

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Monday, April 29th, 1963.

MR. CHAIRMAN: Resolution No. 3.

MR. MOLGAT: Mr. Chairman, I have a number of questions here that I am interested in receiving further information on. I thank the Minister for the statement he has given us on this. The amount of the loan, I take it then, will be \$10,000 a month scheduled over a period of 24 months. Now, what will the final security be? The Minister says "first claim on all the assets", which I think is the statement that he made. What is our position insofar as the shares of this enterprise? If we proceed to invest money in this venture, then if it's successful the present shareholders presumably will benefit from the situation. If it is not successful, where do the present shareholders stand and where do we stand? Do we end up then by taking the mine over if this were to be the situation? A mine as a non-operating enterprise would not be too good a security. If it has a possibility of operation, well then it's a different thing, although I would think that this is not quite the venture that most of us, possibly with the exclusion of my friends to the left, but that most of us would like to see the Government of the Province involved in. I would like if the First Minister could give us more details on this matter of security.

The other aspect, or some of the other aspects in which I'm interested is the matter then of speculation on the stock of this corporation at this stage. The stocks went down very badly from a figure of some \$2.00 about a year ago, now down to something in the vicinity of 30 cents, and I think that the promotion recently to get new capital in was not successful and, as a result, it's not likely under the present situation that the stock will improve. But once it is effective that the Province of Manitoba is putting money into the venture, then of course it's an entirely different proposition. I would like to know what protection there has been to see to it that there will be no speculation in the stock and profits to be made. The interest of the House, I am sure, is limited strictly to the welfare of the people at Bissett. I don't think that the purpose of the government's proposal, or that any of the members here are too interested in bailing out promoters who may have got their fingers burnt. The question is the welfare of the province and the individuals here, and therefore it is essential that we make sure that there be no speculation and no possibility of gain as a result of the venture the Minister proposes.

We don't intend, Mr. Chairman, to oppose the second reading of this bill when it comes up. We want to see it go to committee. One principle that I agree with is that, naturally, of industrial development and of assistance to our people. I do not agree with the principle that we should be involved in mining ventures and I think that the First Minister himself is of the same view. So we will not oppose the second reading; we'll not oppose it going through committee; but we certainly reserve our position once we hear from the people at the mine.

Now we'll have a number of questions further, but at this point I'd be particularly concerned to hear from the First Minister on those matters of security and the matters of prevention of speculation. I would hope that he has a list of all the present shareholders and the amount of stock that each of them has. I appreciate that this cannot prevent private deals between people over which we have no control, but at least if he has that information, I think it would be a beginning to the type of protection that is required.

MR. PAULLEY: Mr. Chairman, I too wish to thank the First Minister for giving us a copy of his statement and also copies of a couple of letters between the Mining Company and the Minister of Mines and Natural Resources.

I think, Mr. Chairman, the House would be surprised if I did not say at the offset of the few remarks that I have to make that here again it appears to me that as the result of -- even though as the First Minister pointed out, it's no criminal neglect -- but it does seem to me that here is another free enterprise operation that, through the internal operations of it, may be doomed. My next thought in regard to this, Mr. Chairman, would be to say to the First Minister and his colleagues and the government opposite that if the Bill is passed and the legislation enacted for the participation of public funds to hold this operation at Bissett, I don't want to hear any future references to box factories in Saskatchewan as I heard this year from my honourable friend the Member for River Heights, because of the fact I think that the

(Mr. Paulley, cont'd) government here, at least thus far, is attempting to act in the same manner to protect the local industry as the Government of Saskatchewan found itself in similar position in respect to some of the industries that they had to go into to hold employment in local areas soon after they took over in the Province of Saskatchewan. So I do say, Mr. Chairman, that I can be pretty well assured, at least I hope, that members opposite will leave that box factory buried in Saskatchewan.

Now then, it's rather difficult for us to analyze the whole situation just on the basis of the statements of the First Minister and I agree that the Bill should be given second reading as quickly as possible in order that we may hear from the experts of the San Antonio Mine. I have a few questions insofar as the statement of the Minister is concerned, and I note that he, in his statement, mentioned the fact that some of the obligations that have been undertaken by the company at Bissett -- there is an item in the statement that welfare costs paid by the company amounted to somewhere in the neighbourhood of \$300,000, if I recall -- (Interjection) -- I beg your pardon?

MR. ROBLIN: It would amount to that amount if the mine closed. The amount referred to is an estimate of what it would cost for welfare if the mine should close, and I want to stress that it is only an estimate.

MR. PAULLEY: Oh, you're right. I didn't note the first part of this -- I picked that out. Well I agree, as I mentioned, Mr. Chairman, that this should go to the committee, but it does seem to me, it does seem to me that from the statements thus far of the Premier in regards to this matter, that there is a lot of information still lacking. I'm concerned with the security that we are going to have in this venture, and one of the statements that the First Minister makes deals with the question of "if the company does eventually close down after the loan is made that the" -- on Page 9, Item No. 7, "If the company decides to close down anyway before repayment of the loan, the loan immediately falls due and the government will be empowered to make an agreement with the company to take over the mine at that time if deemed advisable." Now I would like to have a further explanation as to what this might be. Would this mean that the government then would go into the gold mining industry itself?

Also, Mr. Chairman, on the same Page 9, at the top of the page, we find this sentence: "In view of the municipal services that the company now provides at its own expense and in view of their undertaking to invest an amount at least equal to our help in exploration and development of the mine." This is rather significant to me, Mr. Chairman. It refers to the undertaking of the company to invest an amount equal to that of the province. I don't know if the Minister has the answer to the question I'm now going to pose -- maybe that the officials when they appear before the committee might be in a better position to answer -- because I would like to know, insofar as security is concerned, are we going to have the same security insofar as the mining operation and the investment of the province if the investment of at least equal is being made by the mining company itself? I think this is very important that we have this information because the whole operation, it seems to me, will depend on the type of security that the province has insofar as its investment is concerned. And while the phraseology is a little bit different in the statement of the Minister than its direct investment, I want to be assured that the province will have at least equal security with any other investment that is made into the mine at this time.

Also, Mr. Chairman, as I was reading the letters that the First Minister was kind enough to give to us, I noted that there is a letter datelined "Toronto of April 19th to the Honourable the Minister of Mines and Natural Resources", which indicates to me that there must have been some preliminary negotiations or examinations by the Department of Mines and Natural Resources, and I'm wondering whether it would be possible that we might have an explanation as to what is meant by this letter from San Antonio to the Honourable the Minister of Mines and Natural Resources.

Now, Mr. Chairman, I want to say this, that I appreciate the fact that the government's objective in this is to save a community in the Province of Manitoba, and I sincerely trust and hope that the community is saved. I also want to say, Mr. Chairman, that there has been, in the past, industries in the free enterprise system that have failed and, accompanying the failures, other employees have been laid off and let out. We well know the fact that Sherridon Mine had to close down and fortunately, insofar as the employees in that general

(Mr. Paulley, cont'd) area were concerned, that co-incidental with the closing or exhaustion of the mine at Sherridon, a new ore body was found in Lynn Lake.

Now the First Minister mentions the fact in his statement of exploration that is going on at the present time to ascertain the value of the property and the likelihood of success in the future. But it does seem to me, if I recall in my brief glancing over of this letter, that reference is made to a two-year period insofar as the ore is concerned and yet the agreement apparently with the province will be for a five or six year period of time.

I would also like to ask of the First Minister insofar as the agreement is concerned, or the Bill itself is concerned, will it contain provision so that the province at any time might cease making its contributions monthly to this corporation? I think, Mr. Chairman, that's pretty well all the questions that I have at this particular time. As I said, we are going to support the Bill going to second reading and hear what the company has to say, because my first reaction as I read the correspondence, as I read the statement of the Minister, it seems to me that there is some degree of an ultimatum which has been placed before the government by the company that unless this aid is forthcoming, and immediate, well then we're just going to pull out.

I note also, Mr. Chairman, and I overlooked this in my earlier remarks, that on Page 4: "Recently the company gave options to sell treasury stock to raise more money to invest in the mine." I wonder if the Minister has any information as to the amount of treasury stock that the company contemplated raising or were going to try and raise. I think, Mr. Chairman, that about sums up my present situation as far as the Bill is concerned.

MR. FROESE: Mr. Chairman, it's rather unfortunate that I didn't get a copy of the statement that the members got. They were able to refresh their memory and also get additional information whereas mine has more or less vanished because I couldn't remember all the details.

I, for one, would like to know whether this money is to be advanced by the Treasury itself or is it going to be done through a government agency, such as one of the funds that we operate. Also, is the government reasonably assured or convinced that this loan can be repaid before the ore is depleted. I think there was some mention made in the report just before the recess, but I'm not too sure whether it was definite in this respect. Then also I would like to know if this mortgage that we're going to get has the first charge on all the assets of the company; how much does the company already owe; and how much of this that they owe, how much is secured through a mortgage of some kind or another? I'd also like to know the paid-up share capital of the company and also the total deficit at present.

MR. MARK G. SMERCHANSKI (Burrows): Mr. Chairman, I'd like to get a few questions of information only, and I'd like to find out why the more recent underwriting was not completed and the reason for its failure.

The other question would be the number of shares that are still left in the Treasury. In reference to this loan, is it going to be only the 400,000 shares that will be hypothecated or placed in escrow, and are the present owners of the block of 400,000 shares, are they prepared to give the guarantee on behalf of the other 300,000 which I understand they control? Is any arrangement being made with the other shareholders who hold the stock in excess of the total of 700,000 shares?

The other question is: through the Attorney-General's Department, what is being done in reference to the original President and Board of Directors prior to Mr. Isaacs' take-over, because undoubtedly they knew what was taking place and I do think that they have a certain amount of responsibility as prior directors to the shareholders at large. I think that the records of the transfer sheets in the trust company would reveal that they must have had some prior knowledge of this matter, and I do think that something should be done to get at the true facts prior to this breakdown which the Premier mentioned at 5:15 tonight.

The other question that I have is -- I read the brief rather hurriedly and I am somewhat confused in reference to the cost aid of \$35.00 per ounce, that is the operation will qualify for the cost aid, and when talking about the figure of some \$300,000 or \$350,000, give or take, based on a \$35.00 per ounce setup, is the cost aid retroactive to some prior period to the present time or is this based on the future calculations of the cost aid that will recur to this operation. It would seem to me that from the remark made by the First Minister that there

(Mr. Smerchanski, cont'd) has been some negligent calculations in arriving at the proper cost aid picture prior to this date. And then of course if this is so, then there's a question of how far it can be projected and be retroactive to what date. I think that this again will have a bearing because there's a certain amount of cut-off period and this will recur as a complete loss, so that I wasn't just quite sure as to what the First Minister meant when he made this remark. Those are the questions that I have.

MR. CAMPBELL: Mr. Chairman, I've been interested in the discussion that has taken place this afternoon. Like my honourable friend from Rhineland, I have not had the advantage of checking over the written statement that the First Minister furnished but I paid close attention to the statement when it was being given to the House and two or three matters in there attracted my particular attention.

I noticed that the First Minister pointed out that there were precedents for the government of the province giving financial assistance to companies. That is correct, but I think there is also precedents for them not doing it; and this, I think, should be mentioned as well. I can recall during the time that I have been in this House of some very unfortunate happenings in the business world where some of our finest towns in Manitoba were compelled to face the prospect at least that they might become ghost towns. One of them did; another one spent some little time -- (Interjection) -- Yes, Sherridon did. Pine Falls was completely inactive for a certain length of time. Many of the people moved away from there during the period because their optimism and faith just simply couldn't stand up against the length of time that that plant remained open. There have been several mines have closed during the time that I speak of. I can't recall all of them by name, but I would imagine Gunnar was one; Snow Lake; Central Manitoba. Thank goodness there have been in many cases some others to take over the operation, and this is what makes a situation of this kind doubly difficult.

I realize that apart altogether -- or in addition to, not apart from -- but in addition to the general economic considerations that are involved, the welfare of a community and the people in that community up there is of great importance, but it seems to me that unless the potential is there to carry on, that this situation is going to be faced some time anyway and that the evil day would probably only be postponed. If the potential is there, then I would think that good old free enterprise should come to the rescue and determine that the potential justifies carrying on with this operation. If it doesn't, then I would think we would face this situation again when the government support has run out.

As far as the investment is concerned, it seems to me that again, that is as far as the security is concerned, as far as the security for the investment, it seems to me that there again we would face a difficult situation, because what good is a non-operative mine to the Manitoba Government? It would no doubt be all right to the Saskatchewan Government, but I think not to a Manitoba Government, I can't envisage the government wanting to go into the mining business, particularly a mine that private enterprise had decided that they would no longer support.

So the considerations are involved, and like the others who have spoken I appreciate the position that the government is placed in. I certainly think we would want to see the Bill brought in and considered on second reading, and particularly listen to the representations that are made at the committee. I don't want to prejudge the case. Perhaps we're inclined to be a little more leary on account of the happening up at Brandon a while ago, but this seems to me to have at least some of the earmarks of the Brandon Packers situation and certainly it seems that in that connection that there must be some area that we could look into to see if we can guard against the capital of a company that is having difficulty enough to get along being siphoned off by some people who, certainly at first glance don't appear to me to be entitled to it, and then place the administration in the position that it is today.

However, I guess the best thing we can do now is to meet each situation as it comes, and I think that's the story that evolves out of what we've been speaking about, because some of these projects that have come before the government through the years have been financially assisted and others have not. I suppose we just have to take each case on its own merits as it appears to us at the time, and I suppose that we simply can't make a final judgment until we see the Bill and later on hear the representations of the people who are in a position to answer these further questions.

HON. OBIE BAIZLEY (Minister of Labour) (Osborne): Mr. Chairman, I would like to report to the Committee that I belong to the Kinley Investment Group. It holds 400 shares in San Antonio, and I'll take no part in this debate.

MR. ROBLIN: Mr. Chairman, if I could deal with some of the points that have been raised. Let me say that the Honourable Member for Lakeside spoke in a very common-sense fashion, I must admit, in his comments on the proposition before us, because he's quite right to bring our attention to the fact that there have been other events of somewhat similar nature which received different treatment. It is true that the mine at Sherridon closed but there, of course, there was a question of running out of ore. I think the same statement, by and large, is correct with most of the other mines that closed, such as the Central Manitoba, God's Lake and others of that kind, and other industries have run into trouble and have had to carry on as best they can.

Now with respect to the potential ore body -- my honourable friend of course raises a point which concerns, I'm sure, everybody who listened to this problem, because the first thing that we have to be satisfied about is that there is sufficient potential ore there to justify our beginning this rescue operation at all. Now the representatives of the mine -- the geologists who have reported to the Minister and others in the government -- have stated that in their opinion there is two year's ore presently in sight under ground; that recently they have been discovering more new ore than they have been using and they think there is a reasonable chance of further commercial quantities of ore to be found. But I hope that when we get to the committee, members will ask these questions themselves of these men to satisfy themselves and to form their own opinion as to this particular matter, because it is very important that we should be reasonably convinced that there is a fighting chance here, because if the mine is out of ore then we're all wasting our time and the sooner we face up to that the better. If the mine has sufficient ore to make it worthwhile to continue its life for some period into the future, then perhaps we're justified in thinking of going ahead. One day this mine assuredly will run out of ore. That we have to face. The proposition before us, as we see it, is that it should not suffer a premature death, and that is the point that I'd like to make as strongly as I can with members of the House. Many mines have been pronounced dead but have been found later on to be very much alive and kicking, and we hope that this may be one of them. But I do want members to have the opportunity of consulting with the geologists so that they may find out what he thinks about it and, as I say, form their own opinion.

