

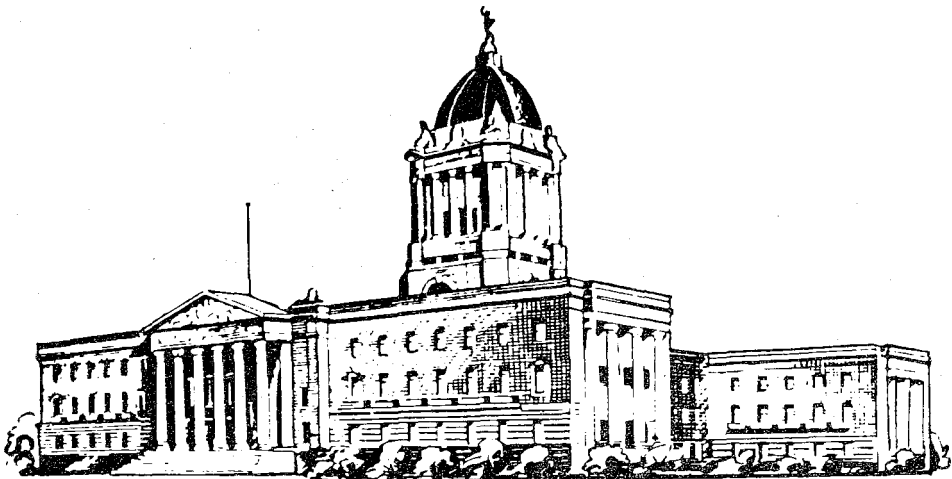


Legislative Assembly of Manitoba

**DEBATES**  
and  
**PROCEEDINGS**

Speaker

The Honourable Peter Fox



Vol. XVIII No. 91 2:30 p.m., Friday, June 25th, 1971. Third Session, 29th Legislature.

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THE LEGISLATIVE ASSEMBLY OF MANITOBA  
2:30 o'clock, Friday, June 25, 1971

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Before we proceed, I would direct the attention of honourable members to the gallery where we have 115 pupils from the Orange School in Orangeville, Ontario. These students are under the direction of Mr. Tanner and are the guests of Honourable Speaker. On behalf of all members, I would like to welcome you here today.

DEPARTMENT OF INDUSTRY AND COMMERCE (CONT'D)

MR. CHAIRMAN: Resolution 56 (a) (1) -- passed; (2) -- passed; (3) -- The Leader of the Opposition.

MR. SPIVAK: Well, I think -- I assume we're still dealing on the Minister's salary.

MR. CHAIRMAN: Resolution 56. We are still dealing on item no. (3), which is still part of Resolution 56.

MR. SPIVAK: Well, Mr. Chairman, I only have a few remarks to make about the Minister's estimates, and I must suggest to you that my remarks are going to be very few. I have listened to the Minister with his explanation. I've had an opportunity of observing him in the past period of time since the last session. Certainly I've had an opportunity of observing the department and I think I can make some comments on that.

I think it's rather interesting that the Minister's presentation seems to be the parochial kind of presentation that a backbencher normally presents when he speaks in the Legislature for the first time and talks about his constituency. Mr. Speaker, the Minister's preoccupation with talking about the area of Brandon and the contribution that the government has made, is indicative of what normally happens to the backbencher who really has nothing else to say and who stands up in the hope of trying to convince the people within his given area of the contribution that the government has been making or continues to make.

Now, Mr. Chairman, I intend to make a very brief comment and then I'm prepared to sit down. First, as I have indicated, I have had an opportunity of observing the Minister in action, I have listened to him again repeat those words which are important to him, called selective growth, crude growth, maximum growth, optimum growth, ad nauseam. Mr. Speaker, I have before me the report presented by the Economic Development Advisory Board by Mr. Baldur Kristjanson, and I may say that I compare that report with the reports of the Manitoba Economic Consultative Board and the reports that were prepared under Mr. Kristjanson's jurisdiction, and I see no comparison between the very superficial presentation that was made to the committee and the work that was undertaken before, not that this was intended to be the same type of effort, but let me suggest to you that the manner in which the matter of the economy is dealt with, is touched so superficially in this report that it should be characterized by the words that I'm going to use to characterize the effort of the department. In turn, Mr. Chairman, I have had the opportunity of observing the Department of Industry and Commerce in its actions and the Minister in his efforts to try and stimulate the economy of this province, and I can only say to you, Mr. Chairman, there is only one conclusion to be drawn. The efforts of the Minister, the statements that have been made so far, the report that was presented to the Standing Committee, can be characterized by only one word: they're "pathetic."

MR. CHAIRMAN: Order, please. I would ask the Minister to take his seat. -- (Interjection) -- Since I had asked and not ordered . . .

MR. CHERNIACK: Would the Member for River Heights agree that in the year that he was Minister of Industry and Commerce, his cabinet, the cabinet of which he was a member, reduced the powers and instructions of the Manitoba Economic Consultative Board to the extent where I had occasion to call them emasculated, and as a result they became much less extensive than they had been before? Would he agree that that was not the case?

MR. SPIVAK: Mr. Chairman, no more emasculated than the Department of Industry is right now.

MR. CHAIRMAN: 56. The Member for Rhineland.

MR. FROESE: Mr. Chairman, I started speaking earlier this morning and I wasn't quite finished with what I had to say. However, I was a few minutes late in arriving. When I stopped

(MR. FROESE cont'd) . . . . on my remarks at 12:30, I was mentioning the McKenzie Company and I think I had requested a statement of their operations on earlier occasions and asked the Minister to table the report of that company.

Probably there are other industries that this province has acquired, namely the Morden Cannery, and here again we have been told by the Minister on previous occasions as far as the production is concerned, but does the Honourable Minister have a projection as to how much production will be required to make it a profitable concern, whether sufficient amounts of crops have been seeded to do that, and also whether they are intending to produce other crops than have been planted and processed in that plant heretofore?

Another industry that I would like to mention and would like to get information on, is the Churchill Forest Industries. Here again I feel that there is a certain mumness on this whole industry and I feel that more information should be forthcoming. I certainly would like to have a projection too in this case, on this industry: how much production is required or will be required to make it a profitable operation, and what are the present operations; how much money are we making, or how much money are we losing daily. I think this House has a right to know. After all, we have invested millions of dollars in money in this plant and I think we should by now have a statement as to its operations and what we can expect. No doubt the government must have had projections of the operations of this company before they invested these many millions of dollars on the money for which the Province of Manitoba is backing and is secured by the province. When we visited the plant, I noticed that there was only one line as far as the sawmills was concerned, and it looked to me that if all these millions of dollars should come in the way of profit through that one line, we would not be repaying that mill over the next 100 years. In fact, I feel that more will be needed in this way in order to show any black figures at all. I noticed there were some heavy logs but these were cut in lengths of eight feet and, as far as lumber is concerned, they were almost worthless. It seemed to me that this was a waste, and that certainly if we had logs there of 12, 16 inches, that these should be cut at longer lengths so that they could be used for lumber purposes, because it seemed to me that the lumber portion of this whole complex is one that could be making money. What is the case? Is the lumber portion of the business, is it making money? And what can we expect of the sawmills industry?

Then, too, when we toured the plant and saw the paper being made, but also the pulp, which is just a matter of thicker paper and then piling it in sheets and compressing it into bales and then shipping it out, and I understand it is going to the U.S. and there they were going to regrind it and process it once more and make paper out of it. Why not make paper out of it in the first place and add the proper solution, so that you will have a better coloured paper for that matter? It seems to me that when we are investing that much money, that we would invest a little more so that we could put out a finished product that would sell at higher prices, that would fetch more money, that would make the industry more profitable and also be able to pay its way much better, because certainly there is quite a difference in price between pulp and a finished paper product when it's sold. I think we should have more information on this whole industry as to its operation, as to its future, what we are making at the present time, or whether we are going in the red, and surely enough the government must have financial statements by now, the industry having gone in receivership and being administered now by a trustee of the Department of the Attorney-General. I hope the Minister does reply and give us information on this whole matter.

There are other industries. Now that the Western Flyer Coach has been, should I say, brought on its legs once more and the government has invested money and taken out, what is it, the 74 percent interest according to the press, just what is the security here that we are getting for the investment that we are putting in? How much of this security, so-called security, I should say, is in supplies, actually, that will go into the finished product? Because I think this is a thing that has to be watched, because supplies can be depleted very fast if it's part of security and the collateral that we are getting and if there is not a proper prepayment of the finished product as it is being sold. What about the present manager, and of which we had a report that he was receiving - what was it? - \$60,000 or \$125,000. Is he staying on at the same salary? And I think there were other expenses included. What about the contract with the Public School Finance Board for buses? Is this continuing? Because if it does, certainly that means that there is a certain amount of the production that will go into this direction.

I think we should, if we acquire interests in companies of this type as a government, we should as members have more information on the various companies. I feel that we should

(MR. FROESE cont'd) . . . . have balance sheets available to us. Certainly, when I take a look at the British Columbia Government's statement, the amount that they have in fixed assets, I don't even know whether we are putting out a balance sheet at all such as they do, because their fixed assets rose from \$1,150,000,000 at March 31, 1969, to \$1,262,000,000, up \$112 million or 9.8 percent during the year concerned here, and this is the report for the year ending 1971. The provincial surplus, or excess of assets over liabilities at March 31, 1970, was \$1,537,000,000, a 5.8 percent increase from the previous fiscal year. Surely enough, once a government goes into the various types of business, takes over Crown corporations one after another, we should know more about details of the financial arrangements and also obtain balance sheets so that we know whether we are progressing satisfactorily or whether we are going in the hole on these various enterprises.

These are some of the comments, Mr. Chairman, that I felt I wanted to make at this particular time. I hope the Minister will be kind enough to comment on them, and which might lead to further questions.

MR. CHAIRMAN: The First Minister.

MR. SCHREYER: Mr. Chairman, a number of the comments made by previous speakers in the debate on the estimates of this department really go beyond the scope of the Department of Industry and Commerce itself, and so I feel that it's quite proper for me to respond to some of the statements that have been made. I'll start with the remarks that were made yesterday by the Honourable Member for Rock Lake when he managed to digress from the estimates before us to deal with the question of Estates Tax and the action that has been taken by the Federal Government in recent days in the announcing of their budget. Now I suppose that this, Mr. Chairman, causes no problem for the Chair, because one can relate the question of Estate Tax to that of the pooling of investment capital for investment into industry and thus it relates to Industry and Commerce. So that's fine. I want to comment, then, on what the honourable member had to say.

For one thing, I say that I'm glad that my colleagues and I are able to disagree so completely and so profoundly from the position that appears to have been taken by the Honourable Member for Rock Lake and I assume other Conservatives and the political leaders of the two old parties of this province, because, Mr. Chairman, I say that, as I have often said, that while it is quite acceptable, in fact even desirable, for one generation to lend a helping hand to the succeeding generation, and that therefore it is quite good to have estate tax law that provides for a basic exemption on an estate up to so-and-so much, perhaps \$50,000, \$100,000, \$150,000, even \$200,000, but then beyond that certainly there can be no justification, political, economic or social, there cannot be any justification for having the transfer of wealth subject to no tax at all.

There is a very definite graduation to different forms of taxation, a very definite graduation as to their social progressivity and equity, and if it is acceptable in a country to tax the income that a person earns, and that is accepted, then it is even more justifiable to tax the money that a person gains through speculation in capital itself. But even more justifiable is it to tax the money that a person inherits, over and above a certain basic amount that one generation transfers to another to extend a helping hand. And I would think that we would be going backward in a very definite way, in terms of equity, if we accepted a state of affairs where income earned was taxed and income inherited wasn't. And yet it seems that some honourable members opposite would prefer to see such a state of affairs. What a pity. What an absolute shame that there could be anyone with that kind of social and political thinking in our time, in the 1970's.

Some provinces have played with the idea of exempting all estates from taxation, all amounts. To the best of my knowledge, those one or two provinces that have rebated the estates tax haven't really provided any benefit to the public interest at all. One of the two provinces that was providing a rebate on capital gains, the government was defeated just a matter of a few days ago, just two days ago, and I'm hopeful that before this rot sets in any further that it will be halted and reversed and that there will not be any feeling of obligation on the part of other provinces to follow that very undesirable trend toward the rebating of all estates tax revenues. How can anyone look an average citizen in the eye; how can anyone face a person of average income who is earning his money through his labours and justify to him that the money that he is earning through his labours is going to be taxed and the money that somebody else has inherited as a windfall will not be taxed at all.

(MR. SCHREYER cont'd)

Well, I leave honourable members to think about that and I go on to say a few words about the comments made by the Honourable Member for Rock Lake, one other point that he had made. I'm not sure that he very clearly explained just what he was getting at, but he made reference to this government as somehow having played an undesirable role with respect to the financial problems that Versatile Manufacturing had been in a year and a half ago.

I thought all honourable members in this House knew that when Versatile Manufacturing was in fact in some financial difficulty that the Government of Manitoba did lend a helping hand. It was, after all, a Manitoba based industry employing quite a number of people, putting out a good product, seemed to have viability in the intermediate and long run, there didn't seem to be any grave doubt about that, but there was an immediate financial problem. No one is denying that either, and so the government did directly undertake the responsibility and assumed the risk of providing immediate financial backup support even though it proved in the final analysis to be a financial support that did not actually have to be drawn upon. It had a very direct and pronounced and immediate remedial effect and I defy anyone to pretend otherwise.

