along with the idea of a business manager. This is one that is being accepted in many of our cities and I understand Regina is considering it, or has considered it, and Brandon. These are the towns that you have professional men there that are knowledgeable of the business of operating a town and they carry on from year to year regardless of what political change, we may say, comes about through the change of mayor and councillors, and there is a continuity in local government when you have somebody that is knowledgeable of not only the things that are going on now but of what has gone on in the past.

In respect to this, we find that even though the elections are being carried out in October as they are in other municipalities, the council and mayor can sit down and negotiate for two months on many of the things that are left for the public to decide for themselves. They have their own elected councillors to do this, and I think that when January 1st comes around and our mayor and council take their seats, then they will have adjusted to a small extent and will be ready for the problems that face them. But they had to have some guideline, and I think that if you took a gallop poll in Thompson itself, they would say that the natural person to guide these people is the Local Administrator, who has brought this town along from its very birth to the point of where it is a 10,000 population, who is the authority up there. I feel that this man will guide the mayor and council and give them good advice because you have got a good town. You can't whip him because of this, so I think you should congratulate him and say, well join our ranks. You must remember that he will be under the policies set up by the new mayor and council so he will be responsible to them. If they find that they won't be able to work with him, then of course they choose their own, so they have the right - they have the

(MR. BEARD cont'd.) right to do whatever they wish.

There has been some reference to the commitment of the company and the CPR agreement which was undertaken with the City of Winnipeg, but I don't go along with this comparison because, as we all know, the CPR had really no commitment to speak of after their initial capital expenditure. It was the City of Winnipeg that were committed to give them free land forever, whereas on the other hand, International Nickel Company are committed to taxation, and I think there is a lot of difference here. I think there is a lot of difference. All the CPR had to do was produce what was laid down in their initial contract, and for this they were given land and buildings free of tax. I think this was wrong, but again this is hindsight, this is not foresight. I feel that the International Nickel Company now are committed to the district for either 55 percent of the tax load or an amount per employee that they have, and this ranges I think somewhere from 135 to \$145 per year per employee.

Now to give credit to the International Nickel Company, they have always accepted that responsibility which committed them to the highest amount, and I can't see where they would change their policy at this time. Certainly they have the right, but they must have some right, and I believe that we must all remember that we are there as citizens because of the International Nickel Company, and the International Nickel Company, I guess, they're there because they're using the resource of Manitoba. But the resource of Manitoba - the financial benefits of the resource doesn't stop at Thompson. I think it starts in Winnipeg because Winnipeg has benefited from the development of Thompson from before the town was even started, and they are continuing to benefit by many hundreds of thousands of dollars a year. So I think in part we all benefit from a resource in some way, shape or form.

I would like, in winding up at this time, to pay my respects to the Local Government Administrator, Mr. Nesbitt. He has done a yeoman's job throughout the years; he has withstood the pressures from all areas to give in on those things which he thought was right and good for the Town of Thompson. I cannot honestly conceive or think of a man that could have done the job that Mr. Nesbitt did for the Town of Thompson. Certainly I realize that there are men capable of doing it, but the over-all job that he has done has been fantastic. He has worked not only an eight-hour day, not on a five-day week, but knowing this man personally, I can say that he has worked a seven-day week and many many many hours of overtime every day that he has been there. He has gone for years without holidays. He went through a time of a terrible accident and still he refused to take leave of absence.

I do not know of a man who has been more dedicated to the job that he has taken on, and I think that the monument to him will carry on as long as Thompson is there, because certainly it is a model town - it is a modern town.

While through hindsight we can perhaps see a mistake or two, where a road should have been some place else perhaps, but all in all his co-operation with our town planning scheme and with, Madam Speaker, the International Nickel Company, we have received the services which are far and above those other towns in most cases in the Province of Manitoba. We have a water system, a town water system which cannot be touched, they tell me, in Western Canada. The sewer system is a wonderful system that will look after the town for many many years to come, the enlarged growth of the town. The school system is certainly, as far as I am concerned, one of the best, beyond criticism. The people have moved there in many cases because they've had to relocate, because of financial problems, because of sometimes personal problems, and I feel that in some cases these are the problems that have caused many of the disruptions in the Town of Thompson.

I look forward now to years of more settled living, and certainly, I think, the co-operation of one and all will be encouraged through the acceptance of both the province and the International Nickel Company of the concept of a mayor and council. I think that once the people get in there and they can vote their mayor and council in, they will feel that the government of their own town at least is within their power to change; that they will be happier; they'll be ready to accept some of the things that go on in the town; and I feel that -- I would state here that I am sure that the wool is not being pulled over the eyes of the people of the Town of Thompson. I think they realize that they've grown and they are ready to move ahead with the dictates of democracy and I think they will accept the responsibility that they will have to come this fall. I certainly hope that we can present a record, a good record, in the next ensuing years.

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

MADAM SPEAKER: Committee of the Whole House. The Honourable the Member for Churchill.

MR. BEARD: Madam Speaker, I beg to move, seconded by the Honourable Member for St. James, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following bills: No. 101, No. 104, No. 114, No. 93 and No. 80.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of the Whole House with the Honourable Member for Winnipeg Centre in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. MOLGAT: Mr. Chairman, before we proceed with the consideration of any of the bills, I wonder if I could ask the Leader of the House some questions regarding the order of business. I believe we still have one bill left in the Law Amendments Committee. What is the proposal of the government insofar as dealing with that bill? Are we going back into Law Amendments or what is the plan?

HON. GURNEY EVANS (Minister of Industry and Commerce) (Fort Rouge): Mr. Chairman, I have no information with me at the moment. I'll try to get it for my honourable friend before the afternoon is out. I have no information on that subject.

MR. MOLGAT: Mr. Chairman, it is a fact, is it not, that Bill No. 41 was not dealt with in the Law Amendments Committee - or at least not completed, not passed by Law Amendments?

MR. CHAIRMAN: It hasn't been passed by the Law Amendments. Section

MR. CHERNIACK: Mr. Chairman, you're calling Bill 101, are you?

MR. CHAIRMAN: Yes.

MR. CHERNIACK: Well, Mr. Chairman, the Honourable the Minister -- firstly, I want to point out to him that I for one have not received Schedule A to Schedule A of the Bill, and I understand that it was going to be distributed amongst the members. What was distributed was Schedule A to the second by-law which is the agreement between The Pas and Churchill, but the agreement which was a schedule to the first by-law, which I believe is the agreement between the municipalities and the school district, was not distributed, at least not to me.

MR. EVANS: I think I could tell my honourable friend that I had thought that the copies of the first one to which he refers, the one that he says has not been distributed, had in fact been distributed. Copies were prepared, and if they were not distributed, we will see if we can get them and distribute them right away. It was my distribute both.

MR. CHERNIACK: I can only say that I did not get it. I can't speak for other members, but I know that I did receive the agreement with the Churchill Forest Products; I did not receive the other agreement. Now if it's available, I think we ought to have it.

MR. EVANS: I'll try to get it for my honourable friend.

MR. CHERNIACK: All right. Well the

MR. EVANS: Yes, there are two separate agreements.

MR. CHERNIACK: There are two separate agreements and I only got one.

MR. EVANS: The two of them were prepared and I wasn't sure what was distributed and what wasn't.

MR. CHAIRMAN: The two agreements were attached together when they were distributed.

MR. EVANS: no, I think not.

MR. CHERNIACK: Well I have here what I received and it is but the one.

MR. EVANS: I think we have them here now.

MR. CHERNIACK: Very well, Mr. Chairman, if it will be distributed. The other point I'd like to draw . . .

MR. EVANS: Just to finish that subject if I may, I regret my honourable friend didn't get it earlier because it had been my intention that both copies would be supplied so that you would have time to read them.

MR. CHERNIACK: Well that's fine, Mr. Chairman. Now you will recall that in committee we expressed a great deal of interest in the proposal which was made to the town of The Pas by Churchill and we were given verbally certain figures which some of us couldn't quite comprehend, especially since we did not know the anticipated cost of the bare buildings,

(MR. CHERNIACK cont'd.) and I understood the Honourable Minister to indicate that he would give us that information. I don't know whether it's going to be in writing or will be given to -- (Interjection) -- it will be in writing. Well then, Mr. Chairman, I intend then to wait until it is distributed so that we will have the benefit of them.

MR. EVANS: Mr. Chairman, I am very glad to respond to my honourable friend's request and I'll ask the Pages if they will be good enough to distribute these papers. The Law Amendments Committee did show direct interest in the terms of this agreement and raised the question as to whether in fact the people of The Pas had been fairly treated. I think my honourable friend the Leader of the New Democratic Party raised the point as to whether or not the taxpayers of The Pas were being called on in any way to subsidize this industry. I took the very opposite point of view and assured the committee at that time that in fact there is a very considerable cash advantage to the taxpayers of The Pas by reason of having this agreement.

In support of that, I am laying before the members a tabulation of figures and I'll be glad to discuss with them the basis on which the figures are calculated. On the first page are the average additional expenditures which will be imposed on the Town of The Pas -- oh, did my honourable friend not get his copy yet? -- (Interjection) -- Well if he's going to take an active interest in this, he had better have the lesson in front of him before I start to teach it.

If we turn now to the first page, we find that averaging for a period of 20 years, the following will be the additional expenditures imposed on the Town of The Pas by reason of the fact that a plant is being built and employees will come to live in The Pas. Those employees will have their dwelling units in The Pas and will cause some additional expenditures. I'll just read the list down. Schools - operating expense - an average additional cost per year of \$48,000; school debentures - \$7,270; public works - \$11,500; police - \$10,000; fire - \$3,000; community services - \$6,000; fixed assets and reserves - \$4,000; and administration - \$10,000; for a total of \$99,770, or for all intents and purposes, \$100,000. Naturally, for 20 years that's an additional cost of \$2 million.

I want to come back to this page but I do want to show the main calculation now, and I'd ask the honourable members to turn to the next page which shows the taxes year by year which will arise from the plant site, a plant site which imposes no additional cost on the town of The Pas. The second stage shows a total revenue from 1966 to 1986 of \$895,458. Now I would ask my honourable friends to turn to the next page again and see the revenue which will arise from the housing units which will be created in the Town of The Pas, and they amount for the 20 year period to \$2,920,900. The two added together come within shouting distance of \$4 million revenue; the total expenditures, \$2 million; profits, \$2 million. Four million dollars revenue from the plants plus the dwelling units; expenditures made necessary in those connections, \$2 million; difference, \$2 million.