Now the question of law breaking is important, mentioned by several members here. The Securities Officer of the Manitoba Government has looked into this matter and, if my information is correct and this can be verified later on if necessary, most of the transactions of which we complain took place in the Province of Ontario under the jurisdiction of the Ontario Securities Commission. Our people so far have told us that in Manitoba they can see no violation of the law. However we are not leaving the matter at that stage because I have asked my colleague -- he has been in touch with the Ontario Securities Commission -- to re-examine all factors in this case, to make sure that there is nothing that ought to be brought to the attention of the law officers of the Crown in this respect and we think that we'll make the most thorough examination we can in that respect. I do agree with those who suggest that it may be that both The Companies Act and The Securities Act ought to be revised to see what protective devices can be invented to prevent this kind of thing happening, because if it's legal, it certainly doesn't appear to be right in that sense of the word, and that is something which is going to require a good deal of study, and I hope co-ordination with other provinces, but I am keen myself to see that we do the best we can in that particular respect.

Now there's been some mention of security and I think those points are well taken. The formal security that we will provide for will be that the government will have a non-transferable income debenture being a first charge on the assets of the company after Section 88 of The Bank Act and normal day-to-day working costs, such as wages and things of that sort. Now there is no other indebtedness of the company in the form of mortgages or bond issues or anything of that sort. This is the one and only and in any case it takes priority above any other interests in the mine except those that I've mentioned. Consequently if the mine should stop work and we should foreclose, or any of the contingencies arise by which we have the right to foreclose and there are quite a number of them in the Bill, the government will have the first

(Mr. Roblin, cont'd) claim against all the assets of the mine, and the latest information I have is that the assets of the mine are worth something over \$4 million. The liabilities are very small, under \$100,000, and the balance is made up of capital stock and earned surplus to date. Capital stock, as of the end of 1961, represented \$2,393,034, and earned surplus, \$1,858,030 -- a sum considerably more than \$4 million -- but the Member for Lakeside very rightly points out that it may not turn out to be worth anything like that if the mine should be closed and it should be a derelict operation, that certain salvage values will be there we know. However, in addition to this, the working capital position of the mine today is that there is something in the order of \$400,000 in case of liquidation as of this moment; \$400,000 cash value. Now our aim will be, of course, to see that that working capital is preserved as this operation proceeds so that if at any time it was necessary for us to realize on our security we would have a substantial portion, I should think, of the \$400,000 worth of working capital to draw on to support our loan, as well as whatever the salvage value of a mine that's on the books at some \$4 million or so. However that is a matter which again members can ask the accountants about and see whether my interpretation of these facts sounds like being reasonably accurate.

Now security and the question of the value of the stock has been one of the most trying aspects of the whole operation, to try and come to some arrangement that would be suitable in this respect. I must frankly say that we have no means of controlling the fluctuations in the price of this stock on the open market, nor have we any means of preventing people who own the stock, or people who don't own the stock, from trading it because there is no system in the world I know of that would prevent that unless we secure all the stock to be placed in escrow. That has not proved to be possible so far. What we have obtained is the management group in the company who control the company at the present time will place their stock in escrow, some 400,000 shares. There is other stock out in the hands of people who became involved at the time of this financial manoeuvre which we have not been able as yet to obtain in escrow, because the people who have it say that they can't part with that in view of their own financial relationship to the Ontario Securities Commission.

That subject can be investigated at length by those who want to when we get to the Committee. But we can't find most of the shareholders of this company, because at the shareholders' meeting of April 5th, about a million shares were represented out of 2,400,000, that's all that came to the shareholders' meeting when the life and death of this company was at stake -- some million shares -- most of which was controlled by the investment group who are managing the company now. Many thousands of shares, we are told, are not listed on the books of the company because they are in what's called "street certificates", they are in nobody's name, they're just floating around -- shares of San Antonio Gold Mine -- and heaven only knows where they will turn up or in whose hands they are, and we have no way that we know of of getting any control over those shares. So I want to have it frankly stated to the committee that this question of the control of the shares is one of the most trying ones we face and frankly we haven't found an answer that we really like. The best we're able to suggest is that the 400,000 shares of the controlling group that we are dealing with be placed in escrow and that has been arranged. We will be in touch with all the other shareholders whose names we can find to ask them to do the same thing, but I can give no undertaking as to how many of them will respond. So under the circumstances we are in the position -- the House might just as well know it -- and form their own conclusion as to what the wise course to follow is under those circumstances.

Now we have consulted widely, as widely as we have been able to in a rather short time, as to what else we could do about this matter that would bring it more under control and we haven't had any further advance on the -- what I have said and the material that will appear in the Bill. We are doing our best to see to it that the Ontario Stock Exchange and the Toronto Stock Exchange and the Winnipeg Stock Exchange are aware of these dealings so that they can keep an eye on the trading of the shares if they foresee any speculative interest developing which is not in the public interest. They have some supervision -- though it is a limited one, to be sure -- they have some supervision over the trading of shares on these public markets, and I am going to do my best to get them to keep an eye on this stock to bring it under whatever control they think may be possible under the circumstances. But that question of

(Mr. Roblin, cont'd) speculation on the market is indeed the most trying and difficult one to resolve of all the problems in this whole transaction, and it has cost us much lost sleep to say the least of it, to try and work out something that would be foolproof; we haven't got such an arrangement and I want the committee to know it. All we can do is give you the best arrangement that we can get and when you've looked it over and heard about it in committee you have to decide whether you think it's good enough.

Now other points that were raised -- The Emergency Gold Mining Act. That Act, of course, as the Honourable Member for Burrows will know, has been in operation since 1948. This company has been receiving payment since 1948. I have heard that they have not taken, in the past, all of this subsidy they were entitled to. I don't know whether that's true or not. You may ask the auditors when you see them, but I have no information on that. The figure of 300,000 to 350,000 that I mentioned as being The Emergency Gold Mining Act payment now represents what we estimate it will be if this mine continues to operate. I cannot tell my friend what they received in the past. No doubt the auditors who were there will be able to tell us something about that.

With respect to the recent underwriting -- I think some 400,000 shares were placed on option by this company before we came into the act by means of a resolution of their shareholders at a general shareholders' meeting to try and raise more money for the company. I do not know how much of this option has been taken up; what shares have been sold; what were realized for them or anything of that sort. It may be that the management of the company can give more information about that. I do know that they want the money to build new housing for their miners and to finance the sinking of more economical shaft arrangements and other mine management problems that they have, and that's what the money's for. I don't know what luck they've had in raising it -- not too much I shouldn't think.

Now where are we -- the Member for Rhineland. The money that will be made available by the government is expected to come from the post-war reserve. When the Bill comes down you'll see that provision is made for that fund to supply this money so that it will come directly from the public treasury. He asks: "Can the loan be repaid before the ore is depleted?" Well, I would say that I hope the answer to that is "yes". I must say I'm not in a position to give him any guarantee. I can only tell him that if it isn't, the security that we have is such as I have stated and under the circumstances looks reasonably effective. It is a first charge and the company does not owe any other mortgages or bonded indebtedness, or anything of that sort, and I have given them the figure for the paid-up share capital.

The Honourable Leader of the NDP Party asks about Clause 7. Well now, that's a sort of "catch-all" clause. We wanted to protect ourselves and have some recourse if the mine seemed to be getting along all right but for some reason the management decided to give up the ghost and quit, even though we thought the mine might be going all right. That's always a possibility. We tried to protect ourselves against that kind of thing happening. So in order to do so we make it a condition that if that happens, if the mine closes for any reason at all, that our loan becomes due and payable under the terms of the agreement that will be negotiated and at that stage we reserve the right to try and decide what to do next. That's about as close as I can come to the meaning of that phrase because no one at this stage can tell what would be the wise thing to do in that event. It might be that we would be wise then to say, "Well we tried, it didn't work and we'll cut our losses and call it a day." That might be our decision. On the other hand we want to keep some elbow-room in case we decide that another course of action might be advisable.

Now I want to be clear about what the company undertakes to do. What the company undertakes to do in effect is to take the money we lend it and invest that money in exploration and development alone. They cannot use it for the general purposes of running their mine, it has to be put into exploration and development. That is the way in which the money we give them will be invested in the prime necessity of securing more exploration and development of the ore body. I want to make that point as clear as I can.

Regarding the amounts of money to be paid to them. The arrangement that we have been asked to agree to and which we will, subject to the consent of the House, is that of the \$240,000 they shall receive at once a lump sum, probably \$40,000 - \$50,000, something of that nature. Thereafter, they will be getting \$10,000 a month for the duration of the period of

(Mr. Roblin, cont'd) the loan until the full sum has been used up. That is the plan at the moment. It may be varied as experience with the mine dictates, but as far as we see things at the present, that is the way we expect it to operate.

Now, I think I've dealt with the questions about when the province can seize it. If my friend will look at the bill when it comes in, he will see that if any of the provisions are violated, we have the right to call our loan -- to foreclose -- and to get our money. In addition to that, the company will give us the right to look at their books; to see that the money is being spent for the purposes for which it's being provided; and the right to inspect the mine itself; to go down the shaft and see that they are operating below in the way that they've undertaken to do; and at all times to have free access to try and assure ourselves that the arrangement is being carried out properly. Now the plan will be that the monthly payments will not be made unless the Director of Mines has been to the mine, or somebody like him, had a look at it and satisfied himself that all is going according to plan, so that we will have a constant check on what's going on there during the term of our loan.

Now, I think that covers most of the points raised by the Honourable Leader of the New Democratic Party. If I've missed any, I wish he'd tell me. Oh yes, previous talks -- before we received the letter it is perfectly true that we have had an intimation, pretty emphatic intimation, possibly as long ago as a month or six weeks -- going from memory, something like that -- from the management of the mine that they were in trouble and some unofficial consultations took place between them and the Deputy Minister of Mines and I think the Minister as well to try and find out what their trouble was. Finally we said: "Well, if you expect us to do anything, you've got to put it in writing." That's where the point of the letter came in. We said, "Furthermore you have to put a proposition up to us." -- and that is what has been done in these two letters.

MR. PAULLEY: Mr. Chairman, if I might interrupt at this point? Who went to see who first? Did the Department of Mines and Natural Resources take the first steps in the dealings with the company or did the company come to the Department of Mines and Natural Resources after their difficulties? I presume this would date from the time that they discovered Mr. Isaacs had gone outside of the country.

MR. ROBLIN: Oh, the company came to us in the first instance. They did not come to us as soon as Mr. Isaacs disappeared. They came to us, I think, around the beginning of this year, a little later perhaps, with some suggestion as to how we could help them prolong the life of the mine. Those suggestions had to do with things like providing houses for them; building a road; things of that description that they've been doing themselves as the municipal operator there, and we didn't like that very much, because it was a subsidy and all that kind of thing and we didn't get it back, so nothing came of those original proposals from the company. But they kept on with their problem until we came to the kind of arrangements we have here now. So that the negotiations started in the first instance when the company came to the government to say that they didn't think they could keep going unless they got some concession of some sort. So I think that's the story on that.

Now the Honourable Leader of the Opposition -- I think maybe I've answered most of his queries in dealing with the other gentlemen who have spoken. Yes, I think I have pretty well dealt with his points, but if I'm not clear, I wish members would let me know.

MR. MOLGAT: Mr. Chairman, insofar as the shares in escrow -- I understand from the figures that there are some 2.4 million shares issued in the corporation. There were, I understood from what the First Minister said, some one million who showed up at the shareholders' meeting, yet he has escrow now apparently only on 400,000. There's a fair gap there between what did show up at the shareholder's meeting and what he has escrow on. How many shares are involved insofar as the brokers are concerned? How many of the total shares do they control?

Now assuming that the government did go ahead with this procedure, will it have a nominee on the Board of Directors or will it have a nominee on the management group who will be actually operating the mine? In the statement made by the Minister this afternoon he said at one point that, "An offer had been made by other mining interests, but no offer considered reasonable by the company has been received." Now what and who is the judge of what is considered reasonable? Because it seems to me that in the final analysis the situation comes down to this,

(Mr. Molgat, cont'd) that if there is an ore body there worth working, the question is at what point of capital structure? And the situation now is that the brokers who are involved obviously have got too much money involved for the possible return on the present basis. They do not seem to be prepared to take their loss and they are coming to the Government of the Province of Manitoba to endorse them and then they do not need to take their loss. Well, of course, I'm not anxious to see anyone take a loss; there's nothing to be gained on the part of anyone in that sort of a situation. However, I don't think that the position of the Government of Manitoba is to bail out people who have made a bad financial investment. After all the shares of San Antonio have been on the market for many years -- for 31 years -- and the people of Manitoba who wanted to invest in them certainly had all the opportunities at any time. For the Government of Manitoba now to advance monies to San Antonio is, in effect, investing for the people of Manitoba in this mining venture. Why is it that these people would not accept the offer that was made to them?

MR. ROBLIN: Mr. Chairman, that's precisely the same line of questions that I asked myself, so I understand exactly what motivates my honourable friend to ask them. And I think they had better tell you. When you come to the committee meeting I think you should ask that question of them and see what answer you get. The answer that I got was this. They said to me: "Well now, we're into this thing here, and at the price the stock is today, we'd just as soon close the mine as anything else. We'd just as soon do that and take our licking and forget about it, because we have a corporate shell left and we might take it away and do something else with it. But we'll just close the mine; we're not going to go broke; we're not going to get into bankruptcy or insolvency. We're not going to sell our shares at any price that has been offered to us. We'll just close the mine and take what assets are left, some \$400,000, and start doing something else -- take our licking and get out." Well, what do you do? They say, "That's the situation to us and if we can't make an amicable arrangement then we'll just call it quits and go home." That is the situation that faces us and you can ascertain these facts for yourself if you want to. Now I see their point of view, because they feel that they have demonstrated their good faith by saying, "We'll continue to risk what there is left in this thing to carry on this mine if we can get the necessary working capital to do so" -- which they're asking us to provide for exploration and development-- "We will continue to risk it. We've lost almost everything anyway, so that we'll carry on." But for us to come in and try and insist on a sale, or that kind of thing, it doesn't seem to be something that we're in any position to insist on. We just have to make up our minds whether we want the mine to close or whether we want to provide this assistance to help them carry on. I think you can ask these questions of the men who are controlling the company right now and make up your mind as to what you think the situation is like. Now they'll also tell you -- you may ask them, I don't know what they'll say -- about other offers that they've had or what the price was or anything of that sort. I have reason to believe there are these other offers, but I do not know the details of them. I merely report them.

Now with respect to a nominee on the management group, we gave some thought to that, but decided that in the event it probably would not be desirable, because we don't really want to get engaged in the day-to-day management of the mine. What we do want to do is make sure that our money is being spent for the purpose for which it is being put up and that the mine is being run in a generally satisfactory fashion, which we think we can insure by the clause in the agreement which gives us the power to inspect the mine and to look at the books and see what's being done and where the money is going to.

Well, we come back to the shares -- yes, that's right -- there are 2,400,000 shares out. Of that 1,400,000 is apparently lost, stolen or strayed. Nobody seems to know where those shareholders are, but they certainly didn't turn up to the meeting. Of the million that turned up, 700,000 were voted by the present management group, of which they owned 400,000. They have put their own 400,000 in escrow, but they have informed us -- for reasons that I told the House -- they cannot guarantee to get the rest into escrow as they don't own them and they can only persuade or ask the people who have them to put them up. So that I'm the first man to admit that there are features about this which I would like to change -- I tried to change. I haven't been successful and I have come to the House and say, this is the best arrangement that I've been able to make and under the circumstances, I think it's an arrangement worth making, but it remains the responsibility of members of the committee to endorse that judgment or not as they see the matter when all

(Mr. Roblin, cont'd) the facts are before them.