Insofar as the provision of the agreement is concerned, which stipulated that there was a certain time period within which the Crown could exercise an option for the acquisition of shares—nothing in the world that we need apologize about — because we felt that because of the risk that the public sector was being asked to assume, because of the fact that there was insufficient assets remaining unencumbered against which to secure any further loan, that it was justifiable in every respect to have this provision for the exercise of an option to acquire shares. Furthermore, it was entered into voluntarily and no one had anything to complain about, no one had anything to say adverse about that arrangement at the time, either on the part of the Crown or on the part of the company, and in fact when it was explained here in the Assembly I recall honourable members all having a positive and favourable comment to make about it.

But in the meantime, between now and then, one or two solicitors who had made public comment about that agreement had tried to slide in a few critical comments aimed at this government, and it shouldn't surprise anyone because the solicitor in question happens to be a very well-known and very active partisan in the Liberal ranks, and that I don't think should surprise anyone because it is a rather widely known fact, one of the principal fund raisers of the Liberal Party, in fact. So that he should try to imply something that would reflect negatively on the government in its dealings in that particular agreement should surprise no one. In fact, I say that that particular solicitor is "the" principal fund raiser in Manitoba for the Liberal Party, assuming of course as I do that the Liberal Party files correct returns on election expenses because that is where I got my information from.

I go on now to deal with the comments made by the Honourable the Leader of the Opposition because he would try to be so unfair — and I think he succeeded — as to try to make the Minister of Industry and Commerce look as though he is not exercising his responsibility as a Minister with reference to the entire province but is concentrating excessively or exclusively, or whatever the Honourable Leader of the Opposition was trying to imply, on the Brandon area. Now I can say, Mr. Chairman, in a bantering way that sometimes I have that impression myself; but seriously speaking, the Honourable Leader of the Opposition was either missing from the House last evening or else he was present and didn't hear one of his own colleagues get up and make an attack on the Minister for the alleged reason that nothing enough was being done for the Brandon area, and if I understand the intent of the remarks of the Honourable Member for Brandon West — is it not the Member for Brandon West? — that this was sort of the thrust of his remarks, critical remarks against the Minister of Industry and Commerce, and the Minister of Industry and Commerce was merely replying to a specific attack in a specific way. The Minister of Industry and Commerce has been active in respect to all regions of the province, and while we cannot claim that we have attained the degree of success that we would like in respect to industrial expansion, nevertheless, looked at in relation to the pace of industrial expansion and employment and unemployment in Manitoba and elsewhere in Canada, I say again that we have managed to uphold a pretty good record.

Now the Leader of the Opposition of course has to be critical, that's part of his function, and so he would try to be critical by implying or having one of his colleagues imply that we have found ourselves, or we have gotten ourselves into too many situations where receivership was necessary — and specific reference was made to Lake Winnipeg Navigation. Well, I say to the honourable members opposite that I would welcome, I would welcome a complete opening

(MR. SCHREYER cont'd) . . . . . of the books that would take everything right from day one when the Manitoba Development Fund was first established, and while I admit, and I admit readily that the Manitoba Development Fund has played an instrumental role in the initiation of the establishment of industry in this province, certainly in certain cases, nevertheless there is also a very clear pattern that goes back quite a number of years where I suppose in the normal course of things a number of the loans made were made entering too far into the area of risk and proved to be untenable, proved to be untenable and so a pattern was established of just rolling over, re-financing, and if the honourable members want to talk about Lake Winnipeg Navigation I welcome it because whatever actions this government has taken with respect to Lake Winnipeg Navigation, we have had to take as a result of an improvident arrangement that was entered into in the first place.

We have some examples to mention that my honourable friends opposite didn't mention, perhaps because they didn't want to mention. It's rather interesting that they mention some and not others, but I'm sure that we will have occasion in the future to look at one or two more specific cases where we have had to take action in order to try to remedy a mess that was created as a result of projects, industrial projects that were started up even though there was inadequate justification, the risk projection was too high and has proven since to have been too high and untenable.

It takes a lot of gall, Mr. Chairman, for members opposite to try to criticize the Minister of Industry and Commerce for a difficult situation, which admittedly exists in certain specific cases, but which exists only because of a disregard for financial and business realities in the first place a few years ago. Would the honourable members pretend, or would they try to pretend that Columbia Forest Products for example is something that is not causing problems? But I say, Mr. Chairman, that a person has to be dishonest to deny that the difficulties and problems have been there for quite some time and, to me, clearly indicate a lack of understanding as to what is provident and improvident in making some of these deals.

In the case of Lake Winnipeg Navigation, I think it bears repeating what the Minister of Industry indicated yesterday, that insofar as the initial recommendation was concerned as to whether or not to proceed with the financing of Lake Winnipeg Navigation, that it was in the negative and that there was a prevailing opinion by the government of the day that it be done. I don't criticize government for prevailing upon a board or a commission if it has a strongly held position of conviction as to whether something ought or ought not to be done, but if you're going to prevail upon a board or commission or agency, then at least come out in the open and say so.

Mention has been made about Western Flyer. Western Flyer joins the ranks of Lake Winnipeg Navigation, Columbia Forest and other enterprises in the sense that some of the difficulty with respect to Western Flyer is as a result of action that was taken back in 1969, part of it during the time of the previous administration, part of it during the time of this administration. But I want to make it clear to my honourable friends that the board of directors of the Fund at that time was the same board that had been appointed by my honourable predecessors and that the principal officer of the Fund at the time was one who had been chairman in all the years prior to our coming to office and the arrangement, the agreement was entered into on the same assumption as the organization had operated on in previous years, namely, that they did not refer it to the government for advice or consent. It was a decision that was taken unbeknownst, unbeknownst to me while I was Minister of Industry and Commerce.

But despite that, Mr. Chairman, it's important to point out that there have been many wild, but I mean really wild statements made with respect to Western Flyer Coach. For example, the inference that some particular individual, president, was getting a salary of \$125,000 is completely inaccurate. The fact of the matter is that the company, another company of which the same person was president, was under the terms of the agreement eligible to receive up to the \$125,000 but there was also five staff man years, or five personnel attached to that company and that this was not an individual salary by any stretch of the imagination.

In any case, the Honourable the Minister of Industry and Commerce pointed out on Friday when he announced the restructuring, or refinancing of Western Flyer Coach, that in addition to the restructuring of the shares that the salary of the president was set under the terms of the agreement at so and so much, so that the Member for Rhineland really has no need to wonder out loud whether he's still getting \$125,000. (a) The person in question never received \$125,000 salary in the first place. In the second place, it was announced that the salary had been set under the agreement at something in the order of \$40,000.

And I would point out to honourable members that if they want to start comparing salaries,

(MR. SCHREYER cont'd) . . . . . as sometimes they have a habit of doing, I would refer them to the salary that is paid by the Government of Nova Scotia for example to the General Manager of SISCO, the Sydney City Steel Corporation, which is a Crown operation and a highly successful Crown operation I might say, Mr. Chairman. You know, an interesting story this. Here we have a steel company that had been operating under the aegis of private enterprise for many many years, and in most of the years of the 1960's under private entrepreneurship the company was incurring successive losses to the point where the company was planning to just give up the ghost and close it down, whereupon, as always happens in these cases, that the Crown, which every private enterpriser says does not have the capability to operate something with efficiency, the Crown is called upon to in fact come in and operate it. And so that's exactly what happened. They were able to hire a person to manage the operation and within a matter of 18 months, the steel corporation under public ownership was turned around and began to earn profits and has earned profits I believe in two successive years since the restructuring under public ownership. The general manager is receiving a high salary. I'll leave it to my honourable friends to use their initiative in finding out just how much it is but I can assure them that it's more than what is involved here. Much more. No one could be happy with an agreement where an individual comes into ownership of a large majority of the shares of a company if he doesn't bring something with him in the way of risk capital or some obligation.

In the case of Western Flyer, while it's true that there was very little brought to the company by the majority of shareholders by way of risk capital nevertheless there was, I suppose three things that should be mentioned. One, the managerial skill itself and marketing connections. The second was a personal covenant to the order of \$100,000.00 The third was a personally secured line of credit from one of the major chartered banks, I think the Mercantile, for a line of credit in the order of \$500,000.00 But despite that, Mr. Chairman, I'm not defending this, far from it. I'm not defending it at all. All I'm doing though is dismissing some of the more outrageously inaccurate statements that have been made in recent weeks as to what actually was done. But even with those corrections, Mr. Chairman, I make no pretense of saying that this was a model agreement that we would want to hold up as one to follow. I certainly would have found it very difficult to recommend it or to agree to it, nevertheless, what's passed is passed. The restructuring is one that we are able to recommend to honourable members and the Honourable Member for Rhineland who I know likes to read a balance sheet like some people like to read a novel - maybe that's because of his years of experience and involvement in the credit in the Credit Union League - the Honourable Member for Rhineland will find when he peruses carefully the new agreement that it is one that does have a good deal of merit to it and certainly does remedy a previous agreement that was admittedly unsatisfactory in certain respects.

In the meantime, we proceed with a manufacturing enterprise that I for one am quite confident, quite confident, will be able to employ a large number of people, expanding numbers and will be able to market its products at a level of operation that will let it reach the economies of scale that are involved here. After all, if there is need for the purchase of quite a number of buses by cities in Manitoba and by school divisions in Manitoba, isn't it just as well to have an industry located here that can manufacture this product at competitive cost? The alternative course would be to carry on as we did in years gone by, with the purchase of every school bus for the Province of Manitoba - and I think this amounted in total to something in the order of a 100 to a 130 buses per year - all of them bought from either Superior, Wisconsin or somewhere in the Golden Triangle of Ontario. Now they're being manufactured in Morris, Manitoba and I'm sure that the Honourable Member for Morris finds no particular reason to object to that.

Mr. Chairman, I could speak at much greater length but I wanted to take this opportunity to really challenge head on the taken position of the Conservative Party, if in fact the Member for Rock Lake expressed that position, relative to the estates tax. Sometimes you know, Mr. Chairman, some people say that there isn't enough difference between the political parties, not enough difference to their liking, they would like to see more obvious difference. Well, here is a clear and fundamental difference of positions on tax reform, taxation generally and on estates tax in particular. Clear difference. And also, Mr. Chairman, there is a very clear difference in the attitude of this government and the previous government as to how far you should go in putting public sector capital on the line to attract industry that is in the first place based outside of the province. It's a question of how far do you go and I think we have made our position pretty clear. That we have problems - may I say in conclusion, Mr. Chairman, that



(MR. SCHREYER cont'd) . . . . . we have problems in our efforts of industrial development is evident. Some of the problems may be of our own making but I can assure you, Sir, that the great overwhelming preponderance of our problems in industrial developments are a result of the mess and improvident judgment of honourable members opposite.

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, we are almost completed the 80 hours of the Estimates and it's interesting to find that the First Minister decided to enter into the debate at this time. I think that in many respects people would consider that what he is doing is coming in as sort of a clean-up hitter for the department, for the government and what he's really presented us is with a garburator approach in which he's attempting to chew up a variety of issues including estate tax and other matters. Now it's unlikely, Mr. Chairman, that we're really going to get to the Health and Social Development as far as the Estimates and in this respect the members opposite deserve a great deal of credit, but I must warn them now that through whatever devices we have available to us in the proceedings of the House, it will be our attempt to try and deal with that department and deal with that department in the way in which it should properly be dealt with considering that it does take one-third of our total budget.

With respect to the issue of the Manitoba Development Fund and to the question of industrial development, the Premier is very much like Walter Mitty, he has a dream, an answer, he deals in fantasy, and he would like to blame the Liberal Government, the Liberal fund raisers, the previous administration for everything that is happening. He admits at the end that there may be something that they're responsible for but he's not exactly sure what it is. He then goes on to list all those things that he considers were areas where there was lack of concern and lack of judgment on the part of the previous government. But, Mr. Chairman, I would suggest that if we do have an opportunity to review the period of the Manitoba Development history, and we review the two years of the present government's administration, we will find the same kind of lack of judgment, the same kind of approach used. The difficulty, and why I and many other people have really no respect for the positions that the First Minister presents, is because when we talk of dishonesty and intellectual dishonesty, we are talking about it in its highest form with respect to the posture that they have taken about the Manitoba Development Fund and the previous government and where they themselves in the period of the same time have operated exactly in the same way, have applied the same principles, and have been concerned as the previous government was to see that the Fund operated to achieve its objective which is to try to attract industry here.

There's no doubt that we are in difficult times in the economy of Canada and there is no doubt that it's had its effect on some of the various loans made by the Manitoba Development Corporation during the previous administration, I daresay if we were to examine the Industrial Development Bank's loans of the Federal Government, we would find that they have had difficulty and they are in the process of realizing or assisting in refinancing of various loans. I would daresay if we had the opportunity of having the Agricultural Credit Corporation indicate the number of people who are in arrears on their loan at this particular time and the necessity of reconstructing the financing of the various people who receive loans from the government through the Agricultural Credit Corporation, both during the previous administration and this administration, that we would recognize that there is great difficulty and that there are problems and that they take a great deal of insight and ingenuity and assistance to try and work through this period of time. But the reason why the members on the opposite are intellectually dishonest, and the reason why the Premier's presentation cannot be really accepted at face value is because they still would like to talk the same way they talked in Opposition, because it appeared politically to their advantage to do so and because they can't admit at this point that realistically they are trying to carry on in the same way as best they can. The procedural changes that they may have made if they have occurred have occurred only within the last little while, for all the questions that have been asked on this side we do not seem to have any particular terms of reference that have been indicated to the Fund to operate in any other manner than they operated before.