Now I would like to tell my honourable friends something about the calculation of expenses in this connection because this has been a very careful calculation. It's been done using the accounts of the Town of The Pas as the source of information. I would like to draw attention to the fact that allowance has been made for depreciation of the dollar over the 20 year period, but where applicable, a two percent per year accumulative factor was applied to costs in order to provide for the decreasing purchasing power of the dollar. This factor was applied to all expenditures with the exception of debenture requirements which are naturally fixed dollars, miscellaneous and utility operating and social services.

Costs were also based on a per capita basis at 1965 costs and then applied annually on the estimated population projections including both natural increase and that attributed to the plant locating in the area. It was estimated that the population would increase from 4,900 in 1965 to 7,957 in 1985. The natural increase was estimated at 75 per year. The increase attributed directly and indirectly to the plant was estimated at \$1,382. Another method of calculating the amount of the additional costs imposed on the Town of The Pas was to reduce it to a per capita basis, calculate the additional population which was going to be attracted to the town by reason of this operation, and apply the per capita amount to that increased population.

(3) The debenture requirements were scheduled annually on the basis of present debentures outstanding together with the estimated average expenditures for the new issues.

(4) Calculations allowed for the continuation of normal capital expenditure for street paving, etc.

(MR. EVANS cont'd.)

(5) An allowance is made for a 16 roomed school to take care of normal population growth plus growth attributed to the plant. Operating costs per year - \$64,000. Principal and interest costs to the town - \$9,715 per year.

(6) It was assumed that the cost of the proposed new housing development, including all services, would be carried initially by the developers and subsequently by the homeowners at no capital costs to the Crown.

(7) As indicated by Underwood McLellan and Associates, a well-known firm of engineering consultants who are the engineering consultants to the town, existing town sanitary, sewage and water treatment and water distribution systems were considered adequate to supply the needs of the proposed housing development for 500 single and multiple units. It was understood that the developer or developers will install a storm sewer between the new housing development and the river. That's just a storm sewer not a sanitary sewer.

(8) Sundry revenue was escalated at two percent on a per capita basis. Business tax was calculated on a per capita basis. Grants in lieu of taxes were escalated at two percent with the exception of the CNR grant. Special levies were based on the 1964 debenture requirements raised by frontage levies. The waste disposal levy is a special rate to meet projected garbage collection costs. The unconditional grants at \$3.00 per capita was included on an average basis, and tax revenue from the plant was calculated in accordance with the tax agreement.

(9) No allowance was reflected in the projected mill rates for any application of proceeds of land sales, which could amount to an amount in excess of \$90,000.

(10) Final calculations were based on both minimum and maximum costs of construction of bare plant buildings of \$6 million and \$12 million respectively. Projected mill rates are on the basis of 1965 municipal services.

I give those figures to my honourable friends to indicate that I think a very careful basis was used to calculate the figures which I gave as my estimate the other day of the costs which would be imposed upon the Town of The Pas by reason of these additional housing units going in there and by reason of the plant locating within the townsite. I think the rest of the figures on the first page are largely involved with the basis that I have just mentioned there.

Going to the second stage we have year by year from 1966 to 1986 the plant taxes based on the tax agreement. The first column is for the land; the second for the business tax; then we come to the third column which probably answers the question which seems to interest my honourable friend from Burrows so much as to the amount of the assessment which would be used in calculating the taxes.

The buildings are estimated to cost \$12 million, and on the last of the pages that you have before you, the calculation is shown. The initial cost of buildings - \$12 million. According to the agreement, the assessment is to be taken at one twenty-fifth in the opening years. That amounts to \$480,000. The mill rate of 70 mills, and taking the \$480,000 as the assumed assessment and apply the 70 mills, it comes to a calculation of \$33,600 per year. Also provided in the Agreement is an escalation of six percent in that amount per year, so that six percent of \$33,000 adds \$2,016 in the first year. The land tax then becomes for 1972 - \$693; the business tax - \$1,000; and the grand total - \$37,309. That gives the basis then of the taxation on the company's property which is to be included in the plant site and within the bounds of the town. The effect really of the change in the last column from year to year after the year 1972 was really brought about by the six percent escalation each year, the six percent increase each year from there on, and in the 20 year period an increase of six percent per year amounts to a substantial amount.

I think it should be noted that the taxation on the plant site is calculated to include only phases 1, 2 and 3 of the Agreement. Nothing is included for the probable location on that same plant site of a kraft paper mill or the doubling of the plant in subsequent years which is provided for in the Agreement, but the taxation is calculated on the lower basis as and when the plant is doubled, or as and when a kraft mill is added, or when a chemical finding plant of \$5 million in value is added. That will bring about additional taxation revenue for the Town of The Pas, again without additional municipal services being called for by way specifically of streets or sewer or water or normal services of that kind.

The last figure shows an average for the 20 year period beginning in 1966 of \$44,000 revenue per year. What my honourable friends will see from the calculations, little if any taxation is calculated until after 1970 when the plant will have been built; 1971 is taken in at a

(MR. EVANS cont'd.) reduced figure because the plant will be in operation only at the end of March and so revenue is calculated only for the months of April to December; and we get into the full basis of taxation really for the year 1972.

Turning to the taxation from houses themselves, we come to the point where I think it's important to recognize that no additional capital expenditures are imposed on the town to create either sanitary sewers or water disposal systems, or either of those two. I would like to take my honourable friends to this page on which revenue from housing directly attributable to the plant is calculated, and in the year 1966 it will be observed that five houses are contemplated, each one paying a tax of \$500 a year, which naturally yields a tax revenue of \$2,500,000. The reason that \$500 was chosen is shown at the bottom left-hand corner of that page. There's an assumed value of the home of \$16,200. - a good home. It is estimated the assessment value of the home is approximately 44 percent, which I think is an average they have found to exist in that area or the municipality; the assumed mill rate is 70; and the calculation then comes out at approximately \$500.00.

The second column shows the number of semi-detached houses which will be built year by year, and they have calculated that the average taxation per unit there is 450 instead of 500. The third column shows the number of apartments to be built - made available - and the taxation on each of those units.

So those figures are worked out year by year and the quantities of new items are given. In the first year, it's five single homes; the second year, 15 single homes. In that same year, 5 duplexes. It's not until 1970 when the plant is about to come into operation that they go in for apartments, but 100 units will be available for the second six months of that year. These are not accumulative figures that I'm reading, they are the totals in existence by each of those years. There will be 100 available at the end of the first six months of 1970. There are no further additions until you come to 1974, when 200 units will be available for the full year, and I think if those were added together it would seem that there will be a total of 500 dwelling units available at that time and these are the taxation revenues which come from them.

Perhaps that's all the explanation that I can give at this point for the basis of my calculations. I did mention the figure that there would be taxation revenue of some \$250,000 and expenses of \$100,000 at the point when the full number of housing units comes into being and is there to be taxed. There may be some slight difference in the 20 year averages that I have been speaking of now, but my calculation remains correct.

I think it should be pointed out that even on these figures, by the end of the 20 year period you can show a still more attractive picture for the Town of The Pas even without the addition of the expansion of the plant or the creation of a Kraft pulpmill on the plant site, because if you add up the two figures of revenue for the year 1985, it's a total of \$78,000 plus \$202,000 or \$280,000, and the calculation of expenditures still remains about \$100,000 after including escalation for any depreciation of the dollar. So I think I have been able to support, Mr. Chairman, the statement that I made that this is a good profitable deal for the Town of The Pas and far from imposing on them any subsidization of the plant. It's very much in their favour on those properties alone.

I want to turn away now for a moment from the actual properties we have been discussing. We have been discussing the plant site and the homes made necessary for the employees of that plant. I would like to leave those on one side for a moment and draw attention to the fact that the people living in those 500 homes, those 500 families will bring such additional business to The Pas that the revenue to The Pas will be very much larger again. I can hardly believe that 500 new dwelling units will be built in The Pas without, shall we say, a large shopping centre plus the building of one or more garages and service stations, one or more professional people - doctors, lawyers and others - all of whom will have their homes, pay their taxes and pay their business taxes. This is not so much just the creating of a single industry, but we calculate in the department that for every job direct in the plant there is between 1 1/4 and 1 1/2 additional jobs outside the plant, and those people outside the plant, the service industries which service it, pay their own business taxes and of course pay their own residential taxes as well. So this is a thoroughly good profitable deal for the Town of The Pas which they have recognized and asked us to use our good offices to have validated.

MR. CHERNIACK: I want to thank the Honourable Minister for the information he gave us. Had we had it earlier and been able to study it a little more carefully, we might have had a more intelligent debate about it. I note the averaged expenditures amount to \$100,000 of which the operating school budget is \$48,000. I am wondering how many children it is expected

(MR. CHERNIACK cont'd.) that \$48,000 will look after. I don't know whether it's fair to suggest -- do you have the answers?

MR. EVANS: The only information I can give out of my head is that it is calculated a new 16 roomed school will be required to take care of the children of these homes plus the natural increase at the rate that has been prevailing.

MR. CHERNIACK: Well, Mr. Chairman, I don't know whether it's fair to suggest a cost of say \$360 per pupil, if that's a fair estimate of per pupil cost to the school division, then this would take care of 150 children. I look at the dwelling houses and I find 300 dwelling houses - that is single and semi-detached - and 200 apartments, and we can assume that at least 300 will be families involving children and I think it's not unfair to suggest that a family dwelling will produce two and a fraction children of school age, and I am guessing that the children out of these 500 dwellings could well be 700 and more children. If I'm right, there seems to be a tremendous discrepancy.

Now I see the estimated revenue from the 500 dwellings is about \$200,000, and aside from my own knowledge and experience, I can quote as my authority the Minister of Municipal Affairs who has agreed with the statement that dwelling homes are a cost - a net cost to the municipality in terms of the services supplied to the homes, and as I say, I quoted the Honourable Minister of Municipal Affairs who probably didn't hear me quote him at this moment, but certainly he did agree with me in committee and I don't even need his authority to confirm it, I think it's a well known fact. Assuming that this is an accepted fact, then if the revenue from the homes will be \$200,000, we'll average \$146,000 and we can assume that the cost borne by the municipality and the school division will be substantially in excess of the revenue.

Now the Honourable Minister is shaking his head, but I would really like to hear him get up and point out in what respect I am wrong, because

MR. EVANS: I accept that invitation. I was very careful to point out that the consulting engineers of the town have said that no capital expenditure is required on the part of the town to take care of these dwelling units.