MR. CHERNIACK: Mr. Chairman, this is a serious matter. If it were not so serious it would almost be laughable to find that, as the Honourable Member for Lakeside said, "Good old free enterprise has come before us with its problems and is looking to the government to get them out." I'm not quoting him in his entirety, I'm just quoting him in terms of "Good old free enterprise." Actually to what -- dig up gold, or gold ore, and convert it into gold and bury it again somewhere in another country, and we have here some 1,100 people whose future is at stake because of "Good old free enterprise" and as the Honourable the First Minister said, "That is part of the working of our economic system." And it is part of the working of our economic system where people who don't really have an interest in the extraction of ore, or in the building of a community or in the building of the natural resources and development of the country, but have an interest in milking companies, are free to step in and milk them. That is what happened in other companies of which we are very much aware; that is what happened here. And here we find that after it has happened here we are still in the position where obviously as the First Minister's indicated, that we have to bargain with these people. They haven't really come down to us with bended knee; they've come more with a gun to our heads -- and we now know that there's no restriction on the sale of guns -- and they've got the gun to our heads and they are saying, "We in our wisdom are prepared to close down the mine and we will be prepared to lose what is left there, or just let it lie dormant to see what happens." And the result is that the government has found that it has to bargain and not bargain from strength as much as bargain with one one hand the advantage, the financial advantage to the shareholders who control the mine, and on the other hand gamble with some 1,100 people's lives whose future has not been protected in the event of a ghost town being created. And one of the questions that I have somewhere scribbled on the list in front of me is, what is the government going to do to prepare that town in the eventuality that in two years from now or less, that place turns into a ghost town. Because it is not enough just to bolster up this company but also to prepare, in all one-industry towns, for the problems that occur, either when a town becomes a ghost town because it is no longer productive; or what is worse in those situations where people are allowed to milk companies' assets and play with the lives of the people who are actually in there building the industry for them.

Now, I gathered from something that the First Minister just said recently, that there are some \$400,000 in -- I think he used the term liquid assets, or working capitals, -- capital, which is there and which the company might prepare to just take out and close the mine. So if \$400,000 is the liquid capital, then, as far as I can see, \$400,000 is all that company is worth. The other assets appear not to be worth anything unless somebody is prepared to invest money in it and this government is, and the Honourable the First Minister said rightly that, "Tomorrow night we would have an opportunity to investigate for ourselves and inquire for ourselves." Well, Mr. Chairman, I for one do not pose as an expert to be able to interrogate these people to the extent where I will be able to come to conclusions on which I am prepared to make decisions. The government has already announced its policy. It will make the decision and it has already done so, I believe, and it has done so, I presume, on the basis of the experts advice that it has been able to get and which I, for one, must accept as being more expert than mine and, with deference to all other members present here, I would consider their experts advice of greater value than that of members of this Committee.

Nevertheless, I am interested in just what type of security and control there will be and there are some statements made by the Honourable the First Minister, and obviously they were made in general form because we can't expect him to spell them out in great detail, but yet for me I would require a little elaboration. At one time he mentioned that there are no mortgages, there are no debts, and I think he used the term of some \$100,000, I believe I heard that figure. On the other occasion he said that we would be given debenture shares, non-transferrable, which come in after Section 88 -- which interests me because I would like to know just how much is loaned on Section 88 -- and what is even more interesting, how much more may be loaned? Because I see nothing in these conditions which are set out in the latter part of the memorandum, Page 9, which prevents further loans being made. As a matter of fact, Mr. Chairman, I don't see anything in these conditions, which prevent from happening what has already happened, and that is, the investment by the Board of Management in stocks or assets of other companies, and in the dissipation of so much of their working capital in that

(Mr. Cherniack, cont'd.) . . . way. I don't see it here as being something that this government could prevent. I'm not even sure that the right to access to the books is any more than to insure the conditions of assistance are complied with. I don't see that the conditions of assistance really control the use of the other assets of the company for purposes other than in the continuing production of ore. It may be there, but I don't think it's in the memorandum.

I wonder also just what are the assets of the company that are made available to the government for security, because the Honourable Minister used the term "all the assets of the mine". Now I don't know whether he distinguished that from "all the assets of the company" because there must be other assets of the company other than the mine itself; there must be the townsite; there are certainly all these shares which are probably useless but that were purchased by the moneys used, so that I would like to make sure whether it is really all the assets of the mine.

I also don't think that the Honourable the First Minister answered the question asked by my Leader as to, "What security is expected by the shareholders in their contribution" because on Page 9 he refers to the fact that they are undertaking to invest an amount at least equal to our help in exploration and development of the mine. I'd like to know how they're going to invest it and what security they expect in return, and where it will rank? I don't think that was dealt with.

Finally, Mr. Chairman, I would urge the government to make sure that it is not relying on the good faith of the people with whom it is dickering. I don't know who they are, therefore, I am free to say without hurting their feelings that, not knowing who they are, I have every right when I do business with them to consider them suspect. And I say that because they are people in this line of work, in the line of work who have already given us examples of milking of companies -- and I don't mean these people are; and I don't suggest that they are. But I am saying that when the government deals with these people it must bear in mind, firstly, that they are dealing with people who are bargaining with them for the best bargain they can get; and secondly, that it is up to the government, if it's going to advance public moneys, to take the maximum security. Now the First Minister indicated, I think, that he himself isn't entirely satisfied that the government is receiving the best security. I think all that he indicated is that it is receiving the best security which the government could bargain out of these people. And I would like to be assured that they are going to be risking more -- and I don't mean what they've already invested -- but that they're going to be investing and risking more than this government is going to be investing and risking, considering the fact that the returns which they can expect will certainly be much greater than the returns that the government will expect, because the most the government will get is six percent, and what is much more important, and I don't brush it aside at all, is the satisfaction of attempting to keep alive a town of 1,100 people. But I am concerned about the fact that these 1,100 people's future is not as secure as any of us would like it to be because we are not sure what will happen after this \$240,000 is advanced; nor even are we sure what will happen once it is repaid to the government and these shares fall again into the common market and become available to more milkers and more of the -- if I can use the old term of "robber barons". So that I would certainly urge the First Minister that we now have full indication of the necessity for strengthening our security laws, or security commission laws; our various investigations that we should have a right to make during the operations of the company so that we could insure that these things do not happen again.

I should also caution the Honourable the First Minister that I have just come from a function where I met -- and I was happy to be amongst -- people who I presume are the best customers of one of the banking institutions of this country, and not one person, but several, asked me where the line is to access to government funds because they want to fall in line right behind San Antonio Mines. And there's no question about it but this is the precedent which will have to be watched pretty carefully before you find other customers at the door of this building.

MR. SMERCHANSKI: Mr. Chairman, I would only like to elaborate on one phase of this and I think that possibly this might be the opportune time and possibly the proper place. And that is this that in my question in reference to the original management prior to the antics of the character by the name of Isaacs, I do feel that the previous president and his Board of

(Mr. Smerchanski, cont'd.) . . . Directors -- and I don't feel disposed to mention names because they are people that are in and around Winnipeg -- but I would urge the First Minister, in his enquiry through the Attorney-General's Department, is to go one stage further and find out in reality what took place when San Antonio was in a nice liquid position and a good operating mine. Now these directors at all times have a responsibility to the shareholders and their personal interests, of course, come first but then they must never lose sight of the fact that they do owe a responsibility to the minority shareholders. Now in this instance all I want to say is this: the original president and directors of this company unquestionably knew what was taking place at the time when this character Isaacs first stepped into the picture. He had no control of the situation initially but he did eventually have control of the situation. The fact of the matter is that unless this is brought to the attention of the Ontario Securities Commission, these people will be allowed to just carry on.

Now I merely mention it at this point because I don't think I'll have an opportunity to mention it again. This comes of course under the Full Disclosure Act which I earlier in the session mentioned, that I myself am very concerned about qualifying a company in our Province of Manitoba because of the channels that are left open to do something which is not in the proper interests of the company and therefore it is better to qualify it in Ontario and I think that in making that statement, too often we overlook truly the importance of these matters, because in Ontario there is legislation and mind you there's still the fact that this individual was able to skate around it and get away with something and almost ruin a company if he hasn't done so already. But the fact of the matter is that if we can go a step further and a step prior to what took place I think that the First Minister will be able to glean from this a great deal of information that will be a very valuable source of information to us in reference to future operations.

I would only like to point one other thing and that is this: that -- and I disagree with my Honourable Member from St. John's -- and that's this: "promoting, underwriting, development of mining especially in the gold mining industry is very risky and hazardous at best and you should not use the term "milkers", you should not use the term "robbers" because -- (Interjection) -- because the fact of the matter is that the risk is so high; for every 99 prospects there's only one mine that will come into production. There are people that like to gamble in the same way as you gamble on horse races and as long as they get a fair shake in reference to what they're gambling with, then this is perfectly all right as long as you have an understanding on what basis you are risking your capital. And then of course you have the opportunity of having a terrific pay back when you're successful. This is what creates mines and this is the history of all the mines and for this reason the situation that the First Minister presents to us, I myself am fully aware and fully appreciate the situation and as I say I only hope that after this has been completed that the mine does continue to be very prosperous. I think that the members of this committee and of this House are going to get an insight into what the financing of mining operations, not only gold, but any base metal, entail, and I think it's going to be an excellent education that we can look upon these matters with a great deal of more wisdom and being able to analyze the situation. And in particular I mention the Full Disclosure Securities Act because as again I'll mention, it was Paton and Cox that were able to get away with the rulings under this Act and here's another example and it is only a good thing that there are many honest people in the underwriting business and in the promotional business, because this is something that can be violated a lot more and I think that we only see the wisdom and importance of this Full Disclosure Act under the Securities Commission when things of this nature begin to happen, and here we are tonight sitting and giving very serious consideration as to what is in the best interests of the Province of Manitoba. I merely mention this because I don't think I'll have the opportunity to mention this under any other part of the bill when it comes up, and I leave it at that.

MR. M. GRAY (Inkster): I take it listening to the brief presented by the Honourable First Minister that the main concern and underlined many times, is the welfare and suffering of the 1,100 people who are now located near the mine. I don't think it was -- unless my understanding of his statement -- I don't think it has to do with investment in mines and I don't think it has to do with developing of new industries, and when in 1940, not knowing how the sugar industry would make out, but realizing that it is an industry which would benefit not only

(Mr. Gray, cont'd.) . . . the promoters but also the farmers who are growing beets, they advanced \$600,000, and there was no suffering of human beings at that time, because the farmers perhaps have not been too well off; some of them are still overcoming the 1930's -- ten years of unemployment and suffering, relief and what have you. But here is an entirely different thing. We are going to save 1,100 people; 1,100 human beings for a year or two and then in between, if the mine does not operate or if there is not anyone to return the money, we still have time for a year or two to rehabilitate or move them somewhere else, those people who are there now; and this should be the first consideration. And I'm really surprised. Honourable Members here in this House are worrying so much of the security; are worrying so much whether we are going to get our money back; are worrying so much whether we are going to lose the money. Supposing we do lose the money. Don't we spend millions of dollars on relief, rehabilitation, in the province? Much more than \$240,000.00. We could ask all the questions we want. While we could cross-examine all the people that will come before the committee, I think in principle I, speaking for myself, agree on it, and if we do it without permission of the House tomorrow, providing this will save human beings, and according to your statement, once the mine is closed, and perhaps it will be closed, we have nothing to do or nothing to eat tomorrow.

I am wholeheartedly in favour of spending this money. First of all we haven't lost it yet; and secondly we have experience from the Manitoba Sugar Company and the Altona Oil -- seed oil, we have experience that the money has been saved, paid back, or will be paid back in full and the same time create new industries. This is much more important than the mine; much more important because those 1,100 people were independent and self-supporting for many years. Everything should be done to continue the same conditions further, either there or somewhere else.

MR. FROESE: Mr. Chairman, if the Minister's going to answer some of these questions put to him, I just have one further question. That has to do with the possible capital outlay that might be required in the next year or two to make this mine produce. I wonder if he could give us some indication whether some capital cost outlays would have to be put up at this time or not. I think there's one bright spot though in this whole thing and that is that they're going to have a product that's readily marketable, so in that respect I think there's a bright spot in this whole thing.

MR. PAULLEY: . . . the Minister might answer this while he's answering all of the other questions. Did the government give consideration to amending the Industrial Development Fund in order that the monies required now by this bill might be forthcoming from the Industrial Development Fund rather than through the medium we have before us this evening?

MR. ROBLIN: Mr. Chairman, answering the last question first. Yes, we did give consideration to amending the Manitoba Development Fund Act. That act does not allow the fund to invest in mines at the present time and we thought of that. However, I am very conscious of a remark made by the Honourable Member for St. John's who inquires as to where the queue forms now for others who want help and I am determined that we shall not facilitate the formation of that queue by opening up the Manitoba Development Fund for this purpose which was not envisaged as part of its original responsibility. So we are making use of this machinery of a Special Act of the Legislature. Another reason why I wanted the special act of the Legislature is because I thought that this was the best way of ventilating the facts because the public and the House have a right to know all that we know about this thing, because this is not something that governments do everyday. This method was deliberately chosen so that there should be the fullest opportunity possible to lay the facts on the table and let the members of the House have the information they need to form a judgment on this matter. So that we deliberately steered clear of the Manitoba Development Fund. What new capital will be required besides this loan we are proposing? I suspect more -- I suspect more will be required and I suspect that if this transfusion works the company will be out in the market asking for more money from the public for investment in this mine as well. How much that would be I'm not in a position to say but I do expect that they will certainly be looking for more if this succeeds.

Now I think that the Honourable Member for St. John's was slightly less than his usual fair self in dealing with the government's position tonight because I think he overlooked the fact that in my presentation this afternoon I made it perfectly clear, I think crystal clear, that

(Mr. Roblin, cont'd.) . . . if we were considering the situation of the company alone we would have said, "nothing doing." We would have said that we don't touch this kind of thing; this is a position you've got yourselves into and there's absolutely no reason in the world why the people of Manitoba should be expected to do anything about it -- and that's still our opinion. The point that I made was that that wasn't the only consideration, and I think the Member for Inkster, quite eloquently I thought, stated the single consideration that prompts us to move, namely the 1,100 people at Bissett. That's the only possible justification for a proposal of this sort and it is the only justification that we seek and in doing so we are very conscious of the fact that one day, I don't know when, but one day that mine will be dead. The ore will run out and those people will have to find something else to do. It just seemed to us, however, wrong that we should allow this to happen before it had to and if there is any way in which we could properly and in the public interest keep this operation going for sometime into the future then we ought to seriously investigate it and see what proposals we could bring to the House; and that's what we're trying to do.

Now about this security business. When members see the Bill they'll see what the security is and if they have any suggestions as to how we can improve it, we'll be glad to have them. The security is a general floating charge on all the assets of the company. I said mine; I use the term loosely; my friend is a bit legalistic sometime in his approach; I don't say that critically, one has to be exact about these things and I think we will be exact in the Bill and in the agreement that the Bill authorizes. But we will take security on the general assets of the business, its undertakings, its property, its goodwill, everything it owns, subject only to its banking accommodation and to its trade accounts.