The Fund, as far as I know, had loaned up to 300 loans at the time the previous government was defeated and no one is going to suggest that out of the 300 loans that there wouldn't be difficulty with a percentage and it wouldn't have to cause some reorganization. I think in terms of the percentage in history, I suggest this without question, there isn't a mortgage company, a trust company, a loan company that has not had difficulties over a period of time when the

(MR. SPIVAK cont'd) . . . . . economy is good and good when the economy has been bad. So we accept that. But the point of reference from the opposition, from the Minister of Industry and Commerce, is that in the course of trying to explain the situation in this House in the sessions that have been held before by the present government, they've tried to indicate that they were doing something basically different. They talked in terms of equity participation as a new way of handling a situation; and the truth of the matter is that the Minister of Industry and Commerce didn't know what he was talking about and the First Minister on one occasion had to stall until he could take him at supper time and explain the difference between equity and between in fact financing as a result of equity participation with a right of buy-back -- (Interjection) -- well, the Minister of Industry and Commerce says nonsense. I can come back to the Hansard and I can read the statements of the Minister of Industry and Commerce, and I suggest, Mr. Chairman, my interpretation is correct. The fact that equity shares were in fact hypothecated as an additional security for financing didn't mean that it became equity financing. And the difficulty we've had in this House is to listen to the language that the members opposite have been talking and you examine the actual details of what they've done and we find what they've done is really carry on and extended the manner of financing that existed before.

Now I suggest as well that the suggestion in the case of Western Flyer of examining the situation, where someone was brought in because they had managerial skill in marketing and that there were personal covenants and there was personal security, are the right ways in which any funding organization should carry it out and I suggest that is exactly what has happened in the loans that were held before. Now the decision, or the judgment as to whether the risk capital provided or the risk itself was a correct one or not is something that we can argue politically, and it's easy to argue back and forth politically, because we don't have to deal with the facts on it. We don't have to deal with the facts on it. -- (Interjection) -- Well, what about 74 percent equity?

You know, Mr. Chairman, there is a story going around -- (Interjection) -- yeah I'm going to start it because I think it's important. A story going around of the entrepreneur who came to the Premier and the Premier met with him and sent him over to the Manitoba Development Corporation - the Manitoba Development Fund at that time. And he indicated at that time that he wanted a loan to be given because there were 400 jobs involved or so, and they were really very excited about this. I'm not sure what instructions were given, it would be interesting to know what those instructions were. I do know when it was almost ready to be proceeded with, the Premier was then informed - I'm going to explain, I don't know the name of the company - the Premier was then informed that the company itself was making a component part for something that was being used in the Vietnam war. Do you know what I'm referring to now? It was being used in the Vietnam war, and the loan didn't go through. I don't know what equity participation was going to be involved in that. I do know that in effect there were in fact instructions given and there was a direction given to try and proceed and make a deal. Why? Because there were three or four hundred jobs involved. And I'm not faulting the Premier for attempting to do this, but I'm suggesting you can't have it both ways; you can't stand up here and try and create an image and a position of one thing and then in your actions do something else. And I suggest if we examine what has happened with the Manitoba Development Fund and Corporation from its beginning to the time the previous government left office and we examine the procedures and the manner in which the Fund is operated under the present government, we will find very little change. Notwithstanding all the pronouncements, notwithstanding all the political posturing the members opposite have attempted to try and convey. And I suggest that it's about time if we're going to talk about honesty, that there be some intellectual honesty in this and that it's about time that the government at least recognize that, you know, it may be that they want to exploit this to its final conclusion. But if they do, they will force us on this side to do a number of things that I do not think are desirable with respect to a variety of loans that have occurred in the past two years, in which I believe that if their actions were exposed to public, not only would it be politically vulnerable to them, but it would also be very disastrous to a number of people and I'm not prepared to do that. But I resent very much, and I suggest, Mr. Chairman, to you that the Premier has a lot of gall to stand up and make the statements that he has made today.

MR. CHAIRMAN: The First Minister.

MR. SCHREYER: Mr. Chairman, the Honourable Leader of the Opposition I think has very blithely misrepresented quite a number of fundamental points.

(MR. SCHREYER cont'd)

To begin with, he says that you know, we have followed basically the same kind of policy and operating procedure within the Manitoba Development Corporation as was the case before. I would say to him that there are some very major differences in policy and in approach; one of them being that we have put an end to the pretense. Now it may have taken us a few months, but within a few short months of coming to office, certainly for the past year and a half, we have put an end to the pretense that a crown lending agency can enter into major transactions without the specific prior advice and consent of the government, which has to bear the ultimate responsibility.

Now the honourable member is not in a position to deny that prior to 1970 there was a policy followed -- and I'm still not sure, Mr. Chairman, after these years, I'm still not sure whether it was in fact a policy followed or a fiction that was perpetrated, but whichever you choose, the point I'm making is that up until 1970 and all those previous years, insofar as the public was concerned, they were told that the MDF made loans and that there was no recommendation to or instruction from the government. Now to me that is just an untenable kind of policy, if such a policy ever did exist, certainly I happen to know it was practiced from time to time, and we have changed that. There is just no possibility now that any major transaction can be entered into without the advising of the government and without the government making its view known. That's one major change.

A second is that we have, in a number of cases now, we have taken an equity position, a real equity position where we felt that it was not in the public interest to extend loans to the percentage that were being applied for simply because there was insufficient assets against which to secure. So we have not stretched the proportion of public loan to private equity to such an extent as to be ridiculous as the previous government did in some cases, some very important cases; so we have insisted on equity participation in certain circumstances such as that.

A third point is - the honourable member has one valid point. He says that it is unfair of us to criticize the previous administration if a number of loans that were made under the previous administration turned out to be sour. I accept that, it would be unfair and dishonest to try to make the previous government out to look amateurish just because a certain number of loans went sour, because in the normal course of banking, whether the banking be private or public sector banking, industrial banking, a certain number of loans will go sour - in fact I would go so far as to say that if a Crown lending agency doesn't lose a certain percentage of its loans, then it's really not serving any purpose that couldn't be served by the regular commercial chartered banks. That's not to be misconstrued as meaning that I look forward with glee and anticipation to a Crown lending agency losing on some of its loans, but I think it doesn't take any great mind to deduce that if the Crown lending agency has not even one or two percent loss ratio on its loan transactions, then very clearly it might as well not be there because the lending could have been performed by the chartered banks.

But that wasn't the point I was trying to make, Mr. Chairman. The point I was making is that it takes a lot of gall to try and hang the millstone around the neck of this government certain difficulties that arise because of sour loans that were actually entered into by the previous government. So if the honourable member wants us to be fair, I accept that admonition but I ask him in return to be equally fair and not blame the Minister of Industry or this government because we have difficulties in three or four accounts that were entered into in '68 or '7 or '6 or '5.

#### INTRODUCTION OF GUESTS

MR. CHAIRMAN: Order, please. Before we proceed, may I direct the attention of honourable members to the gallery on my right, where we have 85 members of the Central High School Band from Grade 8 through 12 standing from Norwood-Young, Minnesota. These members under the direction of Mr. Schroer are the guests of the Honourable, Mr. Speaker. On behalf of all members I welcome you here today.

#### COMMITTEE OF SUPPLY (CONT'D)

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I'll be very brief. I must suggest to the First Minister that my remarks that have been made inside and outside of this House with respect to the Minister

(MR. SPIVAK cont'd) . . . . . of Industry and Commerce and the problems of the various corporations who had difficulty, who have been financed, partly financed by the fund, are not meant in the context as he has suggested, rather they are meant in the context of the Minister's position that what he is concerned about and devoting his time is to selected economic growth.

Mr. Chairman, may I suggest that in reviewing the activities of the Minister of Industry and Commerce, I see nothing other than his concern in activity realistically with the problems of the various companies who have had difficulty. I see no evidence of any forthright effort to attract new industry, to bring new industry to Manitoba, or in fact, to offer the kind of salesmanship that is necessary. This has been characterized as crude growth on the part of the previous administration. The Minister's talk in terms of selected economic growth - frankly the only thing that selected economic growth means to me at this time is the Minister's pre-occupation and concern, and there's a legitimate concern with those companies who are in difficulty, and until I see some evidence to indicate the kind of forthright effort being exercised by the Department and by the Minister, I am sorry but I would have to then suggest that if the Minister continues to talk in terms of selected economic growth, then all I can see is selected economic growth means he has concern in activities, which are legitimate concerns, for those businesses that have had difficulty and who have been financed by the Fund or the corporation. I have suggested before in this House and I suggest again that if the government continues to use the gobbledegooks of the words "selected economic growth, maximum growth, optimum growth, crude growth, ad nauseam" then there is going to be nothing but answers from our side to indicate frankly, what are you talking about; because there is no evidence of it. — (Interjection) — Oh you sit down; I won't listen to you. I'm going to ask a number of questions of the Minister.

Has he gone to the United States to try and solicit American investment in this province? I noted that the First Minister went down the other day. I wonder why the Minister of Industry and Commerce did not go down? Well, I don't know why you went and frankly I'd be interested in knowing why you went and I would hope that the First Minister would have the courtesy at least of telling this House instead of having the Minister of Industry make his statements outside of this House. I suggest, Mr. Chairman, that at this point, with the exception of the difficulties that the Minister of Industry and Commerce has had with those corporations and his concern for . . .

MR. SCHREYER: Point of privilege, Mr. Chairman. I think that the Honourable Leader of the Opposition . . .

MR. CHAIRMAN: The First Minister to a point of privilege.

MR. SCHREYER: Yes. I believe that the Honourable Leader of the Opposition will agree readily that it is a valid point of privilege; that is his statement that I am not showing the proper courtesy to this House, I think is a point of privilege. The reason that I have not made any statement to this House is because the matter that is under negotiation is still under current negotiation. I believe that the Honourable Leader of the Opposition when he was Minister of Industry would not have been so naive or amateurish as to make a premature statement that could only harm the prospect of a successful conclusion.

MR. SPIVAK: On the matter of privilege, Mr. Chairman . . .

MR. CHAIRMAN: The Leader of the Opposition to the point of privilege.

MR. SPIVAK: . . . on the matter of privilege, may I suggest, I wonder if the First Minister would apply his logic in his presentation to the Minister of Industry and Commerce who made a declaration on Western Flyer Coach and the equity participation outside of this House, and not in this House, during the time that the House was in session and I question that . . .

MR. CHAIRMAN: Order, please. The point of the Leader of the Opposition should be addressed to the Minister of Industry and Commerce. The First Minister to a point of privilege has risen on a remark saying that he was being disrespectful to the House - I'm paraphrasing because I heard it and I wondered at the time. I would ask the Leader of the Opposition perhaps if he would withdraw the remark and make his point in some other way. The Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, would you tell me the remark that I'm supposed to withdraw?

MR. SCHREYER: The Honourable Leader of the Opposition not only intimated, he stated that I had shown disrespect for the House because I had not made a statement to the House upon my return from what was admittedly an industrial promotion visit, and I had explained to the

(MR. SCHREYER cont'd) . . . . honourable member the reason that no statement was made is because negotiation is current and any statement would prejudice the possibility of a successful conclusion. Now if the honourable member accepts that reasoning, he should withdraw his remark.

MR. CHAIRMAN: The Leader of the Opposition to the point of privilege.

MR. SPIVAK: Well, Mr. Chairman, I feel very much like the House Leader when I say I didn't say that, but however, in the event I did say that, I would withdraw it; but I must say Mr. Chairman that the Minister of Industry and Commerce has shown disrespect for this House by announcing the statement in connection with the purchase of Western Flyer outside of this House and not having announced it in this House.

MR. EVANS: Mr. Chairman, speaking on this point of privilege . . .

MR. CHAIRMAN: To the point of privilege raised by the First Minister, I wish to thank the Leader of the Opposition, The Minister of Industry and Commerce.

MR. EVANS: I'm not sure whether I should get up on my feet as a matter of privilege or a point of order, but the fact of the matter is loans are made by the Manitoba Development Corporation week in and week out; decisions are made week in and week out and announcements are made week in and week out, and this is not an infringement - you can laugh, the Leader of the Opposition can laugh but he knows darn well that loan approvals is one thing, instituting government programs, discussing government policies is another matter, and loans are made day in and day out, are approved day in and day out by the Manitoba Development Corporation, and those announcements are made quite frequently by the Corporation or by myself and this is not a matter of government policy or a matter of government programs being announced. It's simply a matter of a decision that was announced - I made an announcement of a decision that was made by the Manitoba Development Corporation's board of directors. It was as simple as that, and I would say to my honourable friend the Leader of the Opposition, he doesn't know the rules of this House.