MR. CHERNIACK: Well, Mr. Chairman, I am talking about the liability on a municipality and school division of serviced homes, and let's set aside capital expenditures and find out just what revenues there are. We know there will be the school and we are assuming that the services to the homes will be provided. The school cost will be - I see 40 percent will be borne by the school division, but I'm now talking about the operating expenses. The debenture expense has been set aside separately and for schools alone it is shown at \$48,000 as an average over 20 years.

It's correct to state that 500 occupied homes will produce tremendous revenues for other residence and - well for other business people in the town. It is also correct to state that police and fire protection will be considerably increased, and I don't know whether these figures of \$10,000 and \$3,000 for police and fire refer to the additional costs provided to the plant site or to the plant site as well as the 500 homes. Well if that's the case, then I am guessing that this is a low estimate.

But aside from bickering about small figures, I would like an answer - and I see the Minister of Municipal Affairs is back in his seat - to my question and my suggestion that if the revenue from the homes is \$200,000, the expenditure per year would expect to be substantially in excess of that. And again I would pose the question - how many children of school age will come out of these 500 homes and what is the average cost per pupil?

MR. EVANS: I think I could run over again the basis used for my honourable friend's benefit. All figures were translated into per capita costs in 1966 and then those figures applied to the expected population in each of the future years, and I think that means carrying forward the same standard of expenditure, the same average number of children per household, and other things I think are comprehended within a formula of that kind. It's a reasonable way to calculate it and so the expenditures in the Town of The Pas for schools, 1966, \$187,200; and they go up fairly steeply until 1976, when the additional population is being increased, you've got 187, 191, 195, 199, 202, 227, 241 and 245. This takes us up to 1973.

MR. CHERNIACK: 245 what?

MR. EVANS: Thousand dollars. I said the expenditures in 1966 were \$187,200, and then I have just read the thousands from there on.

MR. CHERNIACK: Well, the \$245,000 - what does that represent? That's the cost for school operating for all of the town of The Pas or for the 500 homes?

MR. EVANS: All of the Town of The Pas, and then if you deduct the amount shown for 1966 which is already existing, you get the cost attributable to the increase in population.

MR. CHERNIACK: Well, what population is expected out of these 500 homes in ten years?

MR. EVANS: I don't think it's on the sheet in front of me, but it was carefully worked out.

MR. CHERNIACK: Does the Honourable Minister know the cost per pupil in The Pas School Division?

MR. EVANS: Perhaps I should run over this again to say that the 1966 costs were put down on a per capita basis of the number of people in the Town of The Pas. Then the expected population was projected ahead and those per capita costs were applied and multiplied out; then a factor was applied, even for the depreciation of money of two percent per year, or, if you like, increase in prices or increase in costs at two percent per year accumulative which must amount to well over a 50 percent increase during the currency of the agreement, because 2×20 is 40 and then you have got the accumulative factor as well.

MR. CHERNIACK: So, Mr. Chairman, I can only assume that the Honourable Minister doesn't have the answer to the questions I asked, otherwise I am sure he would have given them.

MR. EVANS: That is right. If I told you the individual number of children - if I had it here I would tell you. I simply tell you the other basis was used. It's awfully difficult to conduct in a semi-formal debate an audit of the considerable statement of figures that I have here.

MR. CHERNIACK: Mr. Chairman, the Minister is quite correct. It is awfully difficult to conduct this kind of a conversation and I can see that there is no more useful purpose in doing it because the Minister doesn't have the information requested. I should point out, however, that had the information been available in committee stage, even the information we have before us which doesn't answer all the questions, we would have had a better opportunity to review and understand because that's really what we are trying to do.

So although no useful purpose would be -- there wouldn't be any useful purpose in our discussing it any further. I must lay at the doorstep of the Minister the reason for that, and that is that we didn't have the information and we still don't have the information, and that's unfortunate.

MR. PAULLEY: I'd just like to ask the Minister a question or two. Mr. Minister, during your remarks at the offset of the committee meeting, you mentioned something about CNR grants, and increasing CNR grants I believe you said, or something in relation to that. I would like to know of that aspect what you meant, what the CNR grant is at the present time and what you anticipate that the grant may go to.

Also, Mr. Chairman, the statement that the Minister gave us this afternoon on the first Page, Item 3, dealing with capital expenditures, I find the sentence "No capital expenditures for the town." Does the Minister mean by this that the town can have an increase of 500 dwelling units in the town without the necessity of increasing its capital expenditures, because if the answer to that is yes, I'm sure that many other municipalities would like to know if such is the case. I know from my own municipal experience, as the number of dwellings increase, so it was more necessary for us to buy additional pieces of fire-fighting equipment, additional snow plows and road maintenance pieces of equipment and the likes of that. It might mean that the Minister has something different in mind than I have insofar as capital expenditures are concerned, and I would like to know, if possible from his figures what he has.

MR. EVANS: Mr. Chairman, for the year ending the 31st of December 1964, the amount of the Canadian National Railway grant is \$3,758.14, and my remark was to the effect that no escalation was calculated on that grant. I mentioned escalation, but I said escalation was applied to certain items of revenue but not to the CNR grant. Let me read again Item No. 8. Sundry revenue was escalated at two percent per capita basis. We counted on sundry revenue going up at two percent per year. Business tax was calculated on a per capita basis. Grants in lieu of taxes, is the item we come to, were escalated at two percent with the exception of the CNR grant - definite.

With respect to no capital requirement for the town, I feel fairly certain I said - certainly I meant to say that with respect to the taxes arising from the plant site -- that's the page I was dealing with at the time and that is the only statement I would make. If my honourable friend didn't understand me that way, it gives me now a chance to correct any mis-impression or wrongful impression I may have given. I was dealing only with the page - I asked my honourable friends to look at a certain page of the sheet of pages that I laid in front of them - we were

(MR. EVANS cont'd.) dealing with that page and I was drawing attention to the revenue which arises to the Town of The Pas by reason of the taxes discussed on that page, and I said, in dealing with that page, that there were no capital costs.

MR. PAULLEY: want to believe are the arguments before the committee, Mr. Chairman. May I first of all ask my honourable friend if it might be possible to receive a copy of the document from which you have been reading, dealing with the escalation of the costs and the projected costs, for our information.

MR. EVANS: This is just a departmental working paper. I don't mind working it over - if my honourable friend wants to discuss it with me, I'd be glad to. I am not going to distribute a complete set of calculations which were made for me by my staff.

MR. PAULLEY: Okay, Mr. Chairman, I'll accept that from my honourable friend. If my honourable friend is using that to support his arguments before this committee, I think it is quite within the authority of this committee, when a document is used, for a member of the committee or a member of the House to ask that it be tabled. Now there may be some question on that. The only point that I do raise is that the Minister has an advantage over us by using such a document in the force of argument when we're dealing with statistics, which reminds me of a remark that was made here not so long ago by my colleague from Elmwood when he said that he too had compiled a considerable amount of statistics then decided to throw them out of the window because somebody else could compile a bunch of statistics - if I recall his words correctly - to offset some statistics that were provided some time previously. So statistics can get you into an awful lot of trouble. However, I won't insist on if I have the right of the tabling of the document that my honourable friend refers to, but it does seem to me that he places a considerable amount of reliability on the figures that he has given to us in order to substantiate the argument that he is giving to us.

Now, Mr. Chairman, my honourable friend mentions questions about me referring to capital expenditures in respect of the town. All I am doing, Mr. Chairman, is referring to the first page of the document that the Minister just gave to us, which states: Item No. 3, headlined Added Capital Expenditures - no capital expenditures for the town - \$198,000 for the school division for initial capital costs of school facilities, of which 60 percent would be paid by the province through grants toward debenture payment. All I am saying to my honourable friend, in this document he has placed before us, Mr. Chairman, he says, no capital expenditures as a result of the plant to the town, and I just say to my honourable friend, from my experience as the head of a municipality, I have yet to find that the increase of 500 units within the town, as is the case here, did not require additional capital expenditures for road equipment, fire equipment, housing for fire equipment, road equipment and the likes.

So let us say, Mr. Chairman, I am not going to carry forward the argument any more. I am still convinced - I am still convinced that while I appreciate the desirability of the Town of The Pas to make advancements and I'm all in favour of it, despite what some may think, that I am in favour of it and I'm not going to oppose the progress of the Bill, but I do say, Mr. Chairman, I say it again, and I'll say it again if necessary, that in my opinion - that in my opinion because of the fact of this industry coming into The Pas area, and it wouldn't matter a continental whether it was The Pas or anybody else

MR. LAURENT DESJARDINS (St. Boniface): Transcona?

MR. PAULLEY: Yes, even of Transcona - and I might say if I were Mayor of Transcona I would doubt very much whether I would fully agree with the - but that doesn't matter and I don't mean anything derogatory of the Mayor of The Pas when I say this. All I am saying, Mr. Chairman, is that I regret very very much that a municipal council or a municipality of the province has had to come into an agreement such as this, had to have the agreement authorized by this Legislature in order to have within their area an industry which was invited here by the Provincial Government, in which the basic agreements were entered into by the Provincial Government and the corporation, and that in order to consummate the deal it is now necessary apparently for the municipal council to make further concessions and to have those concessions approved by this Legislature.

I say to the Government of Manitoba that if you're -- for goodness sake, if you're going to go into any more agreements for development, if indeed you think that it is necessary - and with this I may have some disagreement - but if in effect, Mr. Chairman, that the government feels that they must give the proverbial shirt off their back in order to get it, let that burden fall on the greater number of the people, the whole of the population of Manitoba, because as my colleague from St. John's has quite properly pointed out, we cannot support the figures that

(MR. PAULLEY cont'd.) have been revealed to us this afternoon because it is obvious - it is obvious that municipal costs for the local taxpayer are far in excess than those suggested here with the contribution to industry. It is for this reason - for this reason, Mr. Chairman, that municipal councils and municipalities are forever asking industry to come into their boundaries, not for the purpose of giving them concessions but in order to alleviate the burden on the local taxpayer for such purposes as schools and improvements and the likes.

So again, Mr. Chairman, I say to my honourable friends opposite, if perchance - may the Lord forbid - that the result of the next election you become the Government of Manitoba again, that you do enter into agreements with industrial empires for the exploitation of our natural resources, renewable or non-renewable, for goodness sake let the burden fall where it should under your jurisdiction, on all of the people of Manitoba and not part on the people of Manitoba and part at the local level. While you might argue that it isn't such a bad deal for the Town of The Pas, I say, Mr. Chairman, it would have been a far better deal for the Town of The Pas if, in order to clinch the agreement, the Town of The Pas didn't have to enter into the agreement that we're asked to approve.