It may be advisable to have some discussions as to whether there should be a ceiling on the banking accommodation -- knowing the banks of the country I don't really think that it's a point of much concern, because they're not going to allow themselves to get over-extended in this situation -- however, it might well be advisable to look at it, I don't rule it out at all, I think my honourable friend has made a suggestion that we ought to take some notice of. And also, he has suggested that there should be some means of preventing further manipulation of the assets of the company to prevent recurrence of the former situation and I take that suggestion seriously as well. We've got the physical assets tied down and I think that that really takes care of everything there is at the present time, because whatever capital there is now is invested in either operating supplies and stock of that description, so that it represents all the working capital that is available. However, that point can be examined when we get to the committee. I don't brush it off, I think it's well worth looking into, but -- now where were we? Oh, decisions. Well, decisions are the hard part of public life. My honourable friend says "he doesn't know whether he'll be able to make a decision after he's heard them in the committee". I'm willing to grant him that it is difficult and to say that we have had difficulty making our own decisions with all the advice that we could muster. The trouble is that we have to decide; even if we decide to do nothing, we have to decide; it's impossible to avoid a decision. We don't always make the right decisions, but we have to do the best we can, and that is the situation that we're faced with at this particular moment.

Now, I want to explain one other point which apparently I haven't got across yet, although this is my third go at it, and that is with respect to this business about the company continuing in exploration and development work. The idea is that the money they get from us, that money, at least that money, will be invested in exploration and development -- they have stated to us that if their system generates more cash where they could add to that, that is what they're going to do and that will probably be in their best interests as well -- but what we are insisting on in the agreement is that the money that is advanced by the province shall be put to use by the company for that purpose and for that purpose only. So that our money is dedicated to exploration and development. Now, I think those are the main points that were dealt with and I hope I've been a little more intelligible on this occasion.

MR. MOLGAT: Mr. Chairman, I would think that the Province of Ontario, having had much longer experience than we have in the mining business and a much larger amount of mines, has probably been faced with this problem in the past. Has the government approached the Government of Ontario to see what their handling has been of these types of problems?

MR. ROBLIN: . . . have had an enormous problem in the Province of Ontario, because

(Mr. Roblin, cont'd.) . . . they had Elliot Lake and they've had all these uranium towns, and my information is that the Government of Ontario has been doing its best to develop remedial measures for those towns in the way of developing new industries in them and all that kind of thing. The situation there is a little different because those towns didn't go out of business because there was no ore or because somebody had walked off with the treasury, they went out of business because their market disappeared, but in essence as far as the human beings are concerned the result is the same and in Ontario they have attempted to bring in other industry to Elliot Lake and to places like that to try and maintain the life of those towns. We will be faced sometime, and we're trying to prepare for it, with the eventual death of mining communities. Sherridan died because they ran out of ore and that may well happen in other places. We are giving some consideration as to how we can ease the switch of the people there from what they were previously doing to some new line of life and undertaking. The big point I'm trying to make about San Antonio is that it needn't happen yet as far as we can tell and we want to try and prevent it from happening.

Now, I want to say that we are looking into the details of the previous transactions with the Ontario Securities Commission who are pretty well in charge in this matter, to see what we can find out about all the activities that have been referred to. I don't know whether I should give my opinion of -- I better not. Sometimes discretion is the better part . . .

MR. MOLGAT: As far as the government is concerned though it has no record of the Government of Ontario investing in mining ventures. Is that correct?

MR. ROBLIN: No, I have no record that they have and I have no record that they haven't.

MR. MOLGAT: In addition to San Antonio Gold Mines there are a number of subsidiary companies involved, I believe, in this operation. Forty-Four Mines Limited, The Chief Gold Mines Limited and Portage Avenue Gold Mines Limited are associated with the parent company. What is the relationship insofar as this venture and these three other companies?

MR. ROBLIN: I think that these three other companies are all wholly owned or controlled subsidiaries of the San Antonio Mine. For example, The Forty-Four Company is a gold mine actually that operates out of the very same shaft as the San Antonio Mine and in effect the accounts of these two companies have to be consolidated if you're to get a complete picture as to what their financial situation is. But the relationship is one of parent and subsidiary and

MR. MOLGAT: So far as this loan then these other three companies are involved as well?

MR. ROBLIN: Their assets are all part of San Antonio's I understand for the purposes of securing this loan.

MR. MOLGAT: . . . that if there were only, say two years reserves in the San Antonio project, would the government be proposing this legislation?

MR. ROBLIN: Yes, I think we would. We would then know what our time limit was and we would have to make other arrangements at the end of that time, but I think we would, because as I stated this afternoon that when you take into account the multiplier effect, we're dealing with a mine that's generating Four, Five, Six million dollars worth of business in Manitoba; it's hard to be sure about those things, but that's what the economists figure. We know that they're actually generating a million, four in payroll and supplies purchased, therefore it pays to keep that mine in operation with our \$10,000 a month exploration subsidy to keep them going. I think if I were told, it's only good for two years, I'd say, "Well keep it running for two years, get that gold out; get that production, that wages circulating in the province and then we'll have to see what happens after that. So I think I would. However, the geologists say that there is reasonable prospects of more commercial ore being found in that mine and I have to take that at its face value.

MR. CHAIRMAN: Resolution be adopted? Passed. Resolution No. 4. Resolved that it is expedient to bring in a measure to impose a tax on purchasers of tobacco and to provide for the collection thereof.

MR. ROBLIN: I'm having a fine day today, Mr. Chairman, there's just nothing but resolutions of a reasonably complex and controversial nature to deal with. We have here of course the one that provides for the tobacco tax and there isn't really very much to add to

(Mr. Roblin, cont'd)... what I've said in the Budget Address on this subject. It imposes a tax at a rate of one-fifth of one cent for each cigarette. It is on a varying scale from 1 cent to 5 percent, depending on value for cigars -- I've made a note of that-- and at 1 cent per half ounce for other tobacco products, including pipe tobacco, snuff etc. So one will see that the impact of this tax is 4 cents on a pack of 20 cigarettes; 5 cents on a pack of 25 -- is it? and a tax of a light, light weight on tobacco and on cigars -- and I must tell my honourable friend from St. Vital, on snuff as well. So you're all in on this particular tax.

Now, members will undoubtedly want to know how it's going to be collected and though this is set out in great detail in the bill, I can just give a brief outline. In the same way as the gasoline tax is collected; there is 65 wholesale dealers who will be responsible for collecting the tax through the various retailers and retail outlets in the province. Members will understand it's going to take a little while to set up the administrative machinery to do this. I imagine that some weeks will go by before this tax comes into effect, but this is the machinery by which it is expected to collect the money.

MR. MOLGAT: Mr. Chairman, I was interested in the collection aspect because there was nothing said about that yesterday in the Minister's speech. I take it then that the wholesalers will be responsible for it. What about wholesalers operating outside of the Province of Manitoba and selling in Manitoba; what control will he have over those?

MR. ROBLIN: Well, they'll all have to be licensed. Basically, theoretically, constitutionally, the tax is collected at the retail level. If I said anything else than that, I'd get into a lot of trouble with the constitutional experts. Just as in theory the gasoline tax is collected at the retail level. But the system will be that the wholesale dealers wherever they're situated, if they operate in Manitoba, will be our collectors and they will appoint the retail people as sub-collectors and the tax will be collected in that way.

MR. PAULLEY: Mr. Chairman, I just want to make a brief comment on this particular item. I might say from the offset that I question whether or not the government should be severely criticized for the method by which this new so-called luxury tax is going to be placed on the statute books of the province. The Honourable the First Minister has just told us that it will be a question of a few weeks before the mechanism or the administrative section is so set up to make it possible to make this collection. I think that in the interests of preventing profiteering or a large demand on the market for any commodity on the announcement of a new tax, that when a new tax is imposed -- and I'm sure that the government must have been considering this for a period of time -- that the government should have been prepared, that the mechanisms of the collection of the tax should have been ready to go to work at the same time as the tax was first announced by the Treasurer of the Province of Manitoba.

Now, I might say I question too -- and this would be the subject of a great debate I'm sure, Mr. Chairman -- whether the First Minister, the Provincial Treasurer, is correct in stating this as being a luxury tax. This is a matter of opinion among many people. I know I even have differences within my own caucus as to whether this could be construed as a luxury tax on tobacco. Of course I say quite frankly, Mr. Chairman, my own personal viewpoint -- not because of the fact that I'm a smoker -- but there were other more luxurious luxuries that should properly be taxed before the present tax was imposed so far as cigarettes are concerned. I will be interested when we see the bill, to see the mechanisms that apparently could not be put into operation or were not ready for operation with the announcement from the First Minister, and reserve further comment on this, what I consider the start of a sales tax in the Province of Manitoba. I know this isn't the proper place to air all of the questions of taxation in the Province of Manitoba. We have another debate before the House dealing with that question, so I'll reserve any further comment than just a prophesy that while our friend the First Minister who is very fluent in his vocabulary and his choice of wording has really picked out a dilly by calling this a luxury tax, I do suggest, Mr. Chairman, it is a start of a sales tax in the Province of Manitoba. However, we will be dealing with this question later; this will be the comment that I make just at this particular stage.

MR. CHAIRMAN: Resolution be adopted?

MR. ROBLIN: Mr. Chairman, I would like to just make a brief comment because I think I should answer this question about the tax machinery. That would be desirable I'll admit, and as far as we can prepare the machinery within the confines of the government; we've done so. But my honourable friend will realize that really the machinery that has to be worked

(Mr. Roblin, cont'd.) . . . up is with the trade, and it would be quite improper to do that before the House had heard that the tax was proposed, indeed that it had agreed to impose the tax. Otherwise, I'd be like King Charles with the ship money and I'd certainly get -- he lost his head -- I don't want that to happen to me.

MR. SCHREYER: The First Minister mentioned one aspect that involved a constitutional problem. I just wanted to ask at this time if that was the only constitutional consideration or problem that he has encountered with regard to implementing this particular tax. Is the only problem then one having to do with whether it is collected via the wholesale or retail levels?

MR. ROBLIN: Well what I meant to imply was that just as with the gasoline tax, there has always been some constitutional argument about the exact way in which it was collected. The same argument could be applied to the tobacco tax but I don't think it's any more imminent a problem than it is with gasoline. It certainly has had a long "lie doggo" there, so I guess it will here too.

MR. CHAIRMAN: Resolution be adopted? Committee rise and report. Call in the Speaker..

Madam Speaker, the Committee of the Whole House has adopted certain resolutions, directed me to report the same and ask leave to sit again.

MR. MARTIN: Madam Speaker, I beg to move, seconded by the Honourable Member for Springfield, that the report of the Committee be received.

Madam Speaker presented the motion and after a voice vote declared the motion carried.

MR. ROBLIN introduced Bill No. 85, An Act to provide for the imposition of a tax on purchaser and users of motive fuel.

MR. ROBLIN: May I at the same time request the Clerk of the House to distribute the Bill, and if we get no dissent, we may call for second reading tomorrow, depending on how things go.

MR. ROBLIN introduced Bill No. 86, An Act to provide for the imposition of a tax on purchasers and users of gasoline.

MR. ROBLIN: Same comments as last Bill.

MR. ROBLIN introduced Bill No. 140, An Act for the Relief of the Community commonly known as Bissett.

MR. ROBLIN: Same comments as previously.

MR. ROBLIN introduced Bill No. 122, An Act to provide for the imposition of a tax on purchasers and use of tobacco.

MR. ROBLIN: May I make the same comment.

MADAM SPEAKER: Before the Orders of the Day, I would like to make an announcement to the House. A photograph of the Assembly will be taken at 2:30 Wednesday next, May 1st. I would like the honourable members to keep this date in mind and take notice of this and give it to any member who might be absent tonight so that all will be present when the photograph is taken.

Orders of the Day.

MR. ROBLIN: Madam Speaker, before the Orders of the Day, may I suggest to the House that the Public Accounts Committee be called for 9 o'clock tomorrow morning instead of 10 o'clock as previously advertised, and that the Industrial Relations Committee be called for 10:30 tomorrow morning and proceed with its deliberations at that time. I've consulted with other members and I think this meets with general approval, Madam Speaker.

MADAM SPEAKER: Second reading of Bill No. 89.

MR. ROBLIN: Madam Speaker, the Honourable the Leader of the Opposition has been patiently waiting all day today to make his speech on the Budget. I suggest to him that if he wishes to make it now, I'd be very glad to ask you to call that item of business; if he does not and would prefer us to proceed with the second readings we have on the Order Paper, that's a matter which I leave to his discretion, but I ask him to let us know what he'd like to do.

MR. MOLGAT: . . . proceed.

MR. ROBLIN: Well in that case my honourable friend would probably like to be excused from speaking on the subject at all today and carrying it over until tomorrow, because otherwise we'll go through the Order Paper

MR. MOLGAT: All right.

MR. EVANS: Madam Speaker, I wonder if I could request you to call the Bills in the following order: Bill No. 90, 89, 87 and 88, if that's acceptable to the House.

MADAM SPEAKER: Agreed. Second reading of Bill No. 90.

MR. EVANS: Madam Speaker, these four -- (Interjection) -- Oh yes, I think I should move them in the first place, shouldn't I. Thank you!

MR. EVANS presented Bill No. 90, An Act respecting the establishment of The Manitoba Development Authority, for second reading.

Madam Speaker presented the motion.

MR. EVANS: Madam Speaker, these four measures constitute a substantial step forward, I think, in the policy of the government to provide what we have termed "Partnership for Progress." I think it will be found that there's a common thread running through all the four measures because we offer to labour and management at least, and to university and agriculture in considerable degree, a partnership in creating more jobs for Manitoba people to work at, and to endeavour to carry out the provisions of the Committee on Manitoba's Economic Future.

These four measures really constitute the provision in Manitoba for tools of the trade of industrial development, because I think we do need practical help in this regard and each one of them will be found, I think, to be a very practical tool for this purpose. It's going to be an equal partnership. This is in no sense to be a government-dominated mold to provide these kinds of development tools, and I think as the four Bills are presented it will be found that this is the case.

The four Bills have this much in common, as I mentioned, that they do bring into partnership the elements of labour, management and government, and in many cases university at the same time, together with such specialized services as finance and others of a like character.

While dealing more particularly then with the Manitoba Economic Consultative Board, this amendment is perhaps a little deceptive in character because it is in effect just an amendment of The Manitoba Development Authority Act, by which one part of that organization is changed. But it is a more far-reaching measure than that, and indeed I think it is the most far-reaching of all in connection with its long-term effect. I'd like in just a few moments, and I'll be as brief as I can, to outline some of the things hoped for by the government in developing this policy. The government is bringing forward these measures aimed at increasing employment in Manitoba.

The establishment of a Manitoba Economic Consultative Board is probably the most important of these measures. There's a need, and I think a very pressing need, for a closer link between government, industry and farming in order to create the number of jobs that are needed and to create an expansion of industry here capable of accommodating the young people who are coming from our education system. The Machinery that is going to be provided for will assist in promoting a more rapid and sustained economic growth.

In using the term "economic growth" I'd like to stop at least once and define it, because it is a sort of shorthand. As I see it, the term of "economic growth" can be defined, I think, in a good deal more human terms and that is in provision of jobs for young people so they can find work at home; be able to settle down, certainly in their home province; hopefully in their own local community; establish their own homes and have a satisfactory way of life, not only in the amount of material things that they can provide for themselves, but equally important, I think, to have a satisfactory and satisfying job to work at. It is by no means certain that people who have grown up in farming will have a taste for farming. They might indeed want to have some other form of occupation but they would like to do it in their own community, and so we hope that we are helping to provide not only a way of earning a living, but equally important, a way of earning a satisfactory living in the way they like to work and in conditions that will make them happy and contented people.