MR. CHAIRMAN: Order, please. Under the rules of personal privilege, it is rather unicorn country - one member may listen to something and hear it as an insult under what could reasonably be assumed to be a right of privilege, some other member may not consider that to be an insult or a question of their motives or their decorum in the House, or anything else. So when a person has risen as the First Minister does and it impinges on what he feels is his responsibility to the House and the way he discharges it, and the Chair rules that it is a matter of privilege, I suggest this is when we should address ourselves to it. I would ask all honourable members to use their debating ability to refrain from impinging upon this unicorn country. The Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I have only a few remarks. I address them to the First Minister with respect to the estimates of the Department. He has indicated that he has been concerned about the risks that were taken in previous loans and the kinds of projections that were made and on the basis of those projections the loans that were undertaken.

I would suggest that I think it would be incumbent upon the First Minister and the Minister of Industry and Commerce to furnish this House with the projections that have been made for the equity participation that has been taken by the government in Western Flyer Coach; and it should be done in a way that the books will be open, the record will be shown to the public and an opportunity be given to make a judgment as to the risks that are being undertaken in this particular project as a result of the government's participation. You can't have it both ways and criticize the previous government and not attempt, at this point, to indicate, particularly with the kind of participation that's been undertaken in direct involvement, not to present us with those documents that you may have in your possession that would indicate the kinds of projections and the risk. We are aware of the fact that there are some people who question the government's judgment on this - there will always be people who will question the government's judgment on everything they do at different times, but I would suggest that it's incumbent upon the government to produce this information so that we can view it clearly and then determine the kind of judgment that's being exercised by the government today.

MR. CHAIRMAN: The Minister of Industry and Commerce.

MR. EVANS: Well you know, Mr. Speaker, we are hearing from -- many of the remarks now being made by the former Minister of Industry and Commerce, and now Leader of the Official Opposition in the House, are the remarks that we have heard so often . . .

MR. DOERN: We know them by heart.

MR. EVANS: . . . so often, particularly in the last session they were like a broken record, and I recall one evening, after many hours of debate on my estimates, my good friends, our good friends in the press gallery simply walked out because they got tired of hearing the same old broken record over and over and over and over again. You know, the cardinal sin in the Honourable Opposition Leader's book of ethics is not to be a super duper salesman, that's the number one sin, and particularly if you don't go south of the border and particularly if you don't sell. You've got to go out and you've got to sell; you've got to sell in the United States, and if you don't do that you're no good; you can't possibly exist, you can't possibly administer Industry and Commerce unless you're the No. 1 salesman.

The fact is it doesn't matter that you have a department of very high paid people as a matter of fact, of over 100 people who may be doing a lot of research, who may be doing a lot of contacting all over the world, not just in United States but in Ontario, in Europe, in fact we've just had two people visiting Germany and the Scandinavian countries about some very concrete investment opportunities, and the fact is I have very well paid, very well qualified people who have researched opportunities and who are presenting them to various companies.

The fact is however, Mr. Chairman, that in the long run, investment will only come to Manitoba if there is a profitable opportunity, and I'd like to examine the statistics and see to what extent there was real genuine, fresh foreign capital come into Manitoba in the manufacturing sector during the former Minister of Industry and Commerce's term of office, and I can tell you there was damn little. The only substantial so-called foreign investment were investments that came here under the guise, under the financial cloak of the former Manitoba Development Fund, and of course the classic case is the CFI and the giveaway. But you look at the statistics and how much fresh American capital came into the Province of Manitoba. Tell us. Peanuts - peanuts - I wouldn't even give him peanuts. There was none. You can sell all you like, but if there isn't specific, concrete, profitable opportunities, you can sell all you want, you can talk until you are blue in the face. I have more faith in the rational thinking processes of American businessmen than I think honourable members opposite may have. The fact is you don't come unless there is adequate markets or unless there is a natural resource base or unless there are some natural economic opportunities.

The fact of the matter is, Mr. Chairman, that the investment, the so-called foreign investment that we got in this country was in the form of disguised socialism. Please read the book, a recent book by Phillip Matthias who relates to investment in The Pas - you know, the so-called foreign investment in The Pas. The equity there was damn small or either didn't even exist, and I think the latter is really more the case. Private enterprise developing the resources of Manitoba under the so-called foreign investment, really disguised socialism because it was the people of Manitoba that took the risk. It was a sell-out. It was the people of Manitoba, through a huge MDF loan, that took the risk. And I can relate two other corporations that received - they were so-called foreign investments - but where the loan, where the actual financing of it, the actual dollars that were financing of it were 80 to 85 percent, 90 percent, 95 percent Canadian, 95 percent Canadian, and the American participation or the foreign participation was damn little. We were taking the risk and they were taking the profits if profits were to be made, and that's why I say the previous policy was heads we lose tails you win. Sure, there may be risks involved in Western Flyer Coach, sure there may be risks involved, there's risk in every investment, but at least if there is a profit to be made and if the people of Manitoba are putting up the risk money they're damn well entitled to a share of the profits - and that's what we're seeing and that's what's different. Well let's get it through your head and understand it.

You know, he says what do we mean by selective economic growth. I've told the honourable members what we mean by selective economic growth but he doesn't want to listen, he doesn't want to understand, so I'll explain what I mean by selective economic growth. Selective economic growth means that we don't try to lump everything in one big city. We try to decentralize; we try to have balanced growth; we try to have high wage industries as opposed to low wage industries.

(MR. EVANS, cont'd.) . . . . .

You know, Mr. Chairman, I'm sure we could have gone out and got a few more garment factories in Manitoba fairly easily, but I for one, I may be wrong, but I for one don't feel that we should perpetuate sweat shop labour conditions any more than now exist in the Province of Manitoba. We don't need those industries that pay nothing but the minimum wage or damn close to the minimum wage, so we're after high wage industries. And that's what we mean by selective growth. Don't run out and get sweat shop industries; that's what selective economic growth policy means. It means you don't go and get industries that are going to pollute the air or pollute the soil. It means that you give the maximum opportunity to Manitoba businessmen, that you try to encourage and promote indigenous control of industry, and especially you go out and you try to help the small and the medium-sized companies and you don't give away to multi-million dollar corporations. And there are lots of examples where the previous government through the MDF financed multi-million dollar corporations. There's one in my own constituency - Simplot. It's a multi-million dollar corporation and you gave it \$20 million - \$20 million and they got a gift from the Federal Government of six or seven million dollars. So for what was probably less than 10 percent of the total capital investment you had so-called foreign investment; that's the so-called foreign dollars that came into this country. It was Manitoba money; it was Canadian money that developed that particular enterprise.

Now what are some examples of some of the industries that we have brought in under this selective policy. And I'll give you some examples. I'll give you some. Cowl Industries, an industry that developed in Toronto which has now shifted to Manitoba which is producing anti-noise equipment, noise abatement equipment. It's a high technology industry. Not only is it pollution free but it's manufacturing equipment to control noise pollution. The wage level is high. There are going to be many opportunities for the engineers that come out of the universities of Manitoba. And the MDC was instrumental in bringing them here through financial arrangements, and I've made that public and there's no disclosure of that, there's no secrecy and that will be shown in the Annual Report of the MDC and I'll tell you any detail that you want to know about it. So that's what I mean by selective growth.

Let's talk about All-West Marine that we got up in Gimli. You know, it would be easy to have these companies all located in Metro Winnipeg but here is a company which we got out in Gimli. Macey Foods, which was on the rocks previously under the MDF, we rescued, we re-structured and it's thriving today in the City of Brandon. It's an industry that has nothing but an excellent future ahead of it.

And another example is Saunders Aircraft, a company that but for the grace of a few people, myself and my department, could have gone to Quebec. As a matter of fact I was advised that Premier Bourassa had been on the phone to Mr. Marchand to try to abort the location of Saunders in Manitoba. Here we have a high wage, high technology industry -- you know, the Honourable Leader of the Opposition, he said tell us what is selective growth. I'm telling you and now you're not listening. He's not listening and I'd like the news media to know that the Leader of the Opposition criticizes us, he says tell us all about it, so I'm telling him all about it but he doesn't want to listen because I'm telling the truth.

MR. DOERN: He doesn't like it. He doesn't like it.

MR. EVANS: I'm telling him the truth. He doesn't like it because the truth hurts.

MR. DOERN: Right. Look at him squirm.

MR. EVANS: Saunders Aircraft. You know, fortunately - I was there yesterday morning and they have 80 people now - fortunately there are about 20 to 25 former CAE people. At least there is some opportunity for them - high wage, high technology and decentralized. At any rate, Mr. Speaker, we could go on and give other examples and other explanations but I'm getting tired of repeating myself and I simply will leave it at that.

Now there were other members of this House who had various concerns about the way the department was operated. They had concerns about our sun symbol. Incidentally, that particular symbol I think is a symbol that we have to be quite proud of because it symbolizes the clean environment in Manitoba and, Mr. Chairman, we're going to try to keep that environment clean. We're going to try to keep it clean and that is part of selective growth. The sunshine - the symbol of a friendly province, symbol of a sunny province, symbol of a clean environment province, and a symbol of a province that has a damn good government. I'm glad to see that the Premier elect of Saskatchewan has in a statement attributed some of his success at least to the assistance of the NDP Government in Manitoba.

(MR. EVANS, cont'd.) . . . . .

But please, Mr. Chairman, I object to the members opposite saying, when they talk about flamboyancy, then going on very quickly and equating flamboyancy with some public relations and some advertising. Who said we shouldn't do some advertising and who said we shouldn't do some public relations? Of course, and we'll do a lot of it and we're doing it for a lot less money incidentally. You can look at the budget of a couple of years ago and see we're spending a lot less money but I think we're spending it more effectively. I think last year we had a series of paintings by school children in Manitoba. These were the basis of various ads in various magazines and I think that this was a very effective way to get the message across that Manitoba was a good place to live and a good place to do business in.

You know, when I talk about flamboyancy I'm talking about -- and I went to this, I was a Professor of Economics in Brandon, I remember being invited to the Metropolitan Theatre and here we are, a thousand or two thousand people. I don't know how many, and we were treated, we walked in and all of a sudden the lights went out and the spotlights went on a group of girls and a group of boys and the drummer boys came marching in, the teddy boys came marching in to the tune of the Spirit of '70, so-called, but it was really a take-off from the American Revolution and the spirit of 1776, and we as a member of the Commonwealth with out British parliamentary system, and my wonderful friends in the Conservative Party who I think appreciate that connection, I don't see how you could have possibly bought a slogan for the Department, or a slogan for the province which related to the American revolution, a revolution of colonists against the British Empire of the time. At any rate, to me it just wasn't appropriate but there it was, the spirit of '76, the Spirit of '70 in the guise of the Spirit of '76.

Well, at any rate, Mr. Chairman, let me go on because I really don't think this subject is worth discussing, this question. I wanted to mention very briefly a point that was brought up by the Honourable Member from Riel who said, you know, in the Department of Industry and Commerce we've got a serious situation, there's a rapid turnover of personnel and this is something we can't afford to have and it shows that not is all well in the State of Denmark. You know, if this were the case I would indeed be concerned. But let me just quote him some statistics to allay his fears and to allay everyone's fears.

The number of professional people -- and I haven't got the statistics for the clerical people but I think he's probably more interested in the professional personnel in the department -- let me read the statistics and they would show you that the rate of turnover among this category is no different, in fact a little better than it has been in the past. In 1967 eight professional employees resigned during the calendar year of 1967 -- you know, that was before we came to power. In 1967 eight resigned; 1968 -- nine resigned; 1969 -- seven resigned; and 1970 -- seven resigned; we're half way through 1971 and only two have resigned. So I don't know where he gets his observation that we've got a vast turnover of professional people because that is not the case, and here are the records from our accounting department and we've only had two people resign and we're half way through the year 1971. Compare that with 1968 when nine people resigned in the year. -- (Interjection) -- Lorne Dyke is with TED. Well at any rate, Mr. Chairman, let me go on; let there not be any apprehension that there is droves of professional people leaving the department because this is just not the case.

One other point, the question of research and development. Well it's true, Mr. Chairman, that we have not adopted the report of the Economic Development Advisory Board on how we should organize the research and development authority in the province. I read the report, my staff read the report and it was a good report. Incidentally, the Honourable Member for Riel is quite familiar with it because I believe -- I stand to be corrected -- but I believe he was on the sub-committee that made the report up so he should know whether it was a good report or not, but at any rate having said that, the fact that we have not yet adopted all of the recommendations of that report, it doesn't follow that we are negligent in promoting research and development in the Province of Manitoba as it applies to industry; in fact the reverse is the case. We have had more activity in the research and development field for industry than has ever existed in the Department of Industry and Commerce.

You know, when I took over I noted that the Manitoba Research Council -- and I am not critical of my friend from Riel who was a former Chairman of the Manitoba Research Council and I'm not being critical of the previous council -- but I do think that we now have probably one of the most active and one of the most effective councils that has ever existed. We have Dean Shebeski of the University of Manitoba as Chairman and we have a lot of new blood from industry and from the universities in this province.



(MR. EVANS, cont'd.)

The fact is that this committee will now have a full time Research Director in the person of Dr. Trick, who I told you was amply qualified in this area having been for years and years in the field of industrial research, in the field of applied research. We have established a program of industrial enterprise fellowships; we've awarded these to various teams who are now working on projects at the university; we've established four Centex committees who have identified already seventeen areas of research activity which could contribute to centres of excellence of production in the Province of Manitoba. As a matter of fact, I'm advised we have approximately 50 people engaged in these committees. These are 50 people who are volunteering their services to help us identify opportunities. -- (Interjection) -- That's right. Well no, we've identified the opportunities but I think there has to be additional work done.