MR. EVANS: If my honourable friend is going to desert logic entirely and ignore facts and deny the validity of mathematics, I don't really see how we can carry on the discussion of such an idiotic statement that he just made. It leaves no basis for discussion when my honourable friend will accept no statements, ignore all facts, and refuse to make calculations. -- (Interjection) -- I sat down quietly while you talked your kind of nonsense, now just listen to a little bit of sense when somebody has a chance to tell it to you.

My honourable friend refers to a document here which he thinks should be fabled. I haven't referred to it by title nor have I referred to it as an outside authority. It is an aid memoir to me and I have made all the statements from it on my own responsibility. I have gone far farther than I have ever heard done in this Chamber to discuss with people the basis upon which a calculation is made in an endeavour to offer the most complete frankness, and I revealed every step that was taken in making the calculations. He has challenged no step; found no mistake in mathematics; worked out the sum; and then says the answer is completely the opposite. Well he is just plain ordinary wrong - wrong-headed - trying to make a political point in defiance of fact and logic.

Now he refers to some other matter and I think there is little use in trying to repeat the argument. Instead of this being a burden on the people of The Pas, it's a very considerable cash advantage. If it were possible to offer this for competition among towns in Manitoba, if that forest were next door to any other town or if it were equally accessible to other towns in Manitoba, the doors of the Parliament Buildings would be knocked down in a rush to get it. If a deal could be offered to the City of Transcona which would yield between a hundred and \$150,000 a year - around about \$100,000 a year profit, they'd take it and they'd take it quick, and my honourable friend, when he had responsibility for administering that city, would have taken it quick and he'd have banged his head against the door to get in and get it too.

So he doesn't need to stand up there and wave his arms in defiance of all logic and fact and expect anyone to take him seriously. Certainly it isn't going to make much of an impression on the public to defy logic and common sense in a way like that. Of course the proof is that this is a far better deal for the people of The Pas than other comparable deals. Certainly it's a far better deal than was offered to the people of Prince Albert. Certainly it's a better deal than resulted at Portage la Prairie, and who would say that the people of Portage la Prairie aren't delighted with the results that followed the getting of the Campbell's Soup Plant for that municipality. Of course they are. It's been a tremendous boost for the Town of Portage la Prairie and I give credit to the last administration for getting it and putting it in there. It happens that the City of Portage la Prairie had larger expenditures to make. The terms weren't as favourable as this particular one, although I make no point of that at this stage. I simply say that this is the kind of a deal that fortunately the administration of the Town of The Pas had enough business sense and remembered their mathematics well enough to be able to evaluate and to grab like a trout going after a fly.

MR. PAULLEY: the argument of my honourable friend could see no validity in it at all. My honourable friend accuses me of discussing this matter on a political basis and questions, indeed almost questions my right to dispute the figures that we have before us. I want to say, Mr. Chairman, to my honourable friend, there's a vast difference between the proposition at Portage la Prairie and the proposition that took place in Transcona, at Carman, and many other areas, because in those cases, Mr. Chairman, it was the responsibility solely

(MR. PAULLEY cont'd.) of the municipal corporation. I frankly confess, Mr. Chairman, that when I was the Mayor of Transcona we did give a fixed assessment to a steel corporation for a period of time, but there was a difference.

First of all, the difference was that as Mayor of Transcona at that particular time, and in conjunction with the Chambers of Commerce and other organizations, we felt that the people should be brought into consideration, and that any deal would have the support by a local referendum. Wide open - no concessions without the full knowledge of the people of the town. But the main difference between my honourable friend's argument and those that he's suggested such as Transcona and Portage, is that in those other cases that he refers to the only consideration was the local consideration. And again, Mr. Chairman, I repeat, my basic argument is that if the Government of Manitoba starts negotiations, starts giving concessions in respect of the location of an industry here in Manitoba, then the burden of that should fall to all of the people of the Province of Manitoba, and if there is a gain because of the location of a city or a town - call it The Pas or call it what you will - because they happen to be in the area concerned, then let those people have the benefit of it.

My honourable friend referred to the agreement in Saskatchewan. I think that was a pretty bum agreement too, but it's my impression that insofar as the agreement in Saskatchewan, there is no concessions by the Town of Prince Albert as such. The concessions there were concessions provincial-wide. I don't like it, but I don't think the town, if I read the agreement correctly, the Town of Prince Albert itself had to make any concessions.

As I said before, Mr. Chairman, it's not my intention to carry on the argument unless forced to, but I say to my honourable friend the Minister of Industry and Commerce, for goodness sakes, if he's going to use comparisons to substantiate his case let him use equitable comparisons, because there is no comparison between the soup plant at Portage la Prairie, the steel plant at Transcona, and the lumber plant at The Pas, because the initiation, the concessions were originated by the Provincial Government.

MR. CHERNIACK: Mr. Chairman, I heard with interest the Honourable Minister for Industry and Commerce refer to a statement made as being idiotic and nonsense. I don't remember ever hearing him use language of that type, but I suppose - (Interjection)-- I didn't hear what he said but . . .

MR. EVANS: I've seldom heard a statement as bad as the one I was referring to.

MR. CHERNIACK: I see, well he apparently justifies his words. Well then, I wonder if he would class as idiotic the statement which I made, and that is that the provision of 500 dwelling homes to a municipality puts a burden on the municipality and school division in terms of revenue as compared with the costs involved. Would he care to comment about that statement and indicate to us whether or not my statement is subject to some sort of adverse comment?

MR. SMELLIE: Mr. Chairman, this question was asked of me the other night in Law Amendments Committee and I didn't realize the sleeper in the question asked by the Honourable Member for St. John's at the time, but he asked me if housing by itself in a municipality was an asset or a liability and I admitted that it was a liability, and if you have a municipality that's got nothing but housing they've got problems. But that is not the case in The Pas, Mr. Chairman. It's not the case.

Here you have an additional subdivision being added on to a town that already exists, that already has a water treatment plant, that already has its sewage treatment facilities, and that is put to no extra capital cost for those matters at all. It is going to be put to some additional capital costs for the provision of schools, and I admit that quite frankly, but the traditional capital cost for schools can be handled by the revenue that comes from the houses alone in this particular project. It does not depend on the revenue from industry. But my honourable friend is assuming that there is no revenue from industry and this is not the case, because as the table which has been distributed to all the honourable members will show, there is a revenue from this industry.

The Honourable Leader of the New Democratic Party says this is a terrible thing to do, to limit the amount of revenue that will go to a municipality from an industry. I suggest, Mr. Chairman, that this is not a terrible thing and it's not a new thing. Wherever you find any industry that requires large amounts of capital in plant that can exist by itself, it doesn't require a large urban centre to provide it with other services. You will find that those industries either operate a company town where they provide the services for their own employees and for some few additional people that may be needed for service to their employees, or you will find that they are established under control agreements whereby the amounts that the industry will

(MR. SMELLIE, cont'd) contribute to the operation of the community is not based in the ordinary way upon the assessment of land and buildings that they need for the operation of that large industry.

We've got several of them in point right here in Manitoba in the industrial townsites. We can go to Pinawa and see exactly the same thing. We can go to Mystery Lake or Thompson, and go to Lynn Lake, and go to Snow Lake, you can go to Flin Flon. Any of these communities have exactly the same sort of provision, and in every one of those cases the provision is made on different formulas, it's true, differing because of differing types of industries and different conditions in the different communities.

In every case, industry is contributing its fair share towards the cost of providing services to the employees of that industry that are housed in that community, and I don't think there is anybody here would argue with the fact that in Thompson, for example, the people who live in that community enjoy one of the most favourable tax rates in the Province of Manitoba, but nobody is suggesting that the company who employs most of the people who live there should have their properties out at the mine and the mill site assessed and taxed in the ordinary way. Nobody is suggesting this, not for a minute.

I think a great deal of credit is coming to the Honourable Member for Lakeside and the people who formed his government at the time that that agreement was entered into because it attracted to Manitoba one of the biggest industries we've got, and at the same time it provided a viable community that today we are giving some self-expression - we are incorporating that townsite today. But nobody, not one member in this House has suggested that that company is a terrible thing that was done in Thompson, that Inco should be assessed and taxed the same as any other member of that community on the ordinary municipal assessment.

I suggest to you, Mr. Chairman, that the same general considerations apply in The Pas, that we have a responsibility to the people of The Pas to make certain that the industry that wishes to establish on the doorstep of The Pas is not going to hurt the people of The Pas but is going to provide an asset that they're going to be proud of. I assure you, Mr. Chairman, that this is the case, that the figures the Honourable the Minister of Industry and Commerce has been giving to you are figures that have been worked out very carefully by people that should know, people like Mrs. McConaghy in the Local Government Finance Branch of my department and people like Mr. Richmond, the Director of that branch, who have taken all of the projections of costs; who have taken all the projections of population; and who have worked this out -- true it's an estimate and what else can it be, because none of us in this House can say what the population of that town is going to be ten years from today.

But we can say that if this project proceeds the way we think it's going to proceed, that the population of that town ten years from today is likely to be any given figure, and we can work out the projections as to what this is going to mean in costs for municipal services, for schools, for the operation of schools, and all the other things that go together to make up the total bill that the community must pay; and then we can say that the agreement which has been entered into between that community and the company is fair and reasonable in all respects and will provide an asset for the community and not a liability.

MR. CHERNIACK: Mr. Chairman, I asked a simple question and I received a reply in the first sentence, and then I opened up the floodgates apparently for a repetition of the address which was already made by the Honourable Minister for Industry and Commerce and which, I suppose, the Honourable Minister for Municipal Affairs didn't hear.

My question was, is it or is it not a fact that 500 homes in a community are a liability to the community from the standpoint of tax revenue and tax expenditure. I think he said it was a liability, but I'm no longer sure because he said so much, because he talked about all the other side benefits to the town which I do not question at all. I just asked a simple question, and that is if a taxpayer pays \$100 on municipal and school division taxes, is the municipality going to be spending, of its monies, more or less than \$100 out of the \$100 received. I wonder if I could get that answer short enough so I can deal with it.

MR. SMELLIE: Less.

MR. CHERNIACK: That's certainly short, --(Interjection)-- precise, yes. I wonder if the Minister could indicate to what extent it is less, and if so, how he can support the statement which he made earlier that dwellings produce less revenue - I'm putting it in my words now - produce less revenue than the cost to municipalities, because if they are a liability, then certainly that is what he meant.