Well industrial growth and development cannot be considered a responsibility of government alone. It's the responsibility of all the sectors of the economy. Labour, management and government must come together; they must co-operate and work with imagination and determination, I think, in a way that has not been accomplished so far. It has been clear to some

(Mr. Evans, cont'd.) . . . of us who have been following this theme that there have been advances in other countries that have outstripped, in my opinion, North America in this factor that I have been talking about, and that is the co-operation of the various sectors of the economy.

In other countries, notably Europe, they have found new and better ways of doing business; they have been overtaking and even beating North America in actual competition, and a good deal of this competition has been felt right here at home in our own markets in Canada, where goods from abroad have been meeting and to some extent beating competition right here in our home markets. Much of this competition and the effectiveness of it has been not only because of price, but because of the design and the quality of the goods, and this competition has been felt in both aspects right here at home.

There has been some tendency I think on the part of all of us, and particularly in business circles, to shrug this off; to account for it; to say that it may be temporary; but I think it's been clearly established that this will not be the case. We have been inclined to say that some of these people were the defeated countries, that they had to be helped onto their feet, that this situation of their rapid industrial advance was only overtaking some of the damage that had been done over there. There is a tendency to say that perhaps for some of the same conditions resulting from the war that there was cheap labour, but of course when the amount of labour caught up with the jobs available that the price of labour would tend to rise and that would level itself out. There was a general assumption on most people's part that there was a kind of know-how about technology in North America that was superior, and that this technology would find some way of overcoming the difficulties that our industry was getting into.

Well I think it is a consensus among those who have been overseas in business industrial circles that we can no longer assume that there is some natural superiority in North America even in matters of efficiency and mass production, nor in matters in my opinion of merchandising or of organization that entitle us to feel that we have any superiority here, either natural or acquired, and that the sooner we drop some of these ideas and get down to competing and working at our jobs the better. I think that the opinion that some of these difficulties would disappear by themselves was never justified. It was too comfortable; it was too complacent; and we must hustle to catch up with what has been going on in some other parts of the world, notably in parts of Europe and certainly in Japan.

Well there has been a quiet revolution going on for eight or ten years in Europe and it has worked, and it has been done very largely on such homely virtues as thinking ahead and working together. It is on this theme that I think we have built this idea of establishing in Manitoba, a Consultative Board. We must think ahead as to what is going to face us and we must work together as never before, and when I say "we" I mean management and government and labour and agriculture as well, and that we must take advantage of every bit of help that can be afforded by the professional society, by those having to do with finance and by all who can help.

Well this is the pattern, this association or partnership of labour, management and government, on which the Committee on Manitoba's Economic Future was founded. This has been dealt with to some extent and I think it's well known that represented on the committee were all of these elements that I speak of, of our industrial society here. They all did co-operate and, as will be seen in the report, they did look ahead and see what must be done, and so this is the pattern. It was on this pattern that the government launched the Committee on Manitoba's Economic Future. If these ways of doing things could succeed in Europe there was reason to believe that they could succeed here. The Committee was asked to think ahead and they themselves have reminded us that all must work together.

Those asked to think and work ahead on COMEF included from the beginning all of the main elements of the business community. Labour, management, agriculture, university and government were all asked to take part on equal terms and I don't think that this point can be emphasized too strongly. They may not have been equal in number, but I think that in proportion to what each community had to offer, they did contribute in substantially equal ways. I think perhaps among the three or four hundred people who constituted the committee, there may have been 30 or 40 from labour. Perhaps one could say that they were not numerically equal, but I was very much impressed and I did pay tribute on one occasion before to what I think is a proportionately very strong effort and a very intelligent effect and a very able one

(Mr. Evans, cont'd.) . . . that was put forward by the labour community in Manitoba.

There were those who came down from Flin Flon to attend meetings. There were those who came in from other points like Pine Falls and elsewhere, to attend not only the main committee meetings but also sub-committees as well, and their effort in that was fully in proportion to what portions they had to spare. The same I think can be said for each of the other constituencies. Agriculture did the same thing; so did those from management who were perhaps the largest in numbers; but the top people in each of these communities did come and give their own time and I think the results of the committee's work show the value of approaching it in this way.

But another thing stands out as well, and that is I'm told there was very lively debate on a good many of the questions that came before the Committee on Manitoba's Economic Future, but I'm told also that the divisions of opinion did not lie along the lines of the constituency from which these people came. It was not a question of management lining up on one side of a question and perhaps labour on the other or agriculture on the other, or agriculture opposing labour or any of those divisions. It was often difficult to tell from which part of the industrial community or the economic community that the people who were carrying on the discussions came, and in this way it was evident to those who reported this to me -- I wasn't at the meetings so I don't know, I must rely on report in these regards -- but it was evident to me that these people made a common cause, that they had a common objective in front of them and disregarded the particular interests that they had in joining the committee in the first place or the constituency from which they came. By common consent, the results have been outstandingly successful and I think this common consent goes well beyond the borders of Manitoba. Many of those taking part will insist that no such degree of success could have followed without the common efforts of labour and government and agriculture all working together.

Well when we became aware that the first experiment was succeeding, we realized that we should see the original, and it was for that reason that we took along on the Trade Mission to Europe two subjects: one, can Manitoba export goods to Europe; and the second is, how does the labour-management-government co-operation work in some of the examples about which we had heard in Europe, and we took those two subjects along as equal subjects on our trip overseas. The composition of the Trade Mission itself reflected this same partnership of practical businessman and agriculturalists and farm representatives. The President of the Manitoba Federation of Labour came, a professor from the university, an expert in finance, a publisher, a Minister of Industry and Commerce and a number of government officials. This was the composition then of the Trade Mission along the parallel lines of the composition of the COMEF organization itself.

Well in each of the 11 countries of Europe that was visited by the Trade Mission we found a partnership of labour, management and government, sometimes in varying degrees. In France for example there was the Commissariat du Plan, which corresponds to a remarkable degree to the Committee on Manitoba's Economic Future and to some of the work that it did and perhaps to some of the future that we see before it because they have a plan and it is the duty of the organization in France to keep that plan under review; to bring it up-to-date; and, as necessary, to bring forward some revisions from time to time. There is also the function of advising the government as to what action should be taken to carry it out.

The organization and even the plan vary in essential details in a good many of the countries and I won't deal with each one. In Belgium for example I was quite impressed with a fact and a phrase that each of these various communities, certainly labour and management, come together with what is called a "confrontation of views." That is they state their views to each other and begin the process of trying to find the happy medium between them. In Sweden there is a very highly developed machinery for labour and management to deal with their problems in common. There is a different kind of organization in the Netherlands. Probably West Germany is not as far advanced as many others in this regard, but we were told at the time we were there that while they had no plan for economic expansion at the present time, consideration is now being given to the establishment of one and they feel the need for it.

I think in England we are all quite familiar with the National Economic Development Council which is commonly known as Nedi, which has as its object the provision of this means

(Mr. Evans, cont'd.) . . . of co-operation between the various elements. Well in Europe consultation among the three major interests in the economy, the labour, management and government, has developed a mutual trust between these elements of the economic society and, as a consequence or a partial consequence of that, that at least is partly responsible for the fact that there is a rising productivity there that I think outmatches the rising productivity to be found in many other countries elsewhere.

This type of co-operation of labour, management and government is sometimes referred to as "indicative planning," and I'm not sure how far any conception of indicative planning can be carried in a province like Manitoba. I wonder if in a few words I can describe "indicative planning." It's more or less this process that the labour, management and government will sit down together, and we'll say for a country in order to maintain the rising standard of living that they have been having and in order to avoid inflation they will have to see a rise in the gross national product of the company of a certain percentage, and I might say that all sides in Europe are well advised by qualified people such as economists and others in the discussions on those things. They have great mutual regard for each other over there because each side is well armed with qualified advice and there is no question that one -- nobody declares that anybody else is irresponsible. But the three elements having sat down and decided what the objectives are to be, then they have to consider their own responsibilities on how far it is up to them to help to carry it out, and it was the opinion of a good many qualified people over there that the very process of setting a goal in common imposed on each of the people in the consultation the responsibility of asking themselves, "what is our own responsibility for helping to carry this out?" Well they share the responsibility then for setting attainable goals and they share the responsibility of helping to get there.

We have a goal that has been set before us in Manitoba and that's the provision of some 75,000 jobs by 1975, and I think that as we establish a Consultative Board here we may ask each of the constituent people, each of the constituent elements to consider what their responsibilities may be and what suggestions they will have for action, not only on their own part but on the part of government and the part of any other element of the economic society for helping to carry it out.

Well there is serious gaps in government, management and labour consultation and co-operation in Canada. I think it is agreed on all sides that such consultation and co-operation could foster high levels of employment and assist in achieving a greater rate of economic growth. We propose to fill this gap in Manitoba by establishing the Manitoba Consultative Board. I'm glad to see that there has been a seminar arranged already through the good auspices of the Labour Minister. I think the acting Minister made the announcement the other day that there is going to be co-sponsored by the Manitoba Labour Department and the University of Manitoba, a week long seminar that is so designed that it is expected that 40 participants will sit down for the period to discuss labour-management relations and certain other matters about the economic prospects of the country and the economic policy, not only the labour policy but other economic policy in the country. This is a step in the right direction and I very much welcome a move like that on the part of the Labour Department and the university together.

The change that is proposed in the Bill that we have before us has to do with the Manitoba Development Authority, and the Manitoba Consultative Board is intended to take its place within the framework of the Manitoba Development Authority, which is a two-tier organization. The top tier up to now is really a sub-committee of the cabinet; the second tier consisted of senior government officials, but the need for co-ordination now goes beyond government circles and it is proposed to replace the second tier or the Board of the Manitoba Development Authority by a new board to be known as The Manitoba Economic Consultative Board, representative of labour, business, finance, agriculture, university and senior officers of the government service.

In other words, we are now intending to directly involve -- and I can't emphasize this too strongly -- that we are intending to directly involve in the most practical way the business, farming and labour communities and to create in Manitoba the counterpart of the consultative boards that have been so successful in Europe. This board will be granted a degree of independence which I think is absolutely essential if they are to perform their functions and to

(Mr. Evans, cont'd.) . . . create the value that they are capable of creating. The Manitoba Consultative Board will be given independence of government control and freedom to publish their views and to publish their findings. In other words, the board is to have a stature and an independence commensurate with its responsibilities. This we regard as being a very important matter, because we would not attract into the service of the province in this way the people of standing, unless they knew that they were to have the right to publish their views just as the Committee on Manitoba's Economic Future was assured from the beginning that it would have its right to publish its report in any way that it saw fit.

Well there's a practical job of some dimension that awaits this board when it is established. The Committee on Manitoba's Economic Future brought together for the first time the components of a Consultative Board. That experiment was a success and it is therefore appropriate that the first and continuing job of the new organization will be to take the COMEF report and recommend how it is to be implemented, and here's where we see the parallel with the French plan which is under the constant care of their own commissariat there. The French system involves the revision and updating of the French plan every four years. This responsibility, too, may well develop upon the Consultative Board as time goes on.

Hope for the future is in my opinion in such a homely virtue as the comradely association of all our people for a joint attack on the many objectives that are held in common and toward goals that are agreed on all sides. The bargaining table is of course a useful and essential device in its way and for its purpose. Here an auction can be held at a bargaining table; here the push and the pull and the clash of the economic forces and of opposing forces can beat upon one another and arrive at decisions which, generally speaking, I think are better decisions than can be arrived at by any other means. Here at the bargaining table is what might be called "compromise through the market place."

Well I've never been at a session at a bargaining table or at a bargaining session, but I assume that the parties sit on opposite sides of the table -- they certainly do so figuratively anyway -- they're opposed forces -- but there are a good many matters I think which should not be brought to what I call the bargaining table or should not be approached in the bargaining table frame of mind. There are matters of great importance in which labour and management want exactly the same thing. I'm sure that full employment is one of them. When everybody works, everybody gains. There are no opposed interests here. I think the bargaining table and the bargaining table frame of mind are wrong for a matter of this kind. We must think more and more in terms of what I would call the consultation table.

In my mind's eye, and figuratively speaking of course, the consultation table is round; it has no sides; those who sit at it take their place without regard to affiliation, but solely do their best for the common cause. Here are men simply with problems before them, trying to find their way home together. COMEF pointed the way and set the example for all to follow. Here was the consultation table -- the round table at its best. The mutual regard and respect, man to man -- and I've had testimony to this point from all sides -- the mutual regard and respect, man to man, which grew between management and labour and agriculture and government may well prove to have been the best and most valuable result of the committee's labours. To the consultation table we have to bring the task of setting goals for the economy. As in any journey you have to know where you're going and you have to find means of getting there.

I feel we'll look back on the establishment of the Manitoba Economic Consultative Board as a major step in Manitoba's economic history. The tasks in the year ahead -- in the years ahead if we are to create 75,000 jobs by 1975, are formidable but not impossible. A vital element will be a determination to succeed on the part of all these various elements of our economic community, the men and women who form up the government, management, trade unions, farm organizations and all the rest. The Manitoba Economic Consultation Board can play a vital role in this regard and assist in stimulating and guiding Manitoba's economic development along competitive and productive lines.

MR. MOLGAT: Madam Speaker, I've listened with a good deal of interest to what the Minister said, and a good deal of what he said I agree with. Certainly there has been a tendency in the past few years for North Americans -- and Canadians are not excluded in this matter -- to look upon our system as being far superior to those of other countries; our industry as being much more modern; our techniques being far in advance; but as we see the

(Mr. Molgat, cont'd.) . . . developments in Europe in particular, what they are accomplishing, I think Canadians have to take a second look at what they are doing. Maybe we have to look as well in other areas. One that has been by and large forgotten unfortunately by certainly Western Canadians is the South American area and here, surely, lies a golden opportunity for Canadian investment in some cases; Canadian sales; and certainly a good deal of trade in the future. This is something that all of us interested in development must pay attention to.

The Minister has emphasized the need for co-operation. Certainly the developments in Europe, in particular in the post-war period, I think have been largely based upon that co-operation between the various elements involved. They have achieved this more successfully than we have. In the final analysis, the objectives of labour and management; the objectives of consumers and government are by and large the same. Increased development is to the advantage of everyone. The question is, how does one accomplish this?

Now I'm not going to speak, Madam Speaker, on the four bills that we have before us this evening because I believe that the four of them, as the Minister has indicated and as he has shown in holding them back to be discussed together tonight, really have the same thread through them and lead in the same direction. So my comments at this time will be to cover actually my comments on the four of them.

As we look at the legislation proposed for example in this first bill, Madam Speaker, we see that the Lieutenant-Governor-in-Council shall appoint a board consisting of five members, and later on the Lieutenant-Governor-in-Council shall appoint a board consisting of a chairman and not more than ten members. Also, the Lieutenant-Governor-in-Council may appoint Deputy Ministers; the Lieutenant-Governor-in-Council shall designate the member of the board to be vice-chairman and so on.

Now the Minister speaks of independence of these boards. Well, when the government appoints all the members it makes one wonder as to how much independence will be achieved. It seems to me, Madam Speaker, though that the real difficulty in these four bills is that rather than simplifying the process and providing for co-ordination, I suspect that they may complicate the process; that they establish a number of different authorities, that the Deputy Minister in charge of this department will find it almost impossible for him to co-ordinate the activities and to know what is going on because he will be dealing with such a number of different authorities, and I don't know how he can possibly handle this.