We have obtained monies from the Federal Government, more than has ever been obtained before, the program for the advancement of industrial technology grants, otherwise known as PAIT grants, we obtained \$700,000 in this past year which is an all-time -- which is a record. We have obtained in addition \$850,000 in IRIP grants, that is Industrial Research Incentive Program grants, from the Department of Industry, Trade and Commerce in Ottawa. So we are increasingly using federal programs for applied research and development in Manitoba industry.

We are now planning to conduct detailed surveys of research facilities and activities in the private and public sector so that we will know very specifically what does exist and what does not exist in the province in the way of activity.

Now the gist of the report that my honourable friend from Riel refers to, the gist of the recommendation, or one of the major recommendations is that you set up another agency. And you know, I'm not rejecting that idea outright, but I just don't think that this is the time to move in that direction. I think that we've got a lot of people at work who were never at work before. I refer to these 50 people on the Centex committees, and to create another agency to do more research and to pay -- I mean we're criticized for enlarging the civil service, we're criticized for enlarging the bureaucracy. I know the report said it be independent of government, but if it's financed by government it's something like a Crown corporation, it's another agency and it means hiring more people and, as I said, I am not entirely against the idea but I don't think that it's a wise and prudent expenditure at this point in time at least. So I say categorically I want to thank the Honourable Member for Riel for his contribution incidentally in making that report, and the other members that made up the report, I really want to thank them. They've done good work, they've made some good recommendations but we just feel that this is not the time to implement the major recommendations.

Now, Mr. Chairman, if I could just pass along because time is running out, the Honourable Member from Rhineland - I was going to say Winkler because I hear that name so often from the honourable member's seat, from his place in this House - made references to a few matters. McKenzie Seeds report, this can be made available and will be made available. The information can be made available and incidentally, as I said, the Act now requires the government to make available detailed information on those companies in which it does have equity and that would include McKenzie Seeds. I am very anxious for the next annual report because it's going to show a very substantial improvement over last year.

The honourable member made reference to some reduction in spending in some parts of the department, or at least in the money that's being asked for. I would just say, Mr. Chairman, in answer to this that we believe we're going to spend the money more effectively than ever before. As a matter of fact we can document this very easily. The monies that were asked for in some pastures were not entirely fully spent. In fact there was always a large amount left over and there's no point in allocating monies if you can't spend them and therefore, Mr. Chairman, I have no apology to make about this matter.

I want to make one report with regard to the provincial bank. I know the Member from Rhineland is extremely interested in this subject. The committee authorized us to do certain research and investigations. I have given, I think, two progress reports; I have another progress report available and I hope to have it in everyone's mailbox, I mean the members of that committee, the mailboxes of the members on the Economic Development Committee of this Legislature by Monday, and I would like them to read it. I would like them to ponder it and to give me their comments and criticisms and their questions both in writing or orally if they so wish. But I feel that there is a report that -- we have made some further progress, we have more information on this subject and I think that it is time that I make this available to

(MR. EVANS, cont'd.) . . . . the committee members for their perusal. You know, we could call the committee together and give it out and I could read it out and so on but to me, Mr. Chairman, this may be a bit of a waste of time. I think the more effective way is to simply distribute it, you'll have the information and then we can always discuss it subsequently.

Now there is another matter, Mr. Chairman, and that is the matter of Western Flyer Coach, and I did promise that during my Estimates I would make a complete statement with respect to the history of Western Flyer Coach, and with your permission I have a 16 page report giving the complete history on this Company and with your indulgence then, Mr. Chairman, and honourable members, I would like to take a few minutes to talk on this matter of current interest to Manitobans. And just so that the press won't get too overawed by the amount of material that we may be reading, I have copies for them, and as a matter of fact I can table maybe one or two or as many copies as the House desires.

Well, Mr. Chairman, a matter of current interest to Manitobans, namely the financial history of Western Flyer Coach (1964) Limited. Over the last few weeks a number of statements have been made by members of the Opposition and former officials of the Company which I feel require, on my part, a reasonably detailed explanation of the Manitoba Development Corporation's role in the company's development, both before and after to the election of this government in June of 1969. And incidentally, in case the press is wondering, we're wearing our roses today because it's an anniversary date, an election anniversary date. -- (Interjection) -- Yes, it's a day for celebration. Much of the information that I will be providing is extracted from the Manitoba Development Corporation files with the express consent of the Company of Western Flyer and Mr. T. J. Ault. I would stress that in doing this I am not establishing a precedent, but rather, I am seeking to undo much of the damage which has been done to the image of Western Flyer by critics of this government; critics, Mr. Chairman, who appear to be more inclined towards scoring political points than presenting to the public an honest picture of the subject they are discussing.

Western Flyer is now a manufacturer of transit, trolley and school buses. These vehicles are completely built in Manitoba by the Company and only the school bus chassis are brought into the province purchased from companies in Canada. Since 1964, there has been considerable contact between the company and the Manitoba Development Corporation and its predecessor the Manitoba Development Fund.

In the fall of 1964 Thiessen Holdings Limited and Western Flyer jointly applied for a loan of \$325,000 to cover the costs of building new production facilities for the company. Thiessen Holdings Limited is the name of a holding company set up by the original owners of Western Flyer. The Board of Directors of the MDF decided that a loan could be extended to the applicants with the provision of adequate guarantees from a number of associated firms owned by the principals of Western Flyer. As the owners of Western Flyer did not wish, at that point, to make commitments on behalf of these other firms, no further action was taken.

The firm proceeded with expansion of its facilities by means of a lease option agreement. At the same time the Manitoba Development Fund, at its own expense, retained Mr. Thomas J. Ault as a consultant to prepare a report on the company's operations and future development. Mr. Ault, President and Chief Executive Officer of Saco-Lowell of Boston, had senior executive experience with a number of major automotive suppliers and manufacturers. Some of the companies with whom he had previously been associated were the Budd Company of Detroit; and the Borg Warner Corporation, which has extensive operations in Canada, for which he had worked 23 years. He also served on the boards of a large number of other companies and non-profit organizations. His record of achievements certainly suggested to the MDF that Mr. Ault was well qualified to conduct a review for the Fund of Western Flyer's operations. In his report, Mr. Ault made a number of recommendations concerning the operations of the plant, and offered his opinion that the basic soundness of the company's product combined with an improvement of the firm's production techniques indicated a promising future for the company.

In May of 1965 Western Flyer again applied to the MDF for a loan; this time for \$500,000. The additional sum, that is the amount in excess of the original \$325,000 was requested at the time Western Flyer was designing a new vehicle to replace the original 'Canuck' type coach manufactured almost exclusively for the Department of National Defence.

In this latter application the principals of Western Flyer offered the support of the other companies they owned, and at the same time some financial information was provided on these companies. The Board decided that it could not accept Western Flyer's application. The

(MR. EVANS, cont'd.) . . . . owners equity amounted to only half of the loan that was being requested and there was serious concern that the firm's earnings over the next few years would not be sufficient to service a loan of one-half million dollars.

In the fall of 1968, following a series of share transactions involving new principals, Western Flyer again approached the Manitoba Development Fund for financial assistance. In December of 1968 the Fund notified Western Flyer that it agreed in principle to a loan not to exceed \$550,000. This loan was to be used to enable Western Flyer to purchase property that it had previously been leasing so that it could construct an addition to its plant, to purchase equipment, and to provide working capital. There were several conditions associated with the offer including the provision of guarantees by two companies owned by the principal share holders, and certain personal guarantees. Another condition was the the Manitoba Development Fund, at its own expense, hire a consultant and that this consultant provide a satisfactory report on the company's plans and projections. In this connection Mr. Ault was again asked to examine the company's affairs and in February of 1969 he submitted his report in which he made a number of detailed recommendations regarding the management structure of the firm. Mr. Ault had no further contact with Western Flyer or the MDF until June of 1969.

In February of 1969, Mr. D. J. Kennedy was appointed Vice President and Director of Marketing for Western Flyer. Mr. Kennedy came to Western Flyer following a period of employment with General Motors Corporation, marketing transit motor coaches. In April of 1969 the Board of Directors of the Manitoba Development Fund met to review Mr. Ault's report and also to meet with Western Flyer's Vice President and Director of Manufacturing, Mr. S. Maurmann and Mr. Kennedy. Both indicated to the Board that there were a number of areas where improvements could be made in the management of the company's operations. During April the MDF attempted to secure personal financial statements in support of the guarantees which had been requested by the Fund as conditions of a loan to Western Flyer. The Fund then sought a further meeting with Messrs. Maurmann and Kennedy, but permission to do this was denied by the President who felt he should speak for the company. On April 21st the Fund notified Western Flyer that its application could no longer be considered on the grounds that the MDF had been unable to obtain sufficient information. In a letter to the President of Western Flyer the Chairman of the MDF referred to Western Flyer's reluctance to permit discussion between MDF representatives and senior officials of the company. In May, the President of Western Flyer wrote back to the MDC requesting the grounds for the withdrawal of Western Flyer's application. The President stated that in his view he had answered all the questions which had been put to him by the directors and staff of the Fund.

Subsequently, the principals of Western Flyer began examining the firm's capital structure with the intention of increasing equity investment in the firm. Early in June, one of the principals contacted Mr. Ault to ask his advice with respect to a proposed public offering. Mr. Ault advised the principals not to proceed with the proposed offering in view of the then prevailing state of the stock market and the absence of a firm underwriting commitment.

The principals of Western Flyer, however, continued with the public offering of stock. It was hoped by company officials that this would provide Western Flyer with at least half a million dollars and perhaps one million of new capital. In addition, Western Flyer sought a temporary loan of a half million dollars to repay an outstanding bank loan. In July, following a visit by the President of Western Flyer to the office of the new Premier, Western Flyer was again referred to the Manitoba Development Fund. On August 5th Western Flyer made a formal request for a loan of \$500,000. On August 20th the Manitoba Development Fund notified Western Flyer that it was prepared to offer the firm a short-term loan of \$500,000. This was to be used to meet short term commitments until such time as the company was able to arrange financial support from other sources. The loan was to be repaid in full by June 1st, 1970.

In late August Western Flyer Coach found that it was not possible for it to successfully arrange a public stock issue and requested the MDF to consider a long term loan of \$1,000,000. The MDF advised Western Flyer in early September that it would not consider Western Flyer's application for a \$1,000,000 loan but that the August 20th offer of a short term half million dollar loan was still open, provided the company could arrange the equity capital it had undertaken to raise.

Following the unsuccessful financing attempt, on September 16th, 1969, an officer and director of the company flew to Detroit to invite Mr. Ault, who was then President and Canadian Executive Officer of Avis Industrial Corporation to take over Western Flyer and to become

(MR. EVANS, cont'd.) . . . . the Chief Executive Officer of the company.

As a result the principals of Western Flyer began negotiating with Mr. T. J. Ault the terms and conditions whereby Mr. Ault would acquire all their common stock in the company in anticipation of his being able to protect their original investment. One of the underlying conditions of the negotiations was that the Manitoba Development Fund provide assistance to the company. The equity interests of the principals of the company were to be converted to preferred stock. This proposal was found acceptable by the principals of the company - and I'm talking about the original company.

Mr. Ault began an immediate investigation of various possibilities with respect to the solution of the company's problems and determined that there existed a possibility to acquire considerable additional manufacturing space through the use of the Fieldmaster Industries Plant at Morris, Manitoba. Mr. Ault then approached the MDF with a tentative proposal to consolidate the facilities of both Western Flyer Coach and Fieldmaster to effect a sizeable and viable bus manufacturing facility in Manitoba. Following discussions with Mr. Ault and a review of his proposed plans, the MDF notified Mr. Ault that it agreed in principle to a loan of \$650,000, providing that the following conditions were met.

- (1) That a holding company owned by Mr. Ault be established to acquire all the common stock of Western Flyer Coach (1964) Limited and Fieldmaster Industries Limited, and
- (2) That the \$750,000 owing to the Fund by Fieldmaster be guaranteed by the newly formed holding company.
- (3) That Mr. Ault introduce new products to the company.

In November of 1969, due to circumstances beyond the control of Mr. Ault, the Development Fund was forced to place Fieldmaster Industries into receivership. As a result, Mr. Ault was compelled to alter his plans significantly to achieve the objective at creating a viable bus manufacturing facility in Manitoba.

It was then found necessary to effect a cash purchase of the Fieldmaster assets in Morris, Manitoba in order to enable the Receiver to satisfy the claim of the Development Fund. This resulted in an increase in the cost of the project of \$750,000.

In December of 1969, Mr. Ault informed the Fund that agreement had been reached whereby he had optioned all the common shares of Western Flyer Coach (1964) Limited and that this company would tender to the Receiver for the purchase of the assets of Fieldmaster Industries Limited at Morris. The Fund was then asked to consider a loan to Western Flyer Coach in the order of \$1.75 million to \$2 million, in that order, depending on the arrangements finally reached between the Receiver of Fieldmaster and Mr. Ault.