MR. SMELLIE: Well, as I said, Mr. Chairman, there's a sleeper in that question. If those dwellings were required by themselves to pay the capital costs of providing a water system and sewage treatment plant for that community as well as all of the other facilities that are already in the community, then they could be a liability. But this is not the case, because in the Town of The Pas they already have a water system, they already have a sewage disposal system that's capable of handling not only the present townsite but also the addition of another subdivision capable of handling 500 dwelling units.

Therefore, if they only have to handle operating costs and the cost of schools, the tax revenue from the 500 homes in that community, if those homes are built to a reasonable standard so that their assessment is reasonable, then the homes can provide an asset to the community of The Pas, not a liability, and that the revenue that will come from those homes will be more than sufficient to cover the extra cost of operating the ordinary services in that community.

MR. BEARD: Mr. Chairman, I think that the debate's got a little way from some of the points that I consider very important. If you've got figures to work from these are hard and fast statistics; and they're guesstimations, let's face it. But what benefits would the Town of The Pas get over and above these figures that the Industry and Commerce have given us? And I suppose the Minister, in his position, doesn't want to guesstimate because he's got to live by facts and figures. But I think that some of these things should be brought to light. What are the benefits to a town, of industry coming? I think that you must consider what would happen to the business area. If the town is to double in size, then certainly the business area must double in size. We all look forward to The Pas being a distribution point, a wholesale distribution point. It's got to be, and it's got to grow. What's going to happen with the CNR? I'm sure they've got to enlarge their facilities both in the plant area and outside the plant area, and this means extra employees. This means extra work, and it means extra gains in there. Construction in the Town of The Pas will bring thousands of dollars into that community each month for years to come. It's got to bring that extra money in. Then payrolls introduced into that area will mean hundreds of thousands of dollars a year. That money has to rub off somewhere, and certainly it will rub off in The Pas.

Let's look out a little further. How about the communities outside of The Pas? They will benefit. All the little towns that are being opened up will benefit, and it was just last year, Mr. Chairman, that the Member of Ethelbert got up and he said the trees are dying in Northern Manitoba from the want of harvest. He gave us a lecture last year on what we should be doing to harvest the resources, and I just don't go for this idea of being told that we are selling our province short by reaping the benefits of resources. They say "Go out and harvest them," and then they come in here and say that it's going to cost us money to do that.

The Pas have got to benefit from this. The Premier was told to get out and sell the resources of Manitoba. This resource means more to the Town of The Pas and to the area than anything else that could have been conceived. We were told at the first of the year that the rumors that were circulating that a pulp mill was going to be established in the North was politics; it was a sign that there would be an election this year for sure. And now that the program has been announced we are wondering whether this is a good thing. Well, we're not wondering on this side, and we're not wondering in Northern Manitoba. I'm sure that when the time comes for an election that the people in Northern Manitoba will greet these programs with welcome arms. I'm positive that the assistance that is being given to the Town of The Pas to plan and the fact that the agreements and the negotiations have gone on with the Mayor and Council, have assured us that they are knowledgeable of what is happening, and the Mayor and Council are capable businessmen, of setting down and listening to the facts and coming to some conclusions. And the Mayor and Council have voted to have this program be introduced into the area, and they are in 100 percent agreement. They know that this must bring good things to the Town of The Pas.

The Town of The Pas has sat there for years seeing the other areas grow - Flin Flon, Snow Lake, Lynn Lake and Thompson, and they say, "Let us share in these good things," and they are now being able to share. As I pointed out just before, Mr. Chairman, it's not only The Pas that will benefit, it's the other little communities, and we mustn't forget that. And we must look at The Pas and see the Indian and Metis centre in there. There's hundreds of them, and they're not working, and we are drawing on these resources - the human resources of the Town of The Pas - and let's not underestimate them. I'm sure that an industry like this will allow many of those people to develop their homes to better homes. This is bound to help

(MR. BEARD, cont'd) . . . the Town of The Pas. Materials will come in there that will benefit Winnipeg, that will benefit Brandon, many of the large areas. All these areas in which the CNR ship through will benefit, and I can't see where we should be questioned whether or not it's going to come out to equal dollars and cents on an estimated budget as the Minister has quoted. If he is close at all - and I think he is - then we are well ahead in The Pas area because of the extra benefits that you can't give in dollars and cents, but only knowledge and common sense says that where industry is introduced into a town that there must be extra money derived from that, and I'm sure that if any municipality was offered an industry on the outside with a development of homes in that area, they would be assured that the extra business that followed must help the municipality.

MR. MOLGAT: Mr. Chairman, before we go into the general consideration of anything specific, I would like to ask some general questions of the Minister of Industry and Commerce. The agreement that is made in the final analysis rests upon the quality of the people with whom we are dealing and the dependence of the company. Now the other day the Minister read to us the information he had at that time on Monoca and references that he obtained from various banks and so on. Now my investigations indicate that Monoca is, in fact, more of a technical, a consultant company, and acts in a consulting capacity insofar as the building of the plants. The Minister also advises us that Monoca is associated with Technopulp A.G. of Switzerland, and that Technopulp has a Montclair, New Jersey plant. Well again, my information indicates that Technopulp also is not an operating company but actually a company that deals with consulting in this particular field.

The Minister told us that the capital structure of Monoca was 50,000 Swiss francs. I believe that, converted to American dollars, that means a little over \$12,000 American. Again, my checking indicates that Technopulp is capitalized to the same amount, that is, some 12,000 American dollars. So neither of these firms, quite obviously, are in a position themselves to put up the capital investment about which we are speaking in the northern area. It is obvious, therefore, that they are either acting on behalf of someone else, that they are brokers or promoters, and that there are financial resources coming from elsewhere.

Now the Minister indicated that in other areas they had been associated with some very major firms, and he mentioned one Italian firm SNIA Viscosa, and he mentioned the Celanese Corporation of America. Now my understanding is that in these cases Monoca and Technopulp have acted, not as owners of these operations, but as technical consultants in the development of the operations. So my question is, who is actually behind this? Who are the people who are putting up the money? Because I think all of these agreements and all that is being done by the Town of The Pas and by the Province of Manitoba, quite obviously will only be successful provided the people we are dealing with have, in fact, the financial resources to do this.

Now Celanese Corporation of America has been mentioned as associated with Monoca in other areas. My information is that the Celanese Corporation of America will not be participating in this development in Manitoba, neither in a financial nor in a technical capacity. So I would like to know from the Minister exactly who are the people behind the two firms, Monoca and Technopulp. And I think he admits himself that neither of them are themselves financially able to do this. So the whole question then rests, in my opinion, upon the reliability and the strength of the corporations that are behind these people who have signed the agreement. I think this is very important, Mr. Chairman, because in the discussion of any of these agreements, I think we have to consider that there have been in the past some other proposals made. In fact, in The Pas itself some few years ago - four or five years ago - there had been the announcement of an oil refinery to be built at The Pas, and there was talk at that time of a pipe line being constructed to The Pas itself, and that an oil refinery would be established there. Certain steps were taken. There was some land cleared. I had a look at the site myself at that time. They brought in some gravel; certain excavations were proceeded with; and then the whole thing stopped and never went further than that, because, as I understood the situation, the people who were behind this were not in a financial position to proceed with the project, and while they may have been expecting to make financial arrangements with someone else, these never materialized.

Well, going back over a few years, we have the example on the other side of the development at Thompson, the development that we were discussing earlier today with regard to the Thompson bill. Well here the situation was on an entirely different footing because the government was dealing with a very well-known company, obviously solidly financed, and there was no question at all to their ability to carry through to the final conclusion the program that was

(MR. MOLGAT, cont'd) . . . laid on, and agreements that were made then regarding the Town of Thompson and the areas that were laid out for International Nickel were extensive, it is true, and in fact I recall a substantial discussion in the House then by the present Minister of Industry and Commerce and his Leader who were then in the Opposition, whether or not the grants to Inco were too substantial; whether the area that they would be operating in was far beyond what should have been given to them. The decision carried through at the time was that this was what was required, and the agreement was signed. But the agreement was signed, Mr. Chairman, with a company whom everybody knew.

Now here, I think all of us want to see this agreement or the development go through. I share the concern about the Town of The Pas and want to be sure that the agreement they have signed is a sound agreement for The Pas. But over and above that I would like to have the assurance that this will be carried through to its full and final development, and I think that the important thing then for us to know, the important thing to know when we are dealing with The Pas Agreement, is to know who in fact is going to put up the finances for this operation so that we know that we are dealing with a corporation that will carry through to the final development the program that has been laid out.

MR. EVANS: Mr. Chairman, in entering into discussions with any of the financial groups, we had to satisfy ourselves on two matters. One was the technical capacity of those concerned to carry out the undertaking as they would have the skill and the knowledge available; and the second was that they would have the financial resources in the first place, and in the second place, the ability to raise additional finances to see that it was soundly financed and carried through. Both of these objects were accomplished.

With respect to the skill and knowledge and technical capacity of the group in question, we have informed the House already that Monoca and Technopulp have been in association with the Celanese Corporation in the production in Southern Italy - Catania, I believe is the name of the town - of one of the most modern mills in the world, I believe it was in the annual statement which was quoted in Hansard which my honourable friend has been reading from - I haven't my copy with me now - I quoted that this is specifically stated to be one of the most technically advanced mills and fully equal to the most advanced in the United States, quite a substantial endorsement of the technical capacity of this firm to carry out the undertaking.

With respect to the financial side, I can't quote from memory the bits of evidence that we did put in front of the committee but they're all there in front of my honourable friend. We learned that while the common stock of this corporation is a purely nominal amount, there were statements in the following terms that this firm disposes very large sums of money, both of their own and as representing other financial groups. They are an organization which undertakes the development of pulp and paper and other mills of that like character throughout the world. They have in - what has already been pointed out - their comparatively short life, started five or six of them in recent years.

They have been vouched for by the leading banking references of North America and Switzerland. The names of the banking corporations were given; their unqualified endorsements were given; and they satisfied the government, both by reason of those endorsements and other enquiries that we made, that they were not only able to dispose the funds required but they had the integrity and the substantial character to carry out their obligations. The government made its judgment that this was so and entered into a contract with them.

MR. MOLGAT: Mr. Chairman, is the Minister though in a position to tell us exactly who is going to put up -- if we are dealing in terms of \$100 million, the indications that he has given us and the statements from the various banks indicate that these people are in fact reliable people, but are we talking there of a firm with a capital of some \$12,000 as being in a position to carry through a commitment for \$100 million. I think that the statements made by the banks indicate that they are reliable people and they live up to their obligations, but there's a far cry between a capital stock of \$12,000 and an investment of \$100 million, and my concern is that the whole project do in fact carry right through.