Madam Speaker, if we go back to The Industry and Commerce Act, it sets up: Part 1, The Bureau of Industrial Development, through which the Minister shall manage and administer matters relating to the promotion and development of industries in Manitoba, which is basically what the Minister has been speaking about this evening. Then we have the duties of The Bureau of Industrial Development. They are listed as follows: (a) To investigate, study and undertake ways and means of promoting and encouraging the development of the industry and commerce of the province. (b) To promote and encourage the location and development of new industries in the province and the extension of existing industries. (c) To compile, collect and make available to interested persons information relating to current business conditions in the province. (d) To advertise and disseminate information regarding the natural resources of desirable locations in and other advantages of the province for the purpose of attracting new industries to the province. (e) To provide advisory and consultative services to persons beginning business for themselves in the province. (f) To advise and co-operate with railways and municipal and industrial agencies and groups within the province. (g) To co-ordinate the activities of province-wide and local industrial development agencies and to disseminate information and suggestions to such agencies. And (h) To encourage and assist in the organization and functioning of local industrial development agencies where none now exist. Those are the specifically laid down duties of the Bureau of Industrial Development.

Then there is the final coverall phrase, "And to perform such other duties as the Minister may prescribe." It seems to me, Madam Speaker, that in that Act we have all the authority that is needed to do all of the things that are listed in these four separate Bills. That we have there in the one form the whole mechanism, the whole procedure, the machinery, the Act, to proceed and do these things, a good number of which I agree are desirable, that the Minister now has within his department the authority to do so, the machinery to do so -- not in all cases I will admit, the complete staff to do so. I have no objections whatever if these are found to be

(Mr. Molgat, cont'd.) . . . desirable matters; if the COMEF Report finds that these duties should be undertaken, then I say if they are going to be productive; if they are going to promote further development in the Province of Manitoba; if they will stop the exodus of our young trained people to other provinces and across the line into the American States; if they'll provide further employment here in the Province of Manitoba, then we should undertake those duties. But, Madam Speaker, I submit that we can do this within the department; that the whole machinery is there and that there is no need to establish new boards, new authorities, new groups to complicate the process rather than to improve it.

MR. PAULLEY: Madam Speaker, in taking part in this debate I understand the debate at the present time is on Bill 90 for the establishment of a Manitoba Development Authority. May I say from the offset that I appreciate very much the aims and objectives that the Honourable Minister of Industry and Commerce has laid before us this evening, as to what he hopes is achieved as the result of setting up this new development authority in Manitoba. But I think I should say to my honourable friend the Minister of Industry and Commerce, that -- and I don't mean this in any personal sense at all -- but that the approach of this government, indeed, the approach of all governments in the Dominion of Canada with the exception of one, is that of one that in this year 1963 -- by some in 1962 -- that they are now paying lip service to the necessity for economic planning for the future of Canada and the individual provinces. Why do I say this, Madam Speaker? I say this because I recall at least at one session when my honourable friend the Minister of Industry and Commerce was my close neighbour on this side of the House in Opposition, that we of the CCF Party at that time introduced an amendment to the Speech from the Throne, which used the terminology 'economic planning' and my honourable friends in the Conservative ranks at this time said that they could not support this resolution because of the phraseology that we used of 'economic planning'. And as I listened to my honourable friend the Minister of Industry and Commerce, in the introduction for second reading of this Bill, and, indeed, also, Madam, insofar as the other bills are concerned, it appears to me that at least the phraseology is no longer alien to my honourable friends opposite. But I question very much whether the contents of the Bills that are being introduced by the Government of Manitoba at this time are going to achieve what is desired for the future of the Province of Manitoba.

I think it could be fairly said, Madam Speaker, that what the Minister of Industry and Commerce is attempting to do by his Bills this year is merely tiptoeing into cold waters in the economic development of the Province of Manitoba, because I don't think despite verbiage that we see in these Bills that there is going to be any real directive into the economic future of Manitoba by the authorities that are being set up. For after all, Madam Speaker, how can we really achieve a job for the Province of Manitoba; for the economic development of our province, if we're only going to have as we have in this Bill before us today, part-time individuals, as capable as they may be, acting as a consultative board under the Manitoba Development Authority? For as we look through this Bill we find that the Lieutenant-Governor-in-Council, the Executive Council, excuse me, appointed by the -- "the authority shall consist of five members of the Executive Council appointed by the Lieutenant-Governor-in-Council, one of whom shall be appointed chairman of the authority." And then it goes on with the various members of the committee. And further on it mentions that the chairman and the members of the board may receive from the Crown such honorarium as the Lieutenant-in-Council may determine. Then it goes on, Madam Speaker -- and I think this is vital and very important -- "The Board shall meet at the call of its Chairman but not less often than once in every three months." And I suggest to you, Madam Speaker, that unless we have a board that is meeting not less than once in three months, but constantly and regularly, particularly in the early years when we're giving consideration to the report on Manitoba's economic future, that we're not doing a job for the Province of Manitoba.

My honourable friend the Minister of Industry and Commerce in his presentation on second reading of this Bill referred to the Scandinavian countries, and in particular Sweden, of how management, labour and industry had got together for the future well-being of that country. He didn't tell us the truism of this circumstance, that they worked together constantly, not on a hit-and-miss basis of not less than three months, but are constantly doing the job for their country.

(Mr. Paulley, cont'd.) . . .

I listened with interest to my honourable friend when he spoke of the necessity of a co-operative venture between labour, management, government, agricultural interests. I agree with him that this is desirable -- indeed, not only is it desirable, Madam Speaker, it's essential that we have it here in the Province of Manitoba. But I dispute with my honourable friend his phraseology of 'on equal terms' because the situation in Sweden that my honourable friend mentions of co-operation between labour and management and government is certainly not on the basis that is suggested, either in this Bill or the other Bill, because in Sweden labour and management meet as units together to plan the whole field of the relationships between management and labour, aided, of course, by government interests, and government direct participation in these fields of the economic advancement of the Scandinavian countries. So I say to my honourable friend, the Minister, I like the way he talks but it's a little different in the production and there's nothing that I can see, Madam Speaker, in the Bill itself that will bring about a greater amount of co-operation, because we can't do this on a piecemeal basis. I mentioned the other day in this House I was pleased to hear that the Acting Minister of Labour informed the House of a seminar that is going to take place at the university this summer, and I think that this is a step in the right direction. But I want to say this, Madam Speaker, until such time as we assure all the respective segments of the economy that they are indeed equal partners, then we're not going to achieve the objectives that are being set out for us.

My honourable friend mentions insofar as the Committee on Manitoba's Economic Future is concerned he was happy and glad to know that there were labour representatives on this Committee. I, too, was glad. But, Madam Speaker, I have information that in the compilation of the report that was tabled in this House there was not unanimity of opinion as to the directions that Manitoba should go insofar as the Committee was concerned; that there was broad differences of opinion in many fields. But we only have before us a report which indicates, as one reads the report, that in that thousand page volume that we got, that there was almost complete agreement into the channels that we should take in Manitoba to develop our future. I suggest, Madam Speaker, that this was not so.

My honourable friend the Minister of Industry and Commerce, when he was talking of the trade mission to Europe -- and I have heard him say this quite frequently, he's almost got me convinced -- almost -- but I have read the report of the mission; I have looked very closely at the personnel -- my honourable friend is pleased to be able to say that in the trade mission or on the trade mission to the European countries we had representation from labour -- one man -- one man. And as my honourable friend says, the President of the Manitoba Federation of Labour. But I suggest Madam Speaker, that this is not good enough. I regret very much that the government didn't see fit to adopt my suggestion that I made when we were dealing with the question of a trade mission to Europe, of having a trade mission of experts, not individuals, to go over to consider the whole situation as exists over there so that we might be able to compare it with our situation here in the Province of Manitoba. But this was not done, and as I say Madam Speaker, there was one representative of labour. Now I don't think this justifies my honourable friend giving the impression to this House that because there was a labour representative on the trade mission to Europe that we've got the combination of labour, management and government for the future of the Province of Manitoba. I'm not going to suggest that of 30 individuals on a trade mission that there should be ten of labour, ten of management and ten of government; but I do say that the government has only been giving lip service when it brings forth statements of the Minister as to the fact that we have representation from all of these groups. That's true, Madam Speaker, my honourable friend says we sent the same invitation to everybody. But I want to say to my honourable friend the sending of invitations insofar as such important matters as the economic development of Manitoba and its future is not similar to sending invitations to cocktail parties or social functions. It requires more than this. I think we have to realize this. I think that we have to -- we have to come to a realization -- that we should stop dealing with individuals within management, individuals within labour, get them working together as representatives of their economic groupings; and I think that in the past we have done it more on an individual basis than we've actually attempted to do it on an over-all basis insofar as segments of our economy are concerned. So I say -- (Interjection) -- I beg your pardon?

MR. CARROLL: Hogwash!

MR. PAULLEY: Hogwash. Of all the individuals in this House Madam Speaker, to say hogwash to me after the job that he has done as Minister of Labour in this province. I say to you my honourable friend that you have turned back the clock insofar as labour is concerned in the Province of Manitoba; where labour itself views with suspicion any endeavour on the part of government to receive their co-operation -- and I say Madam Speaker, seeing as my honourable friend interjected, I would say to him that if it hadn't of been for many pieces of legislation that you introduced during your term as Minister of Labour, you'd have had far more co-operation from labour in Manitoba than they're prepared to give at the present time, if my assessment of the situation is correct. So I say to my honourable friend, "don't talk hogwash to me."

Now then Madam Speaker, I note another item in the Bill that we have under consideration at the present time. It deals with the affairs of the committee, the Consultative Board, and it states that all affairs and proceedings of the Board and all information and reports prepared or secured by the Board or on its behalf shall be confidential to the Board and the authority, unless both the Board and the authority consent to release or make public any part thereof, but notwithstanding this secrecy of what the Board is actually doing, a sub-clause says, "the Board shall prepare and publish, not later than three months after the close of its year a report on the economic situation in the Province." I suggest to my honourable friend the Minister who is responsible for this Board -- the setting up of this Board -- there should be no secrets withheld from this Legislature as to the findings of the Development Authority in the province. I would agree with him insofar as keeping somewhat confidential the amounts of profits that certain firms may be making in the Province of Manitoba, but I don't agree that when we're dealing with the important matter of the economic future of the Province of Manitoba that the Board should withhold the information as suggested from this Legislature in this particular clause unless the Minister can explain and convince me that my interpretation of this particular clause is wrong. If he can do that, Madam Speaker, then I would appreciate it.

But I want to say this Madam Speaker, in closing, in each of the four bills that the honourable the Minister is proposing -- and I'm not going to talk on all of them, and I'm sure he'll appreciate that and so will the House -- but in each of the bills that he is proposing before the House, to me -- I almost was going to use the terminology of the Honourable the Minister of Welfare -- but I won't do it because I don't think it's quite hogwash -- but I do say that there is not enough directives; that there's a lot of nice phraseology contained in the bills, but unless the Government of Manitoba is prepared to adopt the type of economic planning that has been adopted in the Scandinavian countries that my honourable friend is so proud to be able to tell us has achieved considerable success, unless this is done in the Province of Manitoba we're not doing anything other than giving lip service for the future of Manitoba.

MR. SMERCHANSKI: Madam Speaker, I would only like to bring to the attention of the Honourable Minister that we have under the terms of our Act that set up the department sufficient facilities to deal with the establishment or whatever is required to further develop and provide for the economic development of Manitoba and I think that basically the entire purpose of these four bills or related bills is to try and provide 75,000 more jobs by a certain time. I'd like to point out that at the present rate of economic growth in Manitoba which is 1.1 per cent -- Now if the establishment of these boards and authorities is going to increase this rate of growth and if we have proper planning in that we will not lose these boards in the shuffle of much paper plans and boards in name only, I would go along with the establishment of these boards. However, I would like to impress upon the Honourable Minister most emphatically that this is urgent and the establishment of boards is not necessarily solving the problem, unless those boards are going to be very active; unless those boards are going to get definite instructions and unless those boards are prepared to do the things that they are set out to do. I of course agree with the previous speaker in that there is reference made in reference to the authority and the board established under the authority and in particular Bill No. 90, in that the meetings will be called once every three months, or at least once every three months. I only want to leave the thinking at -- the report presents and says to us again and again that it is urgent we get on with the job, and I feel Madam Speaker, that there is an indication, and I hope I am wrong, but there is an indication, that we're liable to get lost in the shuffle and lost in the paper work in setting up too many boards and too many authorities to do those things that

(Mr. Smerchanski, cont'd.) we set out to do. I think that basically our prime objective in all these matters should be specifically relating to the economic development of Manitoba and to provide the necessary facilities in order to give employment to the work force that is coming of age and is going to be developed by the natural growth of the labour force in Manitoba.

. Continued on next page.

MR. J. MILLS (Kildonan): Madam Speaker, speaking to the second reading of this Bill, namely 90, an Act to establish the Economic Consultative Board of Manitoba, introduced by the Honourable Minister of Industry and Commerce, I wish to add my support, and at this time, Madam Speaker, to point out that one of the most pointed indications drawn from the report on Manitoba's economic future is that Manitoba's economy is now at the crossroads. It must either go forward -- progress; or go backwards -- regress -- there is no standing still. It is on this stringent principle that our government through its Department of Industry and Commerce has taken a definite stand to do all in its power to surge forward by means of a well prepared, definite policy. Essentially this takes courage and ability to foresee the image this great province of ours has to offer of itself. How can it extend itself to explore and to explore to all corners of this hemispheric globe? Today's mode of travel and transportation enables us to spread our wings as it were so that with sound astute business-like concepts, coupled with ideas formulated by the greatest minds at our disposal it can be confident to say that this province of ours can raise itself up on the face of the earth still more in its endeavour to give the people of Manitoba the security and well being that they so richly deserve. Our government is determined that this province will prosper and grow. It is determined to stimulate present industries and to promote further new efficient industries. I believe only in this way can we prosper and provide new job opportunities to the citizens of Manitoba and incidentally increase our already high standard of living. With this in mind and the conception of this board, that is the Economic Consultative Board, Manitoba's boundaries will be vast and important. This board will work in harmony with the aims and programs of this government and will provide means of continuing the work that was started by the Committee on Manitoba's Economic Future. It must be emphasized that its function is primarily advisory; the prerogative of formation and implementation of policy still lies with the government, responsible to this Legislature. This board will help formulate new ideas and garner the best of brains on the subject toward the end result of achieving a prosperous and happy economy.