At this point we should consider the position of the Manitoba Development Fund insofar as Fieldmaster Industries was concerned. The Fund had lent Fieldmaster \$750,000 and the company had established a plant in the town of Morris to build agricultural implements. For a number of reasons Fieldmaster was not nearly as successful as was anticipated in penetrating the agricultural implement market. It is important to keep in mind that during the years 1968 and 1969 the agricultural economy in Western Canada and elsewhere was very severely depressed. Many major national manufacturers of agricultural equipment were forced to severely cut back their production capacities. Smaller manufacturers faced an even more serious situation in that their reserves were inadequate to carry them through this period of economic trouble. Fieldmaster found itself in this latter category. Unfortunately, market conditions were extremely depressed and it became apparent that the Morris plant could not sustain the production of agricultural equipment. Fieldmaster requested that the company be placed in receivership to protect the corporation's investment. This was done on November 12th, 1969.

Following the request for public tenders for the assets of Fieldmaster, Mr. Ault had Western Flyer Coach submit a bid for the firm's building, inventory and equipment, and it was found that the offer made by the company was the only favourable one received.

On January 12th, 1970, the Manitoba Development Fund sent a letter of offer to Western Flyer, under its new ownership, for a loan of \$2 million. Of this amount, \$750,000 was to be used to purchase the assets of Fieldmaster. Three conditions of the offer were:

- (1) that Mr. Ault personally guarantee repayment of \$100,000;
- (2) that Mr. Ault re-establish a satisfactory line of bank credit of \$500,000; and
- (3) that 25 percent of the outstanding common stock of Western Flyer Coach be transferred to the Manitoba Development Fund for \$1.00.

(MR. EVANS, cont'd.)

Interest was to become payable on July 1st, 1970, and repayment of principal was to commence on July 1st, 1975. This offer was accepted by Western Flyer and arrangements for disbursement of the loan were soon completed.

It was recognized by the Manitoba Development Fund that the loan would be marginally secured and that the past history of Western Flyer had not been encouraging. Nevertheless, it was considered that the company's prospects for developing into a major manufacturer were good as it was beginning to gain acceptance in a market where previously only one firm had been active, namely General Motors Corporation.

The new owner of Western Flyer, Mr. Ault, brought with him a record of success in several large business ventures as well as a record of successfully turning around a number of other unprofitable companies. This he had done by stressing product diversification and his plans for Western Flyer similarly included the manufacture of a number of new products, including school buses.

During Western Flyer's negotiation of a loan from the MDF, discussions were also started with a chartered bank for a \$500,000 line of credit, and as well with the Federal Department of Regional Economic Expansion for a grant of approximately the same amount. Western Flyer was successful in both of these endeavours. However, Mr. Ault was obliged to personally guarantee an additional amount of \$100,000 to the bank.

Following completion of the re-organization of the firm's ownership in February, 1970, a new Board of Directors was elected. Mr. Ault became Chairman and Chief Executive Officer and Mr. Kennedy, formerly Vice President and Director of Marketing, became Western Flyer's President and General Manager. Measures were immediately instituted to:

- (1) bring suppliers accounts into a current position; some had been paid very late previously;
- (2) control Western Flyer's inventory situation, which at the end of 1969 contained a large number of parts no longer in demand for production or service purposes;
- (3) dispose of the inventory of agricultural equipment Western Flyer had acquired from Fieldmaster Industries Limited; and
- (4) prepare the Morris plant for commencement of production of buses by the summer of 1970.

With this approval of the directors of the company and the MDF, Ault Industries of Detroit was retained by Western Flyer to provide consulting services. Ault Industries is a consulting firm established by Mr. Ault, employing a number of persons with automotive marketing, manufacturing and engineering skills. In addition, Ault Industries Detroit office was to act as a purchasing bureau for Western Flyer due to its location in the world's largest automotive equipment manufacturing and supply centre. Western Flyer was to receive, on a full time basis, managerial, engineering and other forms of technical support. Western Flyer was also to take possession, without compensation, of an invention or an improvement made by Ault Industries in the course of its work for Western Flyer.

While a fee of \$200,000 U.S. had originally been contemplated, a fee of \$125,000 U.S. plus out of pocket expenses was finally agreed upon. From January 1st to December 31st, 1970, these expenses amounted to \$30,615. Mr. Ault received no salary during 1970 from Western Flyer.

During the spring and summer of 1970 Western Flyer aggressively developed its transit, trolley and school bus marketing programme and contact was made with transit authorities across the country. Concurrently, Ault Industries was developing markets for the company in the United States. As the Western Flyer product was new to the market, a number of transit commissions expressed interest in leasing vehicles for periods in order to assess the reliability of the company's product. This required that Western Flyer manufacture four vehicles of which three were leased to the City of Ottawa and one to the city of Edmonton.

Mr. Chairman, it's obvious that I am not going to be able to finish the 16 pages by 4:30. Could I have leave of the House to have an additional five minutes to complete?

MR. CHAIRMAN: Due to the intention of the Minister to circulate the . . .

MR. EVANS: Well, Mr. Chairman, I will circulate it, but the fact of the matter is there was so much concern on the part of the members opposite that I felt that I should stand up and read it and I think that's the proper way, and I would ask leave of members of the House for another five minutes to complete it.

MR. CHAIRMAN: The Minister has asked for leave. Has he leave? (Agreed).

MR. EVANS: Thank you very much, Mr. Chairman.

This required that Western Flyer manufacture four vehicles of which three were leased to the city of Ottawa and one to the city of Edmonton. As the cost of building demonstrators had not been included in Western Flyer's original operating budget the company found it necessary again to approach the Manitoba Development Corporation. A loan of \$150,000 was requested and as security the MDC took a specific charge on all vehicles manufactured for leasing and demonstration purposes.

In the meantime, differences of opinion had arisen between senior operating officers. It was held by some of the operating officers that Mr. Ault should maintain closer control of the company and that the administrative support offered by Ault Industries could be more effective. The more serious differences of opinion involved Mr. Ault, Chairman of the Board of Western Flyer and Mr. Kennedy, President of Western Flyer.

In mid-October Mr. Kennedy's lawyer, with the permission of his client, handed me a copy of a confidential report describing several of Mr. Kennedy's concerns. I trust honourable members opposite are listening very carefully here, because this was subject of a lot of controversy a few days ago. As Mr. Kennedy has already publicly stated, it contained a reference to a number of expenses that Western Flyer was paying on behalf of Mr. Ault. Insofar as these matters concerned a financially troubled client of the Manitoba Development Corporation, for which I happen to be responsible, I instructed the Chairman of the Economic Development Advisory Board to conduct an immediate investigation into Mr. Kennedy's allegations. It was understood by the Chairman, Dr. B. Kristjanson, that in the course of conducting this review he was not to make it known that I had received a report prepared by senior operating officers of the company. On my behalf, Dr. Kristjanson met with representative of the Manitoba Development Corporation, the officers of Western Flyer Coach and Mr. Ault.

Following his meetings, Dr. Kristjanson reported that the company was meeting all of its commitments to the MDC and that Mr. Ault was acting within his rights as the owner of Western Flyer. Dr. Kristjanson also recommended:

- (1) that additional attempts be made to reconcile management differences;
  - (2) that Mr. Ault take up residence in Manitoba;
  - (3) that the MDC review its equity position should the company require additional funds;
- and
- (4) that Western Flyer pay no further management fees.

All of these recommendations were acted upon, though it was not possible to completely reconcile the management problem.

It has been further alleged that certain personal expenses of Mr. Ault, specifically the cost of maintaining and furnishing an apartment in Winnipeg, had been borne by Western Flyer. I am pleased to report that while such charges were initially paid by the company, we have established to our satisfaction that all such costs have been reimbursed to Western Flyer Coach.

Unfortunately, Mr. Kennedy's relationship with Mr. Ault continued to deteriorate and on January 4th, 1971, Mr. Kennedy's resignation as President and General Manager was requested with the full knowledge and consent of the MDC. However, I believe it may be stated that Mr. Kennedy ably conducted Western Flyer's marketing program. It was agreed that Mr. Kennedy should receive severance pay equivalent to 6 months salary in the amount of approximately \$15,000. In other words, they paid Mr. Kennedy \$15,000 for the six months' severance period.

In tendering for a contract to supply buses to the city of Montreal, Western Flyer was required to deposit with the city the sum of \$150,000 repayable to Western Flyer Coach when the company fulfills its supply and service obligation to the Montreal Transportation Commission. Upon receipt of this money Western Flyer Coach is to forward it to the Manitoba Development Corporation together with a sum to cover the MDC's legal and administrative costs in making the loan.

On February 22nd, 1971, Mr. Ault, now President and General Manager of Western Flyer Coach, formally requested the Manitoba Development Corporation to consider an equity investment in the company. Western Flyer was in serious need of working capital and further borrowings would not resolve the problem. Unfortunately, many Canadian transit authorities had cut back in their 1970 purchasing requirements due to generally depressed economic conditions. During the year Western Flyer had captured a promising share of the Transit Bus market;

(MR. EVANS, cont'd.) . . . . . However, the significantly reduced purchases of transit coaches more than offset the benefits of Western Flyer's market penetration. It is expected that in 1972 the transit bus sales picture will improve as it appears that very few transit authorities will be able to defer substantial vehicle purchases beyond 1971.

As there existed a very pressing need for additional funds to meet current commitments, the MDC in March, and subsequently, approved temporary loans aggregating \$650,000. Monies were disbursed on the condition that Western Flyer recognize that it was being offered funds on an interim basis only, and would be subject to immediate repayment at such time as a decision was reached by the MDC concerning the firm's long term capital requirements.

We have now indicated our approval of the agreement which has been negotiated by the Corporation with Mr. Ault, the Company, and other parties, concerning the refinancing and capital restructuring of Western Flyer Coach.

This agreement in summary provides:

(1) That the MDC will acquire a total of 74 percent of the voting common stock of the company in consideration of the MDC undertaking to invest \$1,800,000 in newly created preferred shares.

(2) That Mr. Ault and the management group of Western Flyer Coach will be permitted to re-acquire approximately one-third of the common voting shares of Western Flyer Coach held by the Corporation (i. e. 23 percent of the total issued and outstanding shares) over a ten year period, based upon satisfactory performance of the company.

(3) That the management salaries will be set.

(4) That MDC will exercise close financial control over the company's activities.

(5) That Mr. Ault's guarantee to the Corporation will continue, though it will be reduced from \$100,000 to \$75,000 in consideration of his release of common stock to the MDC.

We anticipate, that with the satisfactory negotiation of this agreement, Western Flyer can look forward to a promising future in the transportation field. The firm has had more than its fair share of troubles and the unfavourable publicity which has resulted, much of it unjustified, Mr. Chairman, has not enhanced the company's image. In view of this we should all do whatever we can - may I repeat - in view of this, we should all do whatever we can to ensure that no future opportunities are missed. I would stress that we are determined to make every effort to see that the firm continues to make a significant contribution to the economy of Manitoba. Thank you.

MR. CHAIRMAN: By leave, we have two minutes left. 56 (a) (1) -- passed; (2) -- passed; (3) -- passed. Committee rise. Call in the Speaker.

#### IN SESSION

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

MR. BOYCE: Mr. Speaker, I beg to move, seconded by the Member for Flin Flon, that the report of the committee be received.

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

#### PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: On the proposed motion of the Honourable Member for Assiniboia. The Honourable Member for Churchill. But before I call the honourable member I would like to indicate to all honourable members that the honourable member did speak for 15 minutes under the previous rules. Now we are into the new rules which allow him 20 minutes, so he really has 25 minutes according to -- or 20 minutes left. Is it the will that he goes the full time or shall we divide it? Agreed that he goes the full limit? (Agreed). The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): I'll split the difference with you, Mr. Speaker, and try and keep it short. I realize that I had used a fair amount of time last time when this subject came up. It's hard to speak to something after a few weeks and not refer back to what you did say in the first instance. I'd say, Mr. Speaker, that in my thinking towards education in the north and what the north can provide as education for all of Manitoba that we shouldn't refer back to a recent proposal that was placed before the government, and passed incidentally by the University of Manitoba, Brandon University, University of Calgary, Lethbridge, Saskatchewan, University of Winnipeg and the University of Alberta. I think that it shows that there's a meeting of the minds at the academic level and I would hope that this would pass on to those

(MR. BEARD, cont'd.) . . . . in charge of the economics of education in the Province of Manitoba.

The universities have done quite a lot of research and as I said last time, they had proven that there was interest in many of the different academics that we consider important in Manitoba; and particularly if we are going to have an orderly development of the north, then I believe that the university must be one of the places that we would place priority so that the answers to these problems can be passed on to one and all, rather than have it under the cloak of individual departments of a government or private enterprise.

The research interest in the north followed many things that one would wonder why professors would be interested in it, but they have agricultural engineering, the anatomy, animal science, anthropology, architecture, art biology, botany, civil engineering, earth sciences, economics, electrical engineering, entomology, food science, geography, home economics, clothing and textiles, family studies, foods and nutrition, internal medicine, medical microbiology and microbiology, ornithology, physics, plants, science, psychology, social work, sociology, social sciences and zoology. It's a long list and perhaps some of them are ahead of their time, but if you review them, Mr. Speaker, you will find that those are things we need to know before we move into a different climate and into different motives of transportation, etc., which are necessary in an almost altogether new country. I would hope that the members of the Legislature would keep this in mind as they consider the advisability of either a research centre or a northern university in the north. Quite frankly I think that we should take one step at a time, a large step, and I believe the research is the most important thing and it would allow us to touch on many of the subjects that have been outlined in this program that was suggested by the many universities.