Now if the Minister could tell us for example that the Celanese Corporation of America is participating in this project, then I would say fine, we have behind this a solid corporation who has the finances quite obviously. But I am told that the Celanese Corporation of America is not participating in the project. So it seems to me that there is here a basic concern beyond simply statements that these people are competent and experienced, and I must admit that the information I have is such that these people are competent engineers, but I would like to know as well that there is behind, committed now, a corporation, or a series of corporations of

(MR. MOLGAT, cont'd) . . . sufficient size and financial strength to carry through the commitments that they have made and on the basis of which the Government of Manitoba has made very sizable offers to them.

I think that this is absolutely crucial to the whole operation. I would hope that this isn't a situation where some people who are acting as brokers or promoters are in a position where they obtain commitments from the province and then are going to go out and try and obtain the backing after that, because if that is the situation, then I think quite obviously we should have a second look at the matter. I think it's important that now, before we finalize this matter, that we know that in fact there is behind these people, who are not in a financial position to carry this through, the type of corporation that can carry the project through to its final conclusion. Now could the Minister indicate which these corporations are?

MR. EVANS: My honourable friend seems to be trying to create doubts and create an atmosphere of pessimism with regard to this particular company. I am not in a position to tell my honourable friend that any particular corporation or group of corporations is behind Monoca. We have made the most careful enquiry through banking circles and we are assured that they disposed of substantial funds themselves and that their reputation is such that they would not undertake a commitment that they could not fulfill. They are making their financial plans. At the moment I am not in possession of the details, but we have been assured by the leading financial authorities that they are a substantial firm, well regarded in banking and pulp and paper circles, and there has been no single element of doubt in any of the opinions that have been furnished to us by such leading authorities as I quoted before the House the other day, and so the government is satisfied that they will carry out their obligations.

They are in the business of raising funds for investment in enterprises of this kind. They have met every obligation, all as they are at this stage, for a \$100,000 bond and a \$500,000 deposit, promptly, to the moment, to the minute, and their credit is good with the Government of Manitoba. What does credit mean? Credit means belief, belief in their integrity, belief in their capacity to carry out their engagements. And having made enquiries about their credit in other parts of the world and having learned from people of the highest standing that these are men to be believed, we believe them and we believe that they will be able to provide the finances and carry out their obligations.

Now rather than carry this argument any further afield, I am trying to answer my honourable friend's question, assuming that it is a question for information, and I am giving him the facts of my answer. They are known to be eligible to apply to the Manitoba Development Fund if they decide to do so. I have made that statement on several occasions. There was a headline in a newspaper which seemed to indicate that I said they would not likely apply or likely not apply, or some phrase to that effect. I said no such thing on that particular occasion - or it was that I did not expect them to apply I think was the phrase - but I made no such statement because I have reread the Hansard on that occasion, and perhaps I should take this occasion to read again what I said.

On Page 1955 of Hansard, I will correct any misapprehension there may have been on the part of anyone who listened to me on that occasion because at the top of Page 1955, "With regard to the Development Fund and Monoca, Monoca has their own financial resources. As far as I am aware, they have not made any arrangements with the Manitoba Development Fund, although as my honourable friend knows I do not pretend to be in day to day touch with them. I have already said that this industry would be eligible to apply, and if they applied they could then satisfy the Manitoba Development Fund as to their credit worthiness, and the . . ." and the next word in the Hansard is liability, but on that occasion I said "viability," namely the ability of the enterprise to survive and make money and prosper. But continuing with the quotation, "the viability of the proposal for which they want the money. I don't see why particularly they would want to apply to the Manitoba Development Fund because they are an investment group themselves. Nevertheless, they might want to. Some investment groups do want to have a local partner so that there will be local interest in the development that takes place."

I submit that on that statement no one could indicate that I did not expect them to apply. Well, I think I will not try to broaden the base of this debate. I could well appeal to all who wish Northern Manitoba well, not to proceed to create doubts about the success of this enterprise and to cast every possible doubt upon the people who are coming in to open up our country and bringing the development and making the investment; and I do appeal to all concerned, both business and in legislative circles, to make this group welcome, to make their enterprise a success.

MR. MOLGAT: Mr. Chairman, I don't think there's any question of raising doubts; I think it's a question of getting information, and the basis of the two corporations that we've been -- the names of which have been mentioned and their capital structure indicate that they themselves are not in a position to do this, and because other corporations such as Celanese Corporation of America had been mentioned, I was hopeful that the Minister would be in a position to tell us specifically of other major corporations who are involved, then if there are doubts in the minds of anyone these would be cleared. I was not seeking to raise doubts; I was seeking information, Mr. Chairman.

The Minister tells me that he does not have the information on who else is behind this and he is satisfied that the people with whom he is dealing can live up to their obligations. I assume then that the people who gave him his information realize that the total obligation is \$100 million, because surely this is a project that we want to see completed, not a partial project but a complete project. Surely this is the basis on which the province has made its commitment, the basis on which the discussion of The Pas agreement is based, and if that commitment has been made that they can live up to \$100 million and it's all been checked, then I'm very happy that that is the case. I would have liked to have seen some specific references to major corporations so that we would know without any further investigation that there is the finance there. What we have to depend on now are people who say, "Yes, this is so," without having in the corporation themselves a clear indication of the financial strength to do this.

MR. FROESE: Mr. Chairman, I would like to know just during the initial period, from the time that the new corporation moves into The Pas and before 1971, the interval when the assessment will not be made on the buildings and the land proper, just where is the school division or the school authorities going to get their monies from to operate the school. It seems to me during this period there will have to be made advances of some kind or else the mill rate of the town will have to go up considerably. This is my opinion, because when I look at the statement that there will not be any assessment made until 1971, yet we are sure that a number of people will have moved into The Pas by that time and will have their families there, and the school facilities will have to be provided during this time. Is there any special arrangement being made to assist The Pas during this period?

Then also, as was pointed out by the Leader of the Opposition, in a way it looks almost suspicious when you have a company come in wanting to open such a large development, that they will have such a nominal amount of share capital - \$12,000 is peanuts in my opinion. On the surface it looks very suspicious because anyone who wants to have a company and go into this and who does not want to risk personally - like a company like this doesn't want to risk their capital - this means that there will be a lot of risk capital involved on the part of those that are putting up the funds, and if the Manitoba Development Fund is going to be one of the partners in putting up this risk capital, I am a little leery about the whole project. As was pointed out by the Leader of the Opposition, I think we should be very sure of ourselves that this is not just an organization coming in and starting up a development and then leaving us out in the cold, because if that wasn't the case, I am sure that a company should provide more share capital in an organization than what is presently being held by the people that want to start the development at The Pas.

MR. EVANS: Mr. Chairman, with regard to the assessment, my honourable friend will note in the papers that the number of additional dwelling units required in the early years is some 15 single detached house about 5 semi-detached, indicating a very small number of additional families in the Town of The Pas during the period when the assessments are low. It is only when the staff begins to arrive, when the people who are going to work in the plant arrive in the town, that you need to make the expenditure or the provision for schools. You don't have to provide the schooling before the employees arrive. --(Interjection)-- I'm sorry I didn't hear that.

MR. FROESE: You'll have the years 1968, 1969 and 1970 though when you'll have a larger number of people present.

MR. EVANS: Well by the time the work people arrive to work in the plant, with their children, the assessment begins. So the money is provided in time, I think, to meet the requirements for school education.

With regard to risk capital, this I can hardly understand from anyone who pretends to understand the private enterprise system, that he cannot understand the difference between common stock capital and loan capital. I wonder if my honourable friend remembers that the

(MR. EVANS, cont'd) . . . capitalization of the Churchill company is \$5 million which Monoca have contracted to provide, and on which they have already made a down payment of \$500,000. They are providing \$5 million of common stock capital in the Churchill company, resident right here in Manitoba, and this reference to \$12,000 or whatever it is of local capital, it's totally unrealistic. They have undertaken to provide the funds and whether they provide it by way of raising it in loans or their own capital stock structure doesn't matter as long as they provide it and as long as they put it into Churchill - the company known as Churchill, resident at The Pas, and doing their business in Manitoba, we don't care. We believe they are going to do it and that they will have a \$5 million equity in the plant when it runs here.

MR. FROESE: Mr. Chairman, I was referring to the amount given by the Leader of the Opposition. I haven't seen a financial statement of this company so I cannot vouch for it.

MR. CHAIRMAN: (Bills No. 101, 104, 114 and 93; and Bill No. 80, Pages 1 to 15, were read section by section and passed.) Bill No. 80, Page 16 --

MR. DESJARDINS: On Page 16 of the Bill, I would like to move an amendment here. I would move, seconded by the Honourable Member from Selkirk, that Part II Extraordinary Operations, comprising sections 41 to 45 of Bill No. 80, be struck out and that Section 46 and 47 of said Bill be renumbered as section 41 and 42 respectively.

Mr. Chairman, on second reading we expressed concern over this and from what I am told one of our members who had done this in committee asked questions again and we are certainly not satisfied with the answer. I, unfortunately, as you learned this morning by one of the backbenchers of the Conservative party, was not able to be at the committee on Saturday but I'm here today and I feel that I certainly will not accept this part of this Bill.

The first part is satisfactory. I think that this is something that we needed, this Development Fund, that we have to have some money to develop the resources of Manitoba. This is something that we have advocated for a long time. Mind you, we would like the people of Manitoba, the taxpayers, those that lend the money to know what's going on, at least to know when some people are -- those that are in bankruptcy, but I want to speak on this Part II. This is something that is definitely not needed; it is something that we can't go along with, that the government should go in private business.

Now having said this, Mr. Chairman, I want to qualify this. I think we voted for the Bill - there were two different principles here - and the reason this was done, we wanted this to go to second reading. Now in this committee we accept the first part but not the second part, and I might say this, that although I believe in free enterprise, I don't necessarily mean that the free enterprise should have a chance to act to the detriment of the people of Manitoba. I might say that there might be a case where I would consider letting the government or suggesting that the government take steps and go into private business but this would be only if certain companies, certain people in that field would want to by-pass Manitoba, would want to forget Manitoba, blacklist Manitoba. If there were any instances such as this that no companies can do it and if it was felt that this is a field we should get in, this might be different.