To further explain the function of this board it could be divided into three divisions or sections. First to investigate, analyze and report on medium and long term prospects of industries pertinent to certain areas of this province. The board will study and report on methods and measures designed to stimulate new industries and help Manitoba grow. Its recommendations will not only assist, but give the government the opportunity to look at the future effects of these policies on our economy. This board will search new projects and measures which are likely to have far reaching effects on the growth and the development of the province. There is a need for a board of this stature to assimilate the ideas of leaders of labour, management, industry and agriculture, as well as those of finance. The success of this board hinges largely upon its election of its personnel. The Board must secure the services of people of highly trained and experienced in his own particular field. Nothing but the best should be our motto. The chairman will be one of highest regard; one who will be an expert in his field; one who will guide his staff and fellow members on to a higher pinnacle of success. And of course, one who will put Manitoba first on the agenda. The increasing complexities of our modern economic activities make the old hit and miss methods totally unacceptable. It has been generally conceded in most countries, particularly in Europe and in the United Kingdom, that forward planning and detail study of the course of the economy is essential to progress. Manitoba has on several occasions put forward proposals for the formation of an Economic Advisory Board on a joint Federal-Provincial board basis. The Honourable First Minister did this at the Federal-Provincial Conference and also at the previous conference in Victoria where he was well received. While this economic ambition is very highly desirable, we must in the meantime act on our behalf. Manitoba is challenged with the same problem as Canada, that of improving its rate of growth. However the Province of Manitoba has progressed ahead of others inasmuch as it has before it a detailed study of its economic future in the COMEF report and it would be foolhardy indeed if we were not to start on the implementation of this as soon as possible. In conclusion, I would like to read an article from the Financial Post editorial page of April 13th titled "The Hard Facts about Jobs." "Canada's work force will be growing sharply faster in the next decade than in the past decade." Yet in the last decade we couldn't create enough new jobs to keep unemployment from almost doubling between 1956 and 1962. To get present unemployment down to a more acceptable level and to accommodate the big inflow of new

(Mr. Mills, cont'd)... workers every year, business will have to produce at least 800,000 new jobs within the next four years. If it can create only 500,000 the number of new jobs created in the last four years unemployment will be half again as high as it is now and almost three times the level of the mid-50's. Some 450,000 youngsters will have reached working age in the next five years, of 1961 to '66 -- as many as arrived at that age in the whole of the fifteen year period from 1948 to 1961. Most of these teenagers are still in schools, but the omens are not good. Teenage unemployment is now twice as high as over all Canada unemployment. Unless plans are laid soon, the years immediately ahead will see disillusion and discontent amongst the young Canadians and anger and futility among the older workers, pushed aside by the more mobile youngster or by automation. Meeting this critical situation will require powerful new incentives to expansion in the places that provide most of the new jobs, business and industry. This will take much government intelligence and political courage of a high order. Thank you.

MR. EVANS: Madam Speaker, if there are no further comments, I'd like to close the debate.

Well, I thank my honourable friends for their contributions to the debate which I think were very useful, and in all cases, in my opinion, drew to attention points to which we must give, I think, very considerable attention. The Honourable Leader of the Opposition asked "how much independence is going to be given to this board if they are in fact all appointed by the Lieutenant-Governor-in-Council?" I don't see any difficulty in that regard. The board for COMEF was appointed by the Lieutenant Governor. They were people of such standing that their own positions, I think, guaranteed the independence of their view and we would intend, I think, to appoint people of similar character to these boards.

The two representative of the Liberal Party drew attention to the fact that there is power in the Act to carry out most of the things that have been talked about and I gather the things that are proposed in the other three bills as well. This is true, but we are quite sure that we cannot organize the other elements of the community to come in and assist with these problems unless we have some form of organization, and we think that by providing an Act for each of them which can grow and be amended and expand as the requirements dictate and as conditions dictate as the years go on, is a sounder thing to do from the beginning than try to attach them as mere advisory committees to some government department or branch of a government department. I think we are launched on a campaign which will -- I don't mean a campaign in that sense, but on a development which will take place over a number of years and I think as it proves its value it will likely be carried on by succeeding administrations of whatever political parties they may be, looking far into the future. I think we should contemplate that a growth of this kind should take place over a period of ten, fifteen or twenty years and while undoubtedly this present administration will be here at least that long, then we should look farther ahead than that as well. But I do think it's sound for them to have their own Act to grow on and part of their own responsibilities will be to tell us how the Act should be amended. So I do not agree with the view that there is no need for these organizations. I think there is.

My honourable friend, I don't think, would want to charge me with insincerity when he says that we are rendering only "lip service" to the matter such as planning or inviting the co-operation of labour. I think that's not in his mind to say that. I think he thinks that more in the sense that this may turn out to be a paper plan. This is the point that my honourable friend from Burrows mentioned. Well if it turns out to be a paper plan it will have been a failure; we will have failed in that regard; we will have proposed a plan then that failed and that will have to be chargeable to us. And no matter what we write into an Act; no matter what plans we lay down on paper, I think everything will depend on whether it's carried out and carried out in good faith or not. I can point to only one example and that's the COMEF organization. It could have turned out to be an elaborate paper plan. As a matter of fact we were told that it would be, and I don't want to raise that point in any serious way tonight. It was told to us that this was just more window dressing and matters of that kind. But it didn't turn out to be so. It turned out to be an outstanding success, largely by reason of the quality of the men who were attracted in to take part in it.

"We are tiptoeing into the cold waters of economic planning." Well that's quite a graphic picture and it quite frightened my evening for a moment to think of me tiptoeing into

(Mr. Evans, cont'd)... the cold waters of something or other. This is only a part-time board. I suggest to my honourable friend that it would not be possible to attract into full-time service, in this particular regard, the kinds of people who made up the board on the COMEF -- and I use the COMEF as the model throughout, because it is in fact the model upon which this whole concept is built. It was a successful experiment and if I refer back to that time and again it's largely, because frankly we built this concept on the experience in COMEF. It was a practical success and we want to perpetuate that kind of a success. Well, we did find the leaders in each field taking personal part in the deliberations of COMEF, we expect them to do so in this consultation board and the others as well.

He points out that Sweden plans the whole field of economic co-operation. Well, I think it would perhaps be unwise even if we believed in it, to consider any such drastic move as that. I think it's not wrong to say that if we can make some move toward co-operation and to further planning -- and I'll come back to those two words in just a minute -- to plan some move in what perhaps my honourable friend might regard as the right direction, rather than from his point of view to take no steps at all. So I think that the steps that we plan now and the moves that we propose to take are, I like to think he would agree -- steps in the right direction. Now, I think one of the things that I differed with my honourable friend on over there, over the years has been an attempt on his and his party's part to establish some kind of a patent or copyright on the words "planning and co-operation." Because there has been nothing that has been any better planned than the operations of private business.

There's been nothing more co-operative than the way that private businesses co-operate with each other to run a business community. Well you see from the look on his face -- (interjection) -- oh diametrically opposed. They are our views to the use of these words. He has tried to give them a specialized kind of a jargon meaning that apply only to his socialistic philosophies. Well, he's perfectly free to do that; except that I'm perfectly free to defend the kind of planning that has gone on in business circles -- I was going to say, long before he and his friends were heard of, and will continue long after they have passed from the scene. And in these regards I really believe that there can be substantial practical advances made by men of goodwill from all the segments of our society and our business society sitting down and trying to achieve common goals together.

He raises the point about the Board keeping material confidential and then I think he gave the answer to his own question because if a consultation board is to have the advice, and the confidential advice, of the people who go to make it up, they may very well require the power to keep certain of the information confidential. It might, indeed, be true that they would wish to consider the profits or the confidential information of certain corporations or societies; indeed, labour unions might wish to have some assurance that some of their views would not be made public; and so the Board is to be given a certain power to keep confidential some of the advice that it gets but is to have perfect freedom to publish its own views. And I think that is a reasonable precaution to take to give people perfect freedom in coming to them and discussing their views.

He complains that the Consultative Board is not to be given enough directives. Well here again we differ in view. I would much rather have this Consultative Board consider the problems and come to the government with advice, instead of being given directives as to what to do by the government. We are seeking advice and guidance.

I think I've touched on the points mentioned by my honourable friend from Burrows that we already have enough power under the Act to create new agencies -- the Leader of the Opposition mentioned that, is to create new agencies where none exist. This is what we propose to do, at least, with respect to the next three Bills. And we must not have these boards on paper only. I agree. There are indications that we may get lost in a shufffle with too many boards. If that's the case that will be a mistake. We will have failed to carry out the job that we are promising to do and time will tell.

I want to thank my honourable friend from Kildonan for his valuable contribution. He expressed some view that I think are entirely in keeping with our plan. He shows an appreciation of it and I think I would not comment on the individual views that he expressed except to say that I agree with him and I thank him for his contribution to this debate.

Madam Speaker put the question.

MR. EVANS: Yeas and Nays, Madam Speaker.

MADAM SPEAKER: Call in the Members.

The question before the House is the second reading of Bill No. 90, an Act respecting the establishment of the Manitoba Development authorities. Those in favour of the motion please rise.

A standing vote was taken, the results being as follows:

YEAS: Messrs. Baizley, Beard, Bilton, Bjornson, Carroll, Cherniack, Cowan, Evans, Gray, Groves, Hamilton, Harris, Harrison, Hutton, Jeannotte, Johnson (Gimli), Klym, Lissaman, Lyon, McDonald, McKellar, McLean, Martin, Mills, Moeller, Paulley, Peters Roblin, Schreyer, Shewman, Smellie, Stanes, Steinkopf, Watt, Weir, Witney, Wright and Mrs. Morrison.

NAYS: Messrs. Campbell, Desjardins, Guttormson, Hillhouse, Johnston, Molgat, Patrick, Shoemaker, Smerchanski, Tanchak and Vielfaure.

MR. CLERK: YEAS, 38; Nays, 11.

MADAM SPEAKER: I declare the motion carried.

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MADAM SPEAKER: Second reading of Bill No. 89.

MR. EVANS presented Bill No. 89, an Act for the establishment of a Design Institute for Manitoba, for second reading.

Madam Speaker presented the motion.

MR. EVANS: Madam Speaker, I would like to outline very briefly a few comments concerning a Design Institute and I'll try not to repeat the ground that's been covered already.

When I started to consider the matter of design I thought I knew what it meant, and the more I studied it, the less sure I am because it's a very wide field. I think it can be said that it includes such things as thinking up new products that we can make here; improving them to work better or to suit the market better; adding to their attractiveness and sales appeal; and reducing their cost of manufacture. That last one I think was a surprise to me at first but it is certainly within the field of manufacture. This calls for the skills and talents of the inventor, the engineer, the artist, the sales promotor, the cost accountant and a good many others besides, for there is a pressing need for better design in Manitoba and this has been emphatically stated by the COMEF people and by others as well.

We had developed in Manitoba a state of mind I think, which is true in Canada and it's true in Manitoba, that we had developed a state of mind in which we tend to believe that something from elsewhere is better than what we have here. We hear a good deal about the American production skill; about phrases like, "British is Best" or "German Thoroughness" or "Japanese Prices" or "Scandinavian Design" or "Swiss Precision" and a lot of other things besides, but you can't name the corresponding kind of a slogan for Manitoba industrial production and I think it means that we have not developed an individual character or characteristics for Manitoba industrial production along the same lines that many of these other countries have.

Well to improve the sales product, the sales prospects of our industrial goods here, the first need is for a distinctive character of goods, or a design of goods that is characteristic of Manitoba. If you look at companies which have been successful in marketing their products I think they have one thing in common, and that is high quality and unique goods that are aimed at specific markets. A unique product well conceived and well designed has wide acceptance and price, or laid down cost, is not the only or the dominant factor in a great many cases. This is the element that we must consider in Manitoba where, to some extent by reason of distance from markets and other reasons we have to overcome high transportation costs, and sometimes where price is the only factor, we find that competition is stiff.

Well Manitoba's present production -- I don't think there's any question -- needs the influence of good design. It needs much more in the way of sales effectiveness, which includes such things as the design of packaging and other sales aids of that kind. I haven't the slightest doubt in my mind that these functions can be carried out best by private designers and by private consulting designers, but we haven't got them here. The prospects of having them in Manitoba are slight at the present time because they are in very short supply in Canada and they are in very short supply elsewhere as well. Manitoba must do something now -- 1975 is not far away and we need to take some move that they're going to be effective in the short time that remains to us, because it's a bit of a shocker to remember that the COMEF people have told us that a delay as small as six months may indeed be a serious matter in implementing the COMEF Report.

Well the Manitoba Design Institute is the first step towards acquiring better design for Manitoba. It will have a membership of 12 members representative of industry, labour, distribution, university, government and the general public representing the consumers, of course. The objectives will be to increase the awareness of the need for better design as a practical means of better design; as a practical means for increasing sales; to increase jobs and to increase prosperity. To find ways to achieve improvement in design, part-time professional services will be engaged from elsewhere and brought here to help industry to apply good design techniques within the province.

Some measures will be recommended to the Design Institute for their consideration, among them a Review Board of Design which will accept products or prototypes for new products for professional design appraisal. I think it may also be suggested to them that they may have a series of awards to make or marks of quality that they will award for genuine Manitoba designs of certain quality, but whatever form this takes we believe that the provision of part-time

(Mr. Evans, cont'd.) . . . professional consulting service here which will not only make awards but will give critiques of new Manitoba design, design to improve future products, even those that do not receive the mark of quality on the first application.

Perhaps among the most important functions of the Design Institute will be to increase the public awareness of the value of design and the necessity for improving this design within the province. One specialized task to be assigned to the Design Institute will be to help to create more souvenirs of distinctive Manitoba type to be manufactured within the province. We have some good souvenirs now, more are on the way and the fact that we are able to find a market for these things, I think, is an encouragement. We need more of them.

The considerations that I have laid before you so far have dealt with the quality, style and character and distinctiveness of Manitoba goods, but there's another aspect which is at least as important, and that is the reduction of costs through the re-design of products. This means redesigning the industrial processes by which a product is designed, to re-design the materials that go into it; to re-design it in such ways that costs can be reduced, partly by using more local materials. In this way, if we can reduce the costs of manufacture through good design we can meet and beat competition with our Manitoba manufacturers. It is essential, as reported by the COMEF report, it is essential that a high proportion of our manufacturing industries find ways and means of reducing costs of production and of making technological improvements.

We have had several rather startling local successes in this way and I'm sure the House will have heard of the success of the Dominion Bridge Company, for example, in meeting Italian competition and beating it for electric transmission towers within the province. They found that to do this they had to go into a complete job of re-design, which started with the materials from which the towers were made and then the redesign of the towers in order to make use of the best qualities of those materials. Italian competition, which had been dominant in the export markets of this kind of material, was met and beaten right here in Manitoba by our own industry because of design.

We heard at the Trade Expansion Conference also of an outstanding success story here told by the Monarch Pump Company, in which they have re-designed a good many of their products and on which this re-design factor is given credit for a very considerable success that they have had. In order to encourage this kind of development, the government will establish a revolving fund of \$250,000 to be administered by the Manitoba Development Fund for loans for planning design improvements. The loans are to be for the planning function for new or improved products; for cost production through better plant capacity, machinery, equipment and other facilities.

I think that it should be repeated that the loans are not intended for buying those things but merely for the planning function, to help them plan better design in order to achieve those ends. Well results will take time to achieve, but I believe that success will follow and will have profound effects on Manitoba's economic future, just as the committee on the future says that it would.

MR. PAULLEY: Madam Speaker, before you put the motion I would just like to make one comment. My group intends to do the same with this Bill and the other two bills that the Minister has yet to move for second reading, that is to support them for second reading. We may have some differences of opinion on the respective bills as indeed we did have on the one which was just approved. But I realize the position of the Honourable Minister of Industry and Commerce, and while I may not have been very flattering in a previous debate this evening to my honourable friend, I do want to give him at least some credit in that he's attempting to do something for the Province of Manitoba, and on this basis, as far as my group is concerned, we are supporting the passage of these bills.

MR. MOLGAT: Madam Speaker, I made my speech on the first bill. My position is the same on this one as it was on the first one, and in our group we talk and vote the same way. We don't talk one way and vote the other. My position on this subject is simply this: the Minister now has the power to do this within the Act. I say to him, "let's get to work and get the job done with the power you now have; you don't need any more boards and commissions."