Certainly the University of Saskatoon has done a great deal toward developing information on the north and I would congratulate them on their long-term thinking and I would hope that the other universities would catch up with their type of interest in opening the northern frontier. Certainly we hear about it from day to day at the federal level where people are concerned about the ecology, the movement of oil, etc., and I think this is one place where we must get interested too because there is money available, if the pipelines are put in the right place then they will provide revenue for each province that it goes through. I believe this is very important and I think it's more important still to have people that are living in the north be asked to give the advice rather than people who have not lived in the north. Certainly I can point out many things that should have been done in the city of Thompson but this is hindsight, but still I think it came from the fact that our architects were not familiar with the north and so consequently they found it difficult to really find out what the people in the north would claim as being a necessity.

Again, as we go forward from one area to another we find that - I think the name is Snider if I'm not mistaken - from the research in Ottawa has outlined 41 subjects that we could become interested in, 41 potential projects, and these are ones in which the Federal Government are prepared to put up the money. This always sounds nice when you're representing provincial constituencies, but they are interested in such things as design of northern settlements, the design of northern housing and rather, they say, than carry forward those types of housing that have been used in Europe many years ago and the immigrants brought those ideas forward and they have carried them through. But the climate is much different up north and they are going to have to review the whole complex of housing, business, etc. to combat the different weather conditions. They may say that you have to be mentally unbalanced to live in the north but there is a lot of people proving that they want to go north and they want to stay in the north. With this kind of hopeful thinking I believe that government would not be too far ahead of itself if it did have some suggestion to offer towards building a research centre or a northern university with campuses throughout the north. Flin Flon, The Pas, Thompson, Lynn Lake, Snow Lake and Churchill will all be looking forward to what this government will do toward broadening the educational system to the university level, and I might say without taking funds from the public school area which is so necessary. But this is another thing and this is one in which we can develop the north in the north rather than coming south and being educated on ideas that really are not relevant to living in northern Canada. And I might state that at this time Northern Canada and the Western Provinces have approximately two-thirds of the land mass of Canada - at least half of Canada is in the north and I believe this gives it the necessary priority that should be at least offered and looked into by the Government of Manitoba. Thank you, Mr. Speaker. I trust I haven't taken too long.



MR. SPEAKER: The Honourable Member for Flin Flon.

MR. BARROW: Mr. Speaker, I'd like to say a few words on the member's resolution - from Assiniboia. I don't think that anyone can deny that the cost of post-secondary education for northern students is high. Surely the cost of transportation and board away from home are a burden on those northern families who must send their young people to the south to be educated. Having brought my family up in the north I was confronted by these problems along with my neighbours. Although I am not an expert in the field of university education I know that even in the south where numbers are great, students are faced with a financial hurdle in order to attend universities. If this is the case in the south where you have a density of population, you can imagine the problems and cost involved in providing post-secondary education to university students who come from the north.

Certainly the resolution to provide more post-secondary education facilities is worthy of investigation. There are a number of questions for which we should find answers. For example, we do not know how much more it costs a northern student for a year of education. We also do not know exactly how many students from 53 north are now attending universities, nor the courses they are in; nor do we know how many more people would attend university if there were facilities in the north. We don't know if it is more difficult for students from the north to adjust socially to the city than students from Dauphin or Neepawa. It may be that the experience of living in a larger centre for a year or two is valuable in understanding the total Manitoba community, and this may be an experience which every young person from the north can benefit from.

I know that in the case of teachers from Flin Flon, The Pas, Cranberry and Snow Lake three years ago, that there were not enough to take the education courses to make it feasible to have a professor to fly into the north to conduct the course until this past year; and I think you will agree that for professional and salary reasons teachers are highly motivated to take the university courses. If the teachers' efforts fail because not enough wanted the same courses, I'm sure that there would be equal or greater problems with other segments of the northern population. On this matter I think we should go slowly and perhaps cautiously and find answers to some basic questions so that we might come up with some reasonable and sound alternatives which would help the northern situation and still be acceptable in terms of cost.

I can think of some possibilities. Surely the Keewatin Community College is helping to upgrade the skills of northern people by offering courses in Mining Technology, Field Surveying and Heavy Duty Equipment Operations along with many more courses. The majority of students attending these courses are northerners and will remain in the north to develop its resources. There may be other courses in the Arts and Science fields which could be offered in this already-built facility. I think this is a possibility that is worthwhile investigating.

In northern centres such as Flin Flon there may be demands for certain courses, say in the Mineral Science field. It may be advisable to use existing extension services of the university more fully. In such a centre it may be feasible to locate a professor as a science co-ordinator who would arrange for visiting professors from three southern universities to spend periods of time, say up to one month, providing instruction in course subjects to interested students. We might be able to conduct such programs in buildings that are already there, like high schools. In this way it might be possible for students from these communities to complete their junior years of university education.

Having lived and worked with native northern people I can see a great need developing human resources of these people. I sometimes wonder, when we talk about education, if it is really more important to provide university education which some native people consider a frill, than to provide general education to adult natives so they can take part in our just society. Certainly the Frontier School Division is providing education facilities to the young native northerners, but perhaps more effort should go into upgrading the skills of northern adults whose educational level is too low to permit them to participate in the better jobs in the north.

In many of the northern communities, especially the small ones, there are many adults who never had a chance to attend a modern public school, let alone a university. I believe that whatever help we can give to these people will be rewarded by increased productivity and reduced social services costs; not only for this generation but for generations to come. Certainly the educational conditions, or plight, of the northern original Manitoban is a problem that demands our sincere consideration. I am sure that the members here and the

(MR. BARROW cont'd.) . . . . educators in the province could come up with many other worthwhile and immediate courses of action that could help the people of the north to fit into and take part in the expanding industrial changes taking place.

I would like to read a small article by Mrs. Ingalls, the Superintendent of Thompson. She is Canada's only woman superintendent of schools. "Heather Ingalls of the north Mystery Lake School District exploded what is called the 'sacred cows of traditional education' and outlined fresh direction for a new learning development which is emerging in the modern world in the opening address at the 23rd Annual Convention of the Manitoba Catholic Women's League at the St. Lawrence Parish here over the weekend. Warning more than one hundred convention delegates that an opening speaker can bomb a convention to bits with a controversial address, Mrs. Ingalls said she spoke to women on education as the only one, to her knowledge, to hold a position as superintendent and also as a mother of two teenagers, and that she was in no way a representative of Women's Lib.

"Among the sacred cows that Mrs. Ingalls thought were no longer so sacred and should be sacrificed to the altar of progress was the originally held concept of time that insisted every kid must spend 5-1/2 hours, 200 days a year for thirteen years or 14,300 hours within the confines of four walls to get an education. The preoccupation with silence, rules, regulations and control of movement, even to the extent that every child was conformed by authority to a bathroom break at ten past ten every morning; the tyrant of timetables and grading which automatically exposed the student to passing or failure every year; the domination of students in school to the point where survival means docility.

"In contrast to all this, Mrs. Ingalls said, 'present day educationists are discovering new perspectives. The heart of it is the recognition of every child as an individual with special capabilities to be stimulated and developed. If you were on my staff, responsible for thirty kids', she told her audience, 'you would not be expected to teach a class but thirty individuals who might require half a dozen distinctive ways of approach. The products of a modern education system should be students who have developed a love for learning, a desire to be life-long learners, and with the skills required to keep pace with the world of knowledge which doubles every ten years. The achievements of such goals in students have led education to explore the non-grading and continued learning methods now practiced in Thompson and other open classrooms. The mobile nature of modern society has also had a stimulating change in education as has television, an electronic media.'

"Mrs. Ingalls cited the advance in the knowledge of beginners into the system who have been exposed to the Sesame Street television program. She pointed out to the audience that Grade 1's today are learning the basics of algebra which used to baffle Grade 8's in an earlier era. It is estimated that by the time a youth graduates from high school today he has viewed approximately 15,000 hours of television and taken 500 motion pictures. During the same period he will have spent 11,000 hours in school. 'The electronics era has come too fast and gone too far, and the kids are away out in front!' she said. 'Television is the third parent and first teacher. It is time we tuned in on their wave length.'

"Mrs. Ingalls used the means available to keep up with the vast increased amount of knowledge with a pace that makes learning a joy. She said the realization of this, in her view, lay not in any move to separate schools, certainly not in this community, but a greatly stepped-up united effort on the part of the school administration, teachers and parents. In the teaching profession, the key was unlocking the expectancy teachers have for students. 'A child does not learn only when he is sitting quietly at his desk or when he is reading a book or is listening to the teacher. We need to face the fact that young people are learning all of the time and we need to concern ourselves not just with what we want them to know but what they are finding out on their own. Most youngsters can go far far more than we think they are capable of. Our expectations will determine their performance. Modern education must be a creative process which involves the fullest concern and participation of teachers and parents.' Together on this basis, she thought, the great precept of education which has been nurtured by many years could be realized, a different concept in education."

I would just like to talk a few minutes on my experience with the Frontier Collegiate School in Cranberry Portage and the problems we have with children who graduate from Grade 12. We get employment in cities and some do make it and they stay; but others don't, they can't adjust to city life. So why not educate them in this field, learn them to adjust and what to expect. This takes you into discrimination; education in this line. Let's put it out on the

(MR. BARROW cont'd.) . . . . . table. There is discrimination and you must accept it and face it and cope with it - the natives, I mean.

My colleague the Minister of Municipal Affairs in one of his speeches mentioned a home with a man and a woman and six children, which is not unusual. On reserves and settlements in the north, we have homes with 10 and 15 children. Where does their education come in here, Mr. Speaker? Do we teach the man to earn a living for these children, possibly a salary of 20 to 30 thousand dollars, or do we teach sex education which we have avoided for so long, for so many years. We need education for miners; mining now is a career and it should be stressed. Also, education in the handling of explosives - six lives lost in '68 at Inco and Sudbury through not knowing. And last of all, Mr. Speaker, I think we should think of education in terms of pollution which looks like our next big problem.

I feel I must support the resolution. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I'd like to take part in the debate on this resolution. I have listened to, heard most of the debate on this particular resolution and think there have been some valuable contributions. I think in particular I was interested to hear the remarks of the last speaker here who, I think, drove home a point, that we've really got two problems and we are trying possibly to use the techniques that are typically southern to solve the problems of the north, again by imposing something through this resolution. I am not saying that it isn't without merit, what I am saying is that I think there are expectations that a university per se is the solution to the problems of the native people, and of course as the member has pointed out, the big problems are in providing opportunity through education or training for the native people in the north and whatever you are going to do should be tailored to that requirement. So that maybe the answer is to rather than say we need a university of the north, bang like that, we should turn around and say that this isn't necessarily the answer; what we really need is more answers on how we can offer opportunity to native people, with it coming from the native people to describe to us what they want in the way of higher educational facilities. We've attempted it through the schools that have developed in - I suppose in the mid-Manitoba, in The Pas area, Cranberry Portage and the Keewatin College - but we should be looking at that to find out whether or not a university, as we know it, is actually the answer.

Now, if you're looking strictly at a university, the first question that comes to mind is how practical is this as an answer to the things we need to know about the north. Certainly we still suffer from the problem of southerners going north and imposing their answers on the basis of a technology that doesn't even apply in most cases and a technology that has been based partly on science and partly on rule of thumb, neither of which have been tried out or proven in northern climates or with northern people.

For instance, we find that, as the Member for Churchill has said, many things have been learned in the Thompson area itself because of the experience that they've gone through there as a result of building houses, building roads, building streets, coping with permafrost, settlements and so on, but I understand that we're in the process now of possibly repeating history again at Leaf Rapids where the people of the north who are accustomed to living in the north are saying that the best thing to satisfy people in the north in terms of living accommodation are single family dwellings, despite the fact that the heat loss is high from it and it requires streets to service it, but the southern planners, primarily government planners, are saying multiple units are more economic, you've got to have multiple units, the heat loss is lower, people want to be close together and this makes sense. They're applying the southern theory that should apply in the north but in fact doesn't apply, so we're going to find in Leaf Rapids very likely that we're going to have southern technology imposed on them because of the planners sitting in the government offices of Winnipeg.

Now this gets closer to the problem. What can you do to assist the education opportunity for native people on one hand, and on the other hand, what can you do that allows the development of technology in the north and for the north. And a university may not be the answer. On the other hand, maybe you have to go to something like this in order to do it. You can look at other examples. You have universities in the same latitude, Fairbanks, Alaska and so on where you have the University of Alaska, College of Alaska that serves a very useful purpose there and has allowed the development of a large degree of local technology, but there it's supported by an economy of scale of people, of population, and you don't have a similar population in any one location in Canada at a similar latitude and this works

(MR. CRAIK cont'd.) . . . . . against the establishing of a university as you know it.

If you're going to establish it along the lines of this resolution where you're going to put in technology like metallurgy and mining, well the first thing you do is look at The Pas and the attendance in the mining and metallurgy course there is very slim. You find that the people of the north would rather go to Montana and get the same course because they know in Montana they're going to get a certificate that has more recognition, so you go through the same psychological problem of persuading people that you've got as good a course there as you're going to get elsewhere. It provides some input of technology, but certainly I don't think the success of introducing metallurgy and mining at The Pas would justify one to reach a conclusion that at Churchill you could build a university with a Department of Mining and Metallurgy. I don't think the two go hand in hand. So there are certainly areas where -- and in the majority of them I think that you would have a very difficult time justifying a full-blown course in the sciences on the basis of population or the demand that you're going to experience for the courses when you get them established there.