You might say, well why don't you go along with this part then? Well this part as far as I am concerned is bringing in a principle, a principle of the government going into private business, and I don't think that this is right and this is why I brought in this amendment, Mr. Chairman. I feel that in any instances such as those of something really extraordinary, we should have a chance to bring this here by a private act where we should discuss the respective merits. It might be true that I belong to the Liberal Party and that I also believe in free enterprise, but I think that I have indicated and I have shown in the past that I'm not tied down to these ideas at all costs.

I think we discussed the question of an ambulance operated by the government not too long ago. I stated very clearly, I didn't -- I wasn't afraid at all because my views on this, I felt that in a case like this, if this is the only way that we can be served, and after a study and survey and so on it was proven that free enterprise can not give us the proper services in such instances - I think the honourable member that was so interested in that remembers that I had stated at the time that if this was the case we would go along and back it - but we felt that the Liberal Party certainly believes in some social reforms. We are a middle of the road party. This is not approving a new principle, blindly though.

Also, when the question of Medicare came in and I said that we wanted free enterprise, but the main thing - we have to study all these things in its right context and so on - we felt that the main thing would be that the people of Manitoba should get the proper care, and if free enterprise was not ready, if a voluntary plan was not going to provide this, then and only then would we go for compulsory.

(MR. DESJARDINS, cont'd)

Well this Bill is advocating a new principle, a principle that is, as the Member of the NDP party said, this is real socialism. This is something that the members of the Socialist Party would bring in. They make no bones about it; they believe it. Well I don't. I for one will not accept this thing blindly, to accept a principle in this Act for the people of Manitoba, and I would ask the members of this House to vote in favour of this amendment. We will still have the Developing Fund. I think it will still be able to provide the help needed here but I don't think that this No. 2, Extraordinary Operations - Part II serves any good purpose at all.

MR. FROESE: I was just wanting to ask what the motion was -- the amendment was, and if it's to delete Part II, I'm perfectly in accord. This is the same motion that I made in Committee in Law Amendments and I can fully support the amendment. I feel that we are giving a blank cheque here insofar as this Legislature is concerned for the government to proceed into any kind of business. They can authorize the Board, or the Board can first initiate and then the government can give approval to any project they so desire. They can go into manufacturing, into any type of business they wish, and even to the extent that they can form subsidiaries and establish industries on that basis. Mr. Chairman, I feel this is going far too far in the direction of socialism and I'm opposed to this Section 2.

MR. T. P. HILLHOUSE, Q. C. (Selkirk): I want to support the motion of the Honourable Member for St. Boniface simply on the grounds that if a situation should develop where public funds have to be used for establishing any industry in this province, surely there would be ample time to bring a special act into this Legislature for that particular purpose and I don't think we have to enact it in this particular Act.

MR. PAULLEY: Mr. Chairman, I would like to reaffirm the position which I take and the party I represent takes in respect of Bill No. 80, and I ask that the amendment of the Honourable Member for St. Boniface be voted down overwhelmingly. I appreciate very much that my friend from St. Boniface is a declared free enterpriser as he calls it. I am of the opinion that where necessary in order to develop the resources, be they human or material, that the Province of Manitoba - if these can't be divorced any other way - the government should have that right to do so.

The Honourable Member for Selkirk says that well, it will be okay if you bring in a bill in order that this be done for a specific industry. I suggest that in this case, this bill makes provision for doing so and without the necessity of specific legislation. I'm not worried about the Bill, Part II of the Bill. As I said on a number of occasions, I welcome it, and I have suggested on a few occasions that those who don't agree with it should vote against the whole principle of the Bill. The only one who stood up the other day was the Honourable Member for Rhineland, and in support of his conviction of opposition to government involvement in industry in any way, shape or form.

But anyway, Mr. Chairman, I simply want to reaffirm the position which I have taken on behalf of my party throughout, and so far as we are concerned, if we have to stand alone - which I doubt - we will be voting against the amendment as proposed by my constituent, the Honourable Member for St. Boniface.

MR. EVANS: Mr. Chairman, the logic, the mathematics and the attention to fact on the part of my honourable friend has improved markedly in the last few minutes. Of course I simply cannot support the amendment put forward by the Honourable Member for St. Boniface. Here we are attacked by the Liberal Party for not developing enterprise. Why don't we do this, why don't we do the other, why don't we get up to date, why don't we compete, why don't we get into the swim, why don't we hold our own, why don't we do various things; but when we want the tools to do it with, oh no - oh no, you can't get up into competition with New Brunswick; oh no, you're not allowed to do the same things that Quebec is doing; oh no, you're not allowed to do what Saskatchewan is doing; oh no, you mustn't do those things; you mustn't get in and use the modern competitive techniques that your competitors have in this field; you must meet the competition and beat them, but you mustn't be allowed to use the same tools that they have. My honourable friends surely are bereft of any logical basis for the stand they take on this particular question.

Last year the Executive Committee of the Manitoba Development Fund took a trip to visit almost all the other Development Funds or similar organizations in Canada. Messrs. Grose, Neaman, Croston and McPherson, in the week of August 9th, visited the Ontario Development Agency, the Nova Scotia Industrial Estates Limited, the Nova Scotia Industrial Loan Board,

(MR. EVANS, cont'd) . . . the New Brunswick Development Corporation, the Industrial Development Bank, the Quebec General Investment Corporation, and I think they did not visit in person but obtained information concerning the Alberta Commercial Corporation, the Saskatchewan Economic Development Corporation, and that's all.

It was on the basis of a very intensive investigation on their part, as well as having studied the operation of this Fund before they left, that our plans were developed. This was no offhand little development on our part. I'm going to tell my honourable friends the extent to which we are meeting competition and the kind of tools that they have in their hands, and whose competition we have to meet.

Speaking of the Nova Scotia Industrial Estates Limited, the report to me states - this is the report addressed to me and signed by the members of the Executive Committee of the Manitoba Development Fund. The report is dated August 30, 1965, and I quote the second paragraph under Nova Scotia Industrial Estates Limited. "The Industrial Estates Limited assists in the expansion of industries already located in the province and is very active in assisting in the establishment of new industry. It will choose a site for a manufacturer, purchase and develop the site, and finance the construction of the plant. The Industrial Estates Limited will build and lease plants over a long period, up to 35 years, and sell at any time at book cost. It will provide 100 percent financing for land and buildings and 60 percent financing for machinery." That's competition. That's the competition we have to meet, and don't think that Nova Scotia isn't in competition with Manitoba in certain specific industries because they are, and they are in very stiff competition indeed.

Coming to New Brunswick, "The New Brunswick Development Corporation encourages industrial development by providing financial assistance to new businesses and the expansion and rehabilitation of existing businesses and industry. In addition, subject to the approval of the Lieutenant-Governor-in-Council, the corporation can carry on any business of an industrial, commercial or agricultural nature; subscribe for, or otherwise take or otherwise acquire and hold shares in securities in any incorporated company" - there's no limit on the amount of shares they can have, they can take them all - "carrying on any business capable of being conducted which in the opinion of the government will enhance the industrial development and economic welfare of the province. The Government of New Brunswick is using the New Brunswick Development Corporation as a means of establishing keystone industries" - they call it, the phrase I used in the debate the other day was "key" industries - "in selected areas which are capable of considerable diversification and ancillary development.

"To implement this program the New Brunswick Development Corporation retains outside consultants to establish the economic feasibility of the project, as is approved by Cabinet, and the New Brunswick Development Corporation then announces that it is going to build the plant. It then proceeds to obtain tenders and get on with the construction. They state their experience has been, that by doing this, entrepreneurs in the particular field being developed seek to become associated with the project, and when the plant is completed it is transferred to these entrepreneurs subject to payment of the entire amount spent on the project on very favourable terms."

New Brunswick - a Liberal administration. Surely my honourable friends have some sympathy with their economic theory, and I might say they are being very successful with it and providing Manitoba with very tough competition, and my honourable friends would like to cut that arm off so I can't compete with them.

The Quebec General Investment Corporation. "Financial assistance is available for the purchase of land, construction of buildings, the purchase and installation of equipment and the transformation of manufacturing processes. The GIC purchases companies and merges them to reduce production costs, and will provide working capital to undertakings that lack capital because of too rapid expansion." They will actually purchase companies and merge them and operate them. Incidentally, being a Liberal administration in the Province of Quebec, presumably following the same political and economic theories as my honourable friends, if they have a politically consistent or if they have a consistent political and economic theory to follow, might well consider themselves.

Saskatchewan Economic Development Corporation. "SEDCO provides financial assistance to primary and secondary manufacturers and specifically advertises that it will make loans for the establishment and expansion of intensive agricultural operations including hog raising, poultry raising and cattle feed lots.

"In addition to loans, SEDCO will arrange to provide industrial sites, buildings and plants on lease." It will provide the buildings on lease. You can't lease something unless you own it.

(MR. EVANS, cont'd) . . . You've got to buy it, own it, and then you lease it to somebody else. Saskatchewan Economic Development Corporation leases buildings and plants - they buy them, build them, ask somebody if they'd like to rent them, collect the rent. They say, "I still own this but you can rent it." So they rent it to them.

"There is no upper or lower limit as to the size of the undertakings which SEDCO will assist." Well they're Liberal, if I remember. I seem to remember that Premier Thatcher is dashing around taking a good deal of credit for industrial development in his province. He's right next door. If that isn't competition, I'm a Dutchman, and I'm not a Dutchman. I ask my honourable friends in this House to let me have the tools to meet the competition and we'll meet it and we'll stay out in front where we are now.

MR. DESJARDINS: Mr. Chairman, the Minister is a little touchy today. He tells me that we tell him that "he's not allowed." Since when do they worry about us and say that "We're not allowed." They're allowed to do anything they want and they've been doing that. If there's anybody that's ever been steamrolling before it's this government. So I don't think he has to be so touchy -- and he says he doesn't, he's not allowed. He mentioned a while ago that the NDP, the Leader of the NDP was finally seeing the light, that he was a little more intelligent than he had been during the past debate. Well I say to my honourable friend . . .

MR. EVANS: I didn't say that.

MR. DESJARDINS: Well it certainly meant that. Well I say to my honourable friends that they join the NDP. It's not the NDP that changed their mind.

Now if he can read all about any government, be it a Liberal Government or Conservative Government, it doesn't mean that much to me. We're dealing with Manitoba and we're dealing with what we believe in. If my honourable friend wants to go along with everything that Diefenbaker or Seigny says or does that's his business. I think that I'm going to stand on my own two feet and I'm not going to follow blindly. This is fine. He can read about Saskatchewan and Quebec, lower Slobovia if he wants, I don't care. I think that if he wants -- if my honourable friend wants also to admit failure, to admit that Socialism is the way that this thing should be governed, this is the government that we want, that's fine. The Leader of the NDP has brought in this philosophy many times to his credit. This is what he believes in. But our friends here opposite from us have no policy at all. The only policy is to stay in power at all cost no matter what you have to promise, or what you have to do, and this is what they're doing. If they want to admit failure, if they want to admit failure of their policies, this is their business. We're not ready to do so.