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. EVANS: Yeas and nays please, Madam Speaker.

MR. MOLGAT: could we not?

MR. PAULLEY: that the Honourable Member for Rhineland did not turn up for the last vote. I don't know if he's in the building and might hear the tinkle of the bell that he may want to be recorded. If he's not, if he happens to have gone home, as far as we're concerned the same division would suffice.

MADAM SPEAKER: The same division?

MR. EVANS presented Bill No. 87, An Act to establish the Manitoba Research Council, for second reading.

Madam Speaker presented the motion.

MR. EVANS: I have heard no demand for an explanation of this bill, Madam Speaker, and so

MR. PAULLEY: Madam Speaker, before you call the vote on this bill, one of the honourable members a moment ago made reference to talking one way and voting one way. I just want to comment that I feel that it is my duty as a member in opposition to the government to make constructive suggestions to the government in respect of their legislation, but it doesn't necessarily follow that I have to vote against even what I consider are feeble attempts or feeble starts, and I suggest that even these feeble starts, in my opinion, are far better than the no starts that was made by the former administration.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. EVANS: Yeas and nays on the same division?

MADAM SPEAKER: Agreed.

Mr. Evans presented Bill No. 88, An Act to establish the Manitoba Export Corporation, for second reading.

Madam Speaker presented the motion.

MR. EVANS: Madam Speaker, I think there are one or two comments that I would like to offer here to carry on further from the comments that I have already offered, but not to repeat them I hope, and I will try to keep my remarks as within as small a compass as possible.

The first statement that I would like to make is that the COMEF report makes it very plain that if we are to achieve our employment goal by 1975 we must count heavily on secondary industry but that secondary industry will not achieve that number of jobs unless there is a very substantial increase in exports. That condenses into a very short compass a good deal of material that I have here. Then I would like to add to that a statement and supply some information which I hope will lead the honourable members to believe that it can be done, because I think when you first mention exports to a good many people in Manitoba there is an assumption that we are not in the position in Manitoba to gain large export markets.

Well I don't believe it's generally known the diversity of Manitoba manufactured exports at the present time. I have a considerable list here, but I'll pick out only one or two items at random to show their variety: such things as canned vegetables, battery blankets -- I'm picking these out purely at random -- street lighting relays and switch-gear equipment, footwear and slippers, marine accessories, agricultural spraying equipment and others. I have a list, I'm sure of 50 to 75 items here which I will not read, but there have been one or two outstanding demonstrations of the fact that we can sell for export, and I would like to tell the honourable members about the experience of the "Fly and Buy Show" when they were here.

Last year our department in co-operation with the Department of Trade and Commerce in Ottawa sponsored the "Fly and Buy Show". Under that arrangement the Ottawa government brought to Winnipeg -- they paid for the transportation of 58 buyers, representing 39 retail organizations from the major chains -- that is the chain stores in Chicago and New York; Indianapolis; Cleveland; Columbus; Minneapolis; St. Paul; St. Louis; Grand Forks, North Dakota; Superior, Wisconsin; Fremont, Nebraska; and Detroit. Fifty-three Manitoba firms exhibited. Just to show the volume of buying for which these buyers are responsible, I would mention that the largest delegation came from the Sears-Roebuck organization which has a coast-to-coast sales volume of \$5 billion a year -- a perfectly enormous corporation. That was the largest. Montgomery Ward was here as well; the Macy chain which buys \$600 million a year; the Allied Purchasing Corporation of New York which buys for 50 stores; the famous Barr Company of St. Louis operating 51 stores with annual sales of \$500 million; and others. The J. C. Penney chain was here, doing \$140 million worth of business annually.

The companies who exhibited reported sizeable orders were received and it is estimated that

(Mr. Evans, cont'd.) . . . at least \$250,000 of cash business was done by the Manitoba firms in this exhibit, and by the time the follow-up trips have been completed, I think it's safe to say that at least \$1 million worth of business will have been done within a year from the time that exhibit took place. I have practical examples here of the follow-ups that have resulted in additional business from that "Fly and Buy Show." Gerhard Kennedy of Canada Limited have authorized me to say that they are engaged in negotiations with the J. C. Penney organization in New York. The contracts now under negotiation are for long-term sales promotion to begin in the fall of 1963 and the indicated volume totalling in the order of several hundreds of thousands of dollars a year. Other firms here, I have eight or ten of them, who have authorized me to give the details which I have here of the sales that they have made. In view of the hour, I'm not going through that detail, except to tell my honourable friends that the volume of a million dollars a year from that one show that took place here on a single day with these people is of the order of a million dollars a year and I think is ample evidence that Manitoba can export.

In view of success in that field and others, the government has already announced that it will take a Trade Mission to the United States. The centres to be visited will include Minneapolis, Chicago, St. Louis, New Orleans, Dallas, Houston, Los Angeles, San Francisco and Denver. The only other fact that I would like to call to attention at this time is that a very small proportion of firms in Canada, and I think at least as small a proportion of firms in Manitoba, have paid any serious attention to export business. I think in many cases they have felt that it was not within their technical grasp to be able to carry out these exports and so it is proposed to put the export corporation into being as in effect, the export sales promotion department of a number of small firms who have not the resources or the personnel themselves, to investigate the markets; find out where sales can be made; find out the techniques by which it must be done; find out how to make payments and how to advertise and how to carry on the various functions required to sell their goods overseas. And so this corporation, along the lines indicated in the bill, will be put into being, to give the most practical assistance to Manitoba firms to help to establish their exports.

MR. MOLGAT: Madam Speaker, I wonder if I could ask a question of the Minister? I think he stated that the one day show here had produced a billion dollars worth of business, is that correct -- a million -- this was accomplished without this Act, was it?

MR. EVANS: Yes, and it's the model on which we have founded the Act.

MR. CAMPBELL: I would like to ask the Honourable the Minister a question and I would like to make one comment on the bill as well. It's of minor matter, the comment, because I noticed that in Clause 7 of the Bill, that a member may be paid and he may accept, for any reasonable travelling and other out-of-pocket expenses a remuneration. I submit that that language of "that he may accept" is unnecessary, unless it's contemplated that a member of this Legislative Assembly is going to be a member of one of these boards, in which case you would need some special legislation to allow him to accept. But in that case the legislation is not sufficient. So I would think that that clause would need to be checked. But the question, and it is important in my opinion, that I want to ask the Honourable Minister is this -- I've asked it on other occasions and I think it's fundamental -- it's true that we want to export, we want to export more than we're doing now, but we have traditional exports of wheat and meat and dairy products and other things that we would like to continue to export. How are we going to continue to export in greater and greater volume, unless we're prepared to also import?

MR. GRAY: Madam Speaker, this bill in my opinion -- although I'm going to support it on second reading -- is not as simple as the others. In the first place, as the last speaker stated that the main essential product that we have, like grain and meat, is being looked at by an agency now -- a federal agency and a local agency. The needle trade export -- I don't know if there's a market in Europe for it or not, but anyway -- the representatives of the needle trade manufacturer from Winnipeg, which is the largest centre of the needle trade, are going to Europe, for them to see themselves, with experience in that particular line almost twice a year. I happen to know this. Then we have our own agent in London, who is supposed to produce something.

Now to create a new corporation, the moment you create a corporation with nothing to do and take care of their expense, does not appeal personally to me very much. The other two or three bills there's some knowledge to it. This one I said, unless new evidence is produced, we are going to support, at least I'm going to support it for second reading. But I think that this

(Mr. Gray, cont'd.) . . . organization will not have great success in view firstly, as the last speaker said, "if we export from here, we've got to accept imports" and sometime we don't know which is better and which is more profitable, send out from Canada a million dollars worth of goods and then bring in from other countries a million dollars worth of goods -- I don't know personally, I don't know enough economics to find out which way would be cheaper, and which way it would be better. At least if there is no profit for us, we might as well consume local industries, either in food or in merchandise, rather than import from somewhere else that we don't know the value, the quality and we don't know the taste and we don't even know whether it's "kosher." So I feel that this Bill is not as convincing, unless they make a better job than the other bills.

MR. EVANS: Madam Speaker, I could only say to my honourable friend from Inkster, that I commend the report of the last Trade Mission we had to him which did reveal kinds of business that people can do from Manitoba to export overseas. I think I can't go into it in greater detail at the moment, but we are convinced that there is an opportunity to increase Manitoba's exports both on this continent and as my honourable friend, I think the Leader of the Opposition, mentioned South America. I think there are big opportunities there, although we haven't got an export mission to that area in prospect this year and such tests as we've made already have indicated that Manitoba can export and if we can, we're going to have an awfully good try at it and see what amount of business we can get.

We must import to export. Well I think the story in Canada now is that we are importing more than we're exporting and that's why we have difficulties with foreign payments. In matters of that kind I think there's ample opportunity to increase the exports of goods from Canada. In any event, if there are jobs for Manitoba people that can be created in the secondary industry field here, and if we are told on expert advice that's the best way to get at it is to persuade more people to get into the export business in order to have a large enough market, that's our immediate object and we believe that -- we're not against imports -- we think that if we can manufacture goods and export them, naturally the goods will be imported really in payment therefore. This is a very large argument that my friend has injected into the discussion at this point and one that's worthy I think of a much longer time than we have available tonight. But I don't agree with him that we should stop our efforts to find jobs for Manitoba people on some theoretical consideration that they may have to bring in imports in order to pay for them.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. EVANS: Yeas and nays, Madam Speaker on the same division.

MADAM SPEAKER: Agreed. Second reading of Bill No. 24.

MR. McLEAN presented Bill No. 24, An Act to amend the Public Schools Act (1) for second reading.

Madam Speaker presented the motion and after a voice vote declared the motion carried.

MADAM SPEAKER: Second reading of Bill No. 92.

MR. LYON presented Bill No. 92, An Act to amend the Manitoba Hydro Act, for second reading.

Madam Speaker presented the motion and after a voice vote declared the motion carried.

MADAM SPEAKER: Second reading of Bill 110.

MR. LYON presented Bill No. 110, An Act to amend the Municipal Boundaries Act No. 2, for second reading.

Madam Speaker presented the motion.

MR. LYON: Madam Speaker, I will be but one moment while the Pages are distributing a map which will make intelligible the Bill to the honourable members, for it outlines the boundaries of the new proposed judicial district in Manitoba. This was dealt with at the committee stage -- the resolution at committee stage before first reading, when I explained there would be the new district, the Northern Judicial District which is shown on the map, which I hope is now in front of you. It has the effect as well of wiping out two of the existing districts in Manitoba, pursuant to the recommendation of the Judicial Boundaries Commission. Those two districts that are repealed are the Southern Judicial District and the Northern Judicial District at Minnedosa. Honourable members will notice from the map that they have in front of them, if they have occasion to consult their copy of the report of the Commission on Judicial Boundaries, that there has been a slight adjustment made eastward, in the east boundary of the Western

(Mr. Lyon, cont'd.) Judicial District, moving it further into the central than was recommended by the Judicial Boundaries Commission. Aside from the fact that the western is made larger and the central is made correspondingly slightly smaller, the boundary changes recommended here are pretty much on all fours with those recommended by the Judicial Boundaries Commission.

The final point I would make is this: that this Act as honourable members will notice, will be brought into force on proclamation and it is not the intention of the government that this will be done in the immediate future because other adjustments have to be made with respect to the County Court boundaries, the Surrogate Court boundaries, the Land Titles boundaries and these will probably be brought in step by step as and when the administrative machinery is ready to handle the new chores that will be laid upon it by the establishment of these new boundaries. I commend this Bill, Madam Speaker, to the House for second reading.

MR. MOLGAT: Madam Speaker, I am speaking from memory now and I haven't got the report of the Commission here and I may be thinking of the wrong report, but it seemed to me it was in the recommendation that the boundaries follow municipal boundaries and I note that this is not the case here. Will this not cause some difficulties in a number of localities where a municipality falls in two different judicial districts? It seems to me that it would be much preferable to follow the municipal boundary wherever possible and simplify the procedure insofar as the municipal areas.

MR. LYON: Madam Speaker, there was a liaison between the Commission on Judicial Boundaries and the Fisher Commission which was established and operating at the time the Judicial Boundaries Commission began its work, but they soon found, I was told by both the Chairmen of the two commissions, they soon found that it was almost impossible to have the outer boundaries of the judicial districts correspond exactly with municipal district boundaries. Of course, at the present time they do not and the County Court boundaries as an example -- there's one town in Manitoba where a County Court boundary runs right down the centre of the street -- on one side of the street you're in one district and on the other side you're in the other. I don't condone it: I don't say it's right, but this is what happened. So these boundaries are drawn to present as little inconvenience to the municipalities as possible, and it is our hope that this will be the result of the boundaries as they are shown here. But I can't say that they do conform with all the municipal boundaries.

Madam Speaker put the question and after a voice vote declared the motion carried.

MADAM SPEAKER: Second reading of Bill No. 116.

MR. EVANS presented Bill No. 116, An Act to amend The Civil Service Superannuation Act for second reading.

MADAM SPEAKER: Second reading of Bill No. 118.

MR. HUTTON presented Bill No. 118, An Act respecting the Control of Plant Pests and Plant Diseases for second reading.

MR. ROBLIN: Madam Speaker, I think it would meet the convenience of the Leader of the Opposition if we passed over the Ways and Means motion and proceeded to the one which I have here.

I move, seconded by the Honourable Minister of Industry and Commerce, that for the remainder of the Session the House have leave to make each night a separate sitting and have leave to sit from 9:30 A.M. till 12:30 P.M. each sitting day, each Wednesday night and on Saturday, and to make each sitting a separate sitting of the House and that the order of the business shall be the same as on Thursday.

Madam Speaker presented the motion.

MR. MOLGAT: Madam Speaker, I have no objection to the motion. I will vote in favour. I presume that we have the same understanding as in the past that private members' resolutions will not be allowed to die on the Order Paper and will be discussed and voted upon.

MR. ROBLIN:but I nod my head.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. ROBLIN: Madam Speaker, we have three other Bills on the Order Paper. I see that two of them are adjourned and therefore members wish to make lengthy speeches no doubt, so perhaps if we could just take the one -- oh they're all three adjourned. WellI'm prepared to call it a day and -- (Interjection) -- I'm sorry, Bill No. 78 has not been adjourned.

(Mr. Roblin, cont'd.) Perhaps we can just take that one and then we'll call it a day.

MR. HILLHOUSE presented Bill No. 78, An Act to validate By-law No. 44/62/B of The City of West Kildonan; By-law No. 689 of The Rural Municipality of Old Kildonan, and By-law No. 427 of The Rural Municipality of West St. Paul for second reading.

Madam Speaker presented the motion.

MR. HILLHOUSE: Madam Speaker, this Bill, as the title suggests, is to validate three by-laws: one of The City of West Kildonan; one of The Municipality of Old Kildonan; and one of The Municipality of West St. Paul. The purpose of the Bill -- these three municipalities entered into an arrangement whereby they have agreed among themselves that in any new plans of subdivision they will set aside seven and one half percent of the planned area for school lands and parksites and they have agreed to sell these lands to the School Division of Seven Oaks for the nominal price of \$1.00, plus any local improvement taxes that would have been levied against these lands had they been privately owned.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. ROBLIN: Madam Speaker, I beg to move that the House do now adjourn till 2:30 tomorrow afternoon, seconded by the Honourable Minister of Education.

Madam Speaker presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 Tuesday afternoon.