One of the procedures that has worked reasonably well in Canada is a setup such as they have in Inuvick in the Northwest Territories where you have research laboratory sponsored by a government, the Federal Government, which is open to all disciplines to come in and do their work. Now what this allows is laboratory facilities for the time that they can come in; library facilities where the sociologists can work and so on; and what it does, it allows an atmosphere where you can attract the people from other parts of the world that can use this as their headquarters to work in that area. But this is a staging procedure, and we really haven't even gone through the staging procedure to determine what type of technology or science or sociology or biology is even going to grow and develop in a community, and until we go through that, to think about a university is premature.

At Inuvick the centre is used to full capacity during certain times of the year. It's used to less than full capacity by far during the winter months, but at this time of the year the research centre will be crawling with scientists and sociologists and so on who are working in the general area. The day will come and has already come from a local movement in that area to establish a McKenzie Institute which they hope is the forerunner of a post secondary institution, but that is growing from a natural outgrowth of a local community and is not being superimposed from above or from without or from the south or from the outsiders but is a natural thing that will justify itself in time, but to talk in terms of a massive institution that is going to give all of these things listed here is questionable from the practical point of view.

Given the economy of scale of the population that is there, how you are going to attract people to it, and most important, again to repeat, to decide just exactly what it should do and who it should serve - and I think we all agree that the prime thing that it should serve are the native peoples who have been waiting for opportunity but who have, in recent years at least, been given better opportunity through the financial assistance programs that brings them from there into the standard type of universities of the south.

So if one again is going to think about a university, I think it's only a recognition that there is a problem, but to think of a university as being the answer to that problem is a far cry I think from what is actually needed. You find, for instance, - and we're all guilty of it - anyone from the south who wants to work in the north soon learns that a southerner does not have a real true concept of what is needed, what is wanted and what is appreciated in the north. I think a good example of this is at the University of Alaska in Fairbanks, that between all the states in the United States there's no state that you can go to, one from the other, without paying non-resident tuition fees. If you go from Montana to North Dakota your tuition fees go up by three times what they would be if you lived in that particular State and that home university, but in Alaska, the Alaskan government has a policy that anyone that wishes to come in from what they call the lower 50 will pay a tuition fee which is two or three times as high as if you're an Alaskan, but they have an agreement with the territories, with the Yukon and the Territories, of residency, and you'll find that the kindredship or so on between Alaska, the Yukon and the Northwest Territories is much stronger than it is between Alaska and the southern states when it comes to education.

Now all this proves is that the people that have been bred into the educational system at the secondary level in Alaska have an appreciation for how the people think, what their backgrounds are, the needs that they're going to have and how important it is to satisfy those needs, because the courses and so on that are going to be offered are limited. They know also, they

(MR. CRAIK cont'd.) . . . . all know, whether they live in Alaska, the Yukon or the Northwest Territories, that basically the people living in the south, whether it's the lower 50 or the lower 10 in Canada, do not know what they need, what they want, and what is best for that part of the country. -- (Interjection) -- Certainly.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Was the honourable member - perhaps I misunderstood him - was the honourable member suggesting that non-resident tuition fees at the University of Alaska are three times that of residency and that this is unlike that for example to be found in Minnesota or in most of the states in the south, because it is my understanding that non-resident fees in universities of the southern states, mainland U.S. states, are roughly in that same ratio to residencies, three to one.

MR. CRAIK: I think perhaps I didn't make the main point. The main point was that Alaska, like other states, has this policy with regards to another state, but they forego the policy when it comes to the Yukon and Northwest Territories. In other words, students can go from the Yukon and Northwest Territories to the University of Alaska as if they were an Alaskan. What they're saying is you are a northerner, you can come to our university on the same basis. We don't recognize the fact that there's a boundary between Alaska and the Yukon, so that you're welcome at our university at the same rates that we charge our resident Alaskans.

Now this only underlines the fact that, in the field of education at least, they recognize that people that live in the north and are in the north, regardless of even international boundaries, are still northerners and they have a code of their own. They've developed this university from a land grant program that was made many decades ago. They built up a strong university, but again supported by a local population of possibly 75,000 people in Fairbanks and a population of 150,000 in Anchorage who do support it and are connected by roads and can avail themselves of the opportunities there.

So, Mr. Speaker, I suppose in conclusion that I can't disagree with the fact that this should be given consideration, consider the advisability of, but in "considering the advisability of," it is in the very broadest sense, it's not an endorsement of the fact that what we need here and now is a university at Churchill. Prior to that happening there is much more that could be done, such as forming an institute such as an open house type of research centre where you can attract the people that you want eventually to get interested in the north and live there and teach in the north.

But prior to talking about the establishment of a complete university, which I know Ernie Senior would enjoy to no end in Churchill because he's been advocating a university in Churchill for the past decade or so or since as long as he's been living there, that the first thing that the government might look at is whether or not they could not take their navy base that they now own, or some other facility, open it up as an institute which would be a clearing house for the different scientific interests of that particular area. It takes a long long time to develop scientists in the north who are going to truly understand and be dedicated to the north. In the work that is now going on in the north with regard to the resources development, the strongest component I think of scientific information that has been developed from universities is probably the University of British Columbia.

The Member for Churchill has made reference to the University of Saskatchewan at Saskatoon. I think most of their work has been related to the rocket work, the atmospheric work that has taken place at Churchill. I'm not sure that this is exactly what we want in terms of developing the north; what we want is scientific work that's related to the land. And in the north, and particularly in the work that's going on in the Arctic islands, the strongest component of Canadian work that is going on there is supported by the University of British Columbia at Vancouver, and the scientists that have had the interest and foresight and challenge to work there that are recognized - most of them have a minimum of 15 years experience, maybe 20, some of them 30 - have built up this background and it takes about that long.

Those that have built up this background are now in great demand, but it does take a long long time and the interest areas branch over a very wide sector of interests - biology, permafrost, because basically in scientific terms the only difference between the north and the south, discreet difference, the only discreet difference is permafrost, is perennial ice conditions, and all the other differences from a scientific point of view are differences of degree rather than being discreet differences, and since this group, particularly at UBC, has built up this

(MR. CRAIK cont'd.) . . . . . expertise - I shouldn't rule out the National Research Council because they've done a great amount of work - but since we're restricting the discussion to universities, the University of B.C. with their permafrost group and their permafrost interest and ground ice interest have built the base for a whole technology and science which is now at the position of offering something very special in Canada, and those that have the background in this day and age are in such demand by industry that they have very little time left to themselves in the teaching field.

But again the good ones, the good scientists that are working have not given any more time to the industrial application than they felt was necessary. I know a number of them have moved back into the Arctic for the summer - which is a problem you're not going to get around - they've moved back in for the summer and they'll be back in Vancouver for the winter. I don't think you're going to get around the problem by putting a university at Inuvik or at another location; they're still going to commute on a seasonal basis to do their work.

MR. SPEAKER: The honourable member has one minute.

MR. CRAIK: Thank you, Mr. Speaker. With those reservations, the motion has merit provided it's taken in the sense that the "advisability" or "consideration of" will be given and will include a more basic look than what is indicated in the motion itself.

MR. SPEAKER: The Honourable Member for The Pas. The Honourable Member for Assiniboia on a question?

MR. PATRICK: Would the honourable member permit a question? I take from his remarks that he feels there may not be enough population to support a university. Would he agree, if the University of Manitoba decided to establish, say, a Faculty of Northern Studies to deal with permafrost conditions, microbiology and all types of northern requirements, if the university just establish a faculty say at Churchill, would you agree with that?

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I think that's probably the first move that would be made. What I was concerned about in the resolution when I read the first "Whereas" was that the University of Manitoba has recently announced that it intends to curtail future growth in student enrolment at the Fort Garry campus, and using that as a basis of argument for moving as far north as even Churchill doesn't seem to be a very sound argument, but as far as establishing a Faculty of Northern Studies, if this serves the purpose of providing a clearing house for all interested parties to come in, do their work, find that they're adapted to the north, settle down and let an educational institution develop out of it, that's fine.

MR. PATRICK: I have one more supplementary question. I wonder if the honourable member is aware that almost all universities across Canada have agreed with this part, that there should be a faculty established?

MR. CRAIK: Well, Mr. Speaker, I would be very surprised if there were any universities disagreed with it because they're wanting to expand their activities.

MR. SPEAKER: The Honourable Member for The Pas.

MR. RON McBRYDE (The Pas): Thank you, Mr. Speaker. Mr. Speaker, in speaking to this resolution concerning a university of the north, in northern Manitoba, I would like to relate it to the broader terms of education generally, adult education and research in northern Manitoba. In order to speak on this resolution though, Mr. Speaker, I think we must also take a look at the approach of this government generally to northern development and the role that a backbench member of this government is able to play in relation to northern development, in relation to education research in northern Manitoba.

So, Mr. Speaker, I would like to first of all make a few comments relating to some remarks that the Member for Churchill made in talking about northern development. Mr. Speaker, since we as human beings have to judge things from our own experience, I would suggest that the Member for Churchill is in an unfortunate position in that his experience in government was as a backbencher in the Conservative Government, which is somewhat different, Mr. Speaker, than being a backbencher in this government. Mr. Speaker, he made an assumption when he was commenting on my remarks, and I would guess that because he was unable to influence policy when he was a Conservative backbencher that we are therefore unable to influence policy, and because he had to quit the government because he couldn't get anything done for his area then some of us must be in the same position of not being able to get things done for our area.

Mr. Speaker, I'd like to point out the error in the logic of this government's approach to

(MR. McBRYDE cont'd.) . . . . northern affairs, northern development, as was assumed by the Member for Churchill. Mr. Speaker, I'd like to say first of all that I'm first of all the representative for The Pas constituency; and secondly, a New Democratic Party member. When I ran as a candidate for The Pas constituency I followed certain things of party policy such as auto insurance and reduction of medicare premiums and increased provincial input towards educational costs. Mr. Speaker, I also said a number of things that were not at that time specifically party platforms or party programs. Mr. Speaker, one of the things I said was that there should be a better relationship between the government and the native organizations. Mr. Speaker, this has come about. One of the other things I said, Mr. Speaker, was that there should be increased public housing for northern Manitoba and particularly for The Pas constituency.

MR. SPEAKER: Order, please. I realize that there must be a wide latitude in respect to what the honourable member is debating, but I do think the resolution is in respect to the university of the north and I couldn't hear "university" once in the context of what the honourable member was saying, so I would certainly like to see him get on the topic. The Honourable Member for The Pas.

MR. McBRYDE: Thank you, Mr. Speaker. -- (Interjection) -- I'd like to thank my colleagues for their advice.

I suppose one thing the university could look at is the problem of public housing in northern Manitoba . . . university of the north. Mr. Speaker, this would be a good idea and this would also fulfill certain commitments that I was able to make for my constituency, so that we have five remote area housing units in The Pas and Big Eddy; five remote area housing units at Young's Point in The Pas; we have 100 public housing units being completed in The Pas; and there's 10 units out in the remote area housing program presently under construction in Grand Rapids.

Another area, Mr. Speaker, that persons studying at the northern university might look at is the function and the effect of the Human Rights Commission. Mr. Speaker, this was another aspect that I said that this government was in favour of and would be in favour of if we were elected. Mr. Speaker, it is another thing that was done and is in effect at this point, unlike things that the Member for Churchill wanted to get done and couldn't get done as a member of the Conservative government.

Mr. Speaker, I think another aspect that researchers of a northern university could look at is the way various government departments relate to northern Manitoba. One of my own personal individual platforms in my campaign was to attempt to get a complete change in the approach of the Department of Northern Affairs, and, Mr. Speaker, this has been done.

Mr. Speaker, another thing that the university could look at is the problem of economic development in northern communities. Mr. Speaker, at the time that I was a candidate in the election, I said I would work towards getting an isolated communities development fund, and, Mr. Speaker, as you are aware, in the Throne Speech we have a fund of this type being established, a disadvantaged communities development fund which will be off the ground very soon.

Mr. Speaker, another area that the university could look at is problems around the Forebay agreement in communications and communities affected by the Forebay agreement. Mr. Speaker, I was able to effect this as well, as I said I would attempt to effect. The community at Moose Lake has had a number of changes in regards to the Forebay agreement. In the case of Easterville I had to advise it that I couldn't get these changes and to seek a lawyer to take it through legal action through the courts, and this is what they did.

So, Mr. Speaker, I would like to say that there are a number of areas that the university could look at and a number of things that a backbencher on this side can do to effect northern policy. Mr. Speaker, I don't want to list all the accomplishments that I've been able to get for The Pas constituency, including such things as improved education and university input to northern Manitoba. -- (Interjection) -- Yes, it would probably take a week as the Minister of Highways said, so I'd like to say to the Member for Churchill that just because he couldn't get things done as a backbencher in the Conservative government doesn't mean that we can't get things done as a backbencher in this government. -- (Interjection) -- I just finished listing them. Weren't you listening? I have the whole list here, Mr. Speaker, but since time's running out I'd like to make a couple of more comments, Mr. Speaker.

MR. SPEAKER: Order, please. The hour is 5:30, and the House is now adjourned until 2:30 Monday afternoon.