As I said when I proposed this amendment, Mr. Chairman, I said that we were a party that believe in free enterprise; we also believe in some social reforms when needed. I'm not shutting the door, closing the door completely. He's talking about tools. He's had the tools for eight years. What has he done with these tools? Buried them in the sand maybe. What has he done for the last eight years with all these tools. That's what I'd like to know.

MR. EVANS: Is my honourable friend asking me a question?

MR. DESJARDINS: I'll ask you a question and you can answer it after.--(Interjection)-- This is a Committee you can get up and down as often as you want.

MR. EVANS: I didn't understand . . .

MR. DESJARDINS: . . . as often as you want and you'll be able to answer all the questions and ask all those that you want. I'm asking you if you want to admit that you have a failure. If you want to admit in Socialism this is fine. Because this is exactly what we're doing here today, Mr. Chairman.

As I said, if and when any time because of some unfair work of any businesses and so on or different large companies we are in a position that we just must take over, I say that this could be brought in by a special Act. There's no doubt about that at all. Now this does not do that at all. This establishes a principle here and this could be done in any thing -- when this is passed the government's in business. This is Socialism that we have; nothing else. You're talking about Quebec - my honourable friend's talking about Quebec, and New Brunswick and so on. Maybe they're doing the same as you do. But we're talking about Manitoba here. We're saying that you are admitting failure; your system is not working. If this is the case well then let the people of Manitoba know. Let's be right and give the credit where the credit is due then and let's elect an NDP Government - if this is the case.

Mind you, it's been a pretty good coalition over the period of years and maybe this is the way it should continue, but I don't want my honourable friend here to give us a lecture and tell us to give him the tools. I can see that he's read the life of Churchill, I guess this is

(MR. DESJARDINS, cont'd) . . . what he wants to impress on us. "Give us the tools and we'll do the work." He's had the tools for a long time, and he doesn't have to say that he's not allowed. They're allowed to do exactly what they want - and believe me, Mr. Chairman, they do it.

But we're also allowed to say what we think, regardless of what my honourable friend might say, no matter how touchy he is, and we don't believe in this kind of Socialism. We're not representing Socialism here; the NDP party is. I certainly think we should go ahead, we could - the tools, you can have them without the section - you certainly can have them without this section - and if at any time something special, as I said, like Bissett, or any of these things come in, I think - Mr. Chairman, did you want to address the committee? or what? Well, I wasn't sure if you wanted to address the committee.

Mr. Chairman, I think if they want to bring in Socialism let's bring it the right way. Let's bring it the right way and if you want to admit this is the only way, this is fine. I don't think we should be chastized because we give our opinions - and it doesn't matter, we're not going to vote blindly because it's done in another province. We have our principles here and we can stand on our own --(Interjection)-- What was that? There's more people talking now and as soon as you sit down none of them will get up. You'll have your chance. You too, Red, you can get up too. In the meantime if you want to get up and wave the flag of Socialism go ahead.

MR. EVANS: Mr. Chairman, the Liberal Party has a pretty consistent record of opposing any progressive moves to establish further industrial development in the province. I recall on the Design Institute, when we wanted to improve the industrial design in the province, those voting against it were Messrs. Campbell, Desjardins, Guttormson, Hillhouse, Johnston, Molgat, Patrick, Shoemaker, Smerchanski, Tanchak, Vielfaure.

Those who voted against the Research Council were Messrs. Campbell, Desjardins, Guttormson, Hillhouse, Johnston, Molgat, Patrick, Shoemaker, Smerchanski, Tanchak and Vielfaure.

Those who voted against the Export Corporation were Messrs. Campbell, Desjardins, Guttormson, Hillhouse, Johnston, Molgat, Patrick, Shoemaker, Smerchanski, Tanchak, Vielfaure.

Those apparently voting against the development of this new implement of industrial development are apparently going to be exactly the same list.

MR. DESJARDINS: The second part.

MR. EVANS: So my only comment is that -- my honourable friend said we have had some tools in our hands for eight years and if we have, I brought in with what tools we had a \$100 million forest industry; a \$30 million chemical industry; I brought in a \$4-1/2 million potato processing plant at Carberry; from memory, a \$2-1/2 million chip board manufacturing industry at Sprague and a fairly substantial list of additional items that I read off the other day of a million dollars or better, and when it comes to the total, including those that are smaller, a very considerable success story in bringing industry into the province with those tools. They were the best tools in the hands of any Provincial Government at that time because we have been leaders in this field and we have developed this industrial development field. Then in the meantime some other provinces have overtaken us, provided themselves with tools that I didn't have and I propose to provide myself with those and to continue to lead the field.

MR. MOLGAT: Mr. Chairman, I think it should be made very clear at this time because my honourable friends like to go around and say we voted against this and we voted against that, if he would also read into the record the reasons that we gave for voting against this and against that, because what we told the Minister at that time was that he could do the things he was planning to do with the department that he had. Mr. Chairman, he could have done all those things with the department that he had. He had the staff, he had the mechanism in his department. What we said to him then "Why aren't you doing the job instead of passing it on to another council or group or association? This is a proper job for the Department of Industry and Commerce." This is why my friend is head of the Department, I presume, and why he has a staff in the department, and that all of the things that he was proposing to do with the various associations he was setting up could have been done quite properly by him and his staff - and should have been done by him and his staff. That's the key to the whole thing, Mr. Chairman, and that is what we said at the time. So my honourable friend need not go around saying that we voted against industrial development for Manitoba, because if there's one thing that we've been telling him for the past few years is that they had to get off their seats from the far side, Mr.

(MR. MOLGAT, cont'd) . . . Chairman, and it wasn't sufficient to be setting up committees and groups and councils and bodies; what was needed was hard work on the part of the Ministers of the government.

And if there's any proof, better proof of their failure to do the job, it's the report of the Economic Consultative Board of Manitoba this year. That is the proof, Mr. Chairman, that the government has not been doing the job; and it's not by setting up councils and research associations they're going to get it done. It's by my honourable friends getting down to work. That's the key to it.

In this particular case the Development Fund, in my opinion could have been a more useful instrument of government policy in the past years than it has been. I have some reservations about loans that have been made so far as competitive industry. I think what we should be striving for in most cases is to bring in new industry to the Province of Manitoba; new industry that is not presently represented here and that we should strive in every way that we can to do so. I don't think that the Minister has made a case that we need to get involved in actually setting up the industry ourselves at this time. If he has some particular industry where he thinks this needs to be done, then we are prepared to look at the situation.

The question was asked of me some time ago by one of the honourable members here as to what our policy was in regard of government ownership, and I said then we had clearly indicated in the past - for example in the field of public utilities where my predecessor, my colleague the Member for Lakeside, had proceeded to take over private industry in this field because it had come to the point where he and the government of the day - and this was before I was associated with it - felt that this was the best way of providing service to the people of Manitoba. It was in the public utility field, which is somewhat different to this but nevertheless was a step by the government of the day, taking over a private enterprise here in the City of Winnipeg and establishing a rational development through the Province of Manitoba. This was done. I think it was a good move and I support it.

But it was done, Mr. Chairman, by presenting to the House here at that time a clear cut Act, a clear cut plan specifically outlining what the government recommended. Plan C, as I recall it. It was on that basis that this was done. We have said to the Minister if he has any particular industry where this step, which is contrary to basic free enterprise, where this step is necessary; if he can show us that there are no other means of doing this, that is the needs of the province are such that it is desirable to proceed in this way, we are prepared to look at the case on its merits. I recognize that there can be circumstances where, by decisions of other people, certain things may not happen in the Province of Manitoba unless we undertake them ourselves. If that is the case, Mr. Chairman, I'll be prepared to look at a situation like that. But I am not prepared to simply give the government a blank cheque and proceed in this way. Because in the past, Mr. Chairman, we have tried to obtain from the government some information on what is being done with the Development Fund, and every time we get the same answer from the Minister: "This is information that we cannot give you." So we are denied any opportunity of getting details as to what is being done.

We have taken the position that this is public money that is being spent. If it's public money, the public has the right through this House to know what it is being spent on. The government has refused to do this. Well, we are not prepared in this case to simply give the government a blank cheque to proceed in this way. If they have specifics where they feel that this is necessary, I say to the Minister, bring them in the House; we're prepared to consider it. And if he makes a valid case, then we are prepared to support it. But we are not simply prepared to support a blanket operation such as he recommends here.

MR. CHAIRMAN put the question and after a voice vote declared the motion lost.

MR. EVANS: May we have a standing vote, Mr. Chairman?

MR. CHAIRMAN: Call in the members. Agreed that we continue to sit for two or three minutes?

A counted standing vote was taken, the result being as follows: Yeas, 10; Nays, 31.

MR. CHAIRMAN: Motion lost.

(Bill No. 80, Pages 16 and 17 were read and passed.)

MR. FROESE: Mr. Chairman, I have an amendment to propose. I move that Bill 80 be amended by adding thereto after Section 45 as Part 3 thereof the following section, and that Sections 46 and 47 as printed to be renumbered as 47 and 48 respectively. 46. "The Fund shall not make a loan to any member of the Legislative Assembly or to any member of his immediate family or any person acting as an agent on his behalf or to any firm, corporation or organization

(MR. FROESE, cont'd) . . . in which, to the knowledge of the board, a member of the Legislative Assembly or any member of his family or any agent acting on his immediate behalf, has any share, share warrant, option to purchase shares or financial interest."

MR. CHAIRMAN: Are you ready for the question?

MR. FROESE: Do you want to discuss it, Mr. Chairman?

MR. CHAIRMAN: Are you ready for the question?

MR. EVANS: . . . I suppose if they wish to leave to clean up this item - otherwise, I move the Committee rise.

MR. CHAIRMAN: Call in the Speaker. Madam Speaker, the Committee has approved of Bills Nos. 101, 104, 114 and 93 without amendment and requests leave to sit again.

IN SESSION

MR. JAMES COWAN, Q. C. (Winnipeg Centre): Madam Speaker, I move, seconded by the Honourable Member for Pembina, that the report of the Committee be received.

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

MR. EVANS: Madam Speaker, I move, seconded by the Honourable the Attorney-General, that the House do now adjourn.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 8:00 o'clock Monday evening.