

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, June 11, 1974

Opening prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills; Questions; Orders of the Day. The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, would you kindly call Bill 83. I believe it's standing in the name of the Honourable Member for Sturgeon Creek.

BILL NO. 83

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Thank you, Mr. Speaker. The Minister said he would call it first thing and he was very true to his word; we are at it right away.

Mr. Speaker, I just want to say a few words on Bill 83. I would like to comment that ever since the Insurance Bill was passed in 1970 that it's obvious according to the Minister of Autopac that all the Manitoba drivers have become very bad drivers, because he keeps saying that the reasons for the increases in Autopac is because Manitobans are going to have to have less accidents and Manitobans are going to have to be more careful drivers or prices will have to go up. Now don't we all agree with that? Isn't that the way the industry did it before, is that when there was an increase in accidents prices had to go up. But of course when this Government put the legislation in, is that this was going to be the greatest thing that ever hit Manitoba, people would pay less for insurance, and we're finding out, Mr. Speaker, that there are people who move to other parts of Canada and they are paying less for insurance in other areas than they are in Manitoba. As a matter of fact, Mr. Speaker, my daughter who lives in Montreal now and has a car pays less than she would have paid here.

Mr. Speaker, I have friends that have moved to Toronto and they also are paying less for insurance than they pay in Manitoba, and I have had people move to Alberta who are also paying less for insurance in Alberta than they would be here. Mr. Speaker, well that --(Interjection)-- time will tell. The First Minister mentions 60 percent July 1st? -- 16 percent July 1st, I really don't know. But I do know that the Minister has informed this province that there will probably be another 10 percent increase next year unless the Manitobans become good drivers all of a sudden -- and another loss in the Corporation this year. Mr. Speaker, I have had bartering back and forth --(Interjection)-- oh, I'm not hoping but I would say the actuary that figured out that you'll have that loss was far more accurate than the actuary that told the First Minister that rates wouldn't go up until 1975.

Mr. Speaker, the other situation that is really amusing, it's very amusing because you know the Government said young people would pay a lot less money for insurance, and they started out to; but now we have a situation where we have \$50 isn't it? -- maybe the Minister can correct me if I'm wrong -- but if you have an accident and you're to blame your license can go up \$50; two accidents, your license can go up \$50 if you're at fault. And another one, it could go up again if you're at fault, and the statistics show that young drivers are the ones that have the most accidents, so maybe their insurance isn't costing them more but certainly the young driver is paying more for his license.

It's a wonderful thing to be able to stand up and say automobile insurance doesn't cost as much when we know in many cases it does cost as much or more in Manitoba; but then they turn around and say then the license, but no your driver's license you see, they say well we can't possibly, we can't possibly continue to carry on, carry on without tacking this great big sort of premium and dark cloud waving over peoples' head because of their license. So it's a gimmickry, it's a gimmickry that is used by this Government and they're famous for it.

Mr. Speaker, now we have a situation where in this bill we have the reasons why we would fight other bills, why we are skeptical of what this government does. Why we would say Bill 74 the Trading Corporation Act that hasn't had much said on it yet, but I assure you there will be a lot of listening the Government will have to do on that -- Mr. Speaker, we say why, but this insurance bill is the reason. You know Bill 6, the Insurance Bill was put through in '70 and we talked about car insurance. I remember the debates, where will you go

BILL 83

(MR. JOHNSTON cont'd) . . . from here? When will you go into the other insurance and when will you take over the building across the street? If Hansard were studied, I think you'd see those arguments. Mr. Speaker, now we know. Oh no, the Government says, they all say, wave their hands you know - where do we go from here now? Well they didn't say that they were very anxious to get in other business but four years later, right after the election, so they can hope that the people will start to forget about it before the next election, win the election on the basis of giveaways and then come up with insurance, and what do we have them going into? - boiler and machinery insurance you know. They talked about fire insurance when we were in the election as a matter of fact - fire insurance, guarantee insurance, inland transportation insurance, my goodness - livestock insurance, Maritime insurance - now there's one that I'm really looking forward to - Marine insurance, pardon me, I haven't got my glasses on at the present time. That's the one I'm very interested in and I certainly hope the Minister is not taking the advice of those people from Saskatchewan he has roaming around our corporation. You know there was a time, Mr. Speaker, that --(Interjection)-- Right. That happens at times and I'm sure that they're thinking of it. But anyway, Mr. Speaker, the Marine Insurance is going to be an interesting one. You know in Saskatchewan the - well let's start this way, there was a fleet of boats in New York, Mr. Speaker, that nobody in the United States would be bothered with or could get insurance you see . . .

A MEMBER: Boston.

MR. FRANK JOHNSTON: Boston. But it was in the State of New York and out of Boston and this fleet was looking for some insurance and nobody would give them insurance and --(Interjection)-- well he can check this because I can assure you that it's correct. And either an agent took it and he started to search for an insurance company somewhere in the world that would insure this fleet of boats, -- and I could be wrong, maybe it was an insurance company who took it and realized that they didn't have a very good situation and were looking for a reinsurer, let's put it this way, -- but anyway there was the Saskatchewan Government Insurance Corporation sitting there taking a look at this insurance, and they reinsured or took the insurance from an agent on this fleet of boats. And they lost a fortune. The people of Saskatchewan ended up paying for those boats out in Boston or something of that nature, you know. And now we have this Government looking at Marine insurance, and I think they're looking at it from the point of view that maybe up around Churchill they'll find some marine insurance. Isn't that something. All of a sudden we get a Swedish ship or a tramp steamer or something, anything that crosses Hudson's Bay and hits an iceberg, we're going to end up paying for it in Manitoba, we are going to get into the marine insurance business. Mind you I'd say that they would have to get into some type of marine insurance business that's pretty big because you know I have a small boat at home myself, my insurance is next to nothing, they certainly couldn't survive on that, and it's certainly not the policy of the Manitoba Insurance Corporation or Autopac to go around being a piker you know. They like to go the whole way. They like to take on all of the insurance that nobody else wants. They believe that the other insurance companies are not doing a job in fire, some of them are not doing a job in other ways, so they are going to go whole hog, they are going to jump in with both feet and take all this insurance that nobody else is looking for.

Then we have the situation, Mr. Speaker, of the Saskatchewan Guarantee and Fidelity Corporation that was formed by the Saskatchewan Government Insurance Company and they went into Montana, and boy were they going to show the people in Montana how to sell insurance. Well they took a beating again, somebody decided that they shouldn't be there and they got the daylight walloped out of them in the free enterprise down there and they came back and they kind of made a deal to maybe sell off the deal, the Fidelity Trust Company, and it worked for awhile with a group of agents doing some selling in it but then I believe, it's hard to find out anything on this, but I believe they took it back, they bought it back, the fellows that were working on it didn't come out of it too badly; it cost the Saskatchewan Government and the people of Saskatchewan more. And then they finally gradually closed it up and let it gently fade away.

Now, Mr. Speaker, there's proof, proof positive that, you know, Government insurance is not going to do too well in this area. It's not going to do too well in any other area and the Government knows this, so this is what happens. The argument that has been given before by everybody on this side is that you will insist on insurance of Government buildings,

BILL 83

(MR. JOHNSTON cont'd). . . schoolboards -- oh that's another one, Mr. Speaker. Let me tell you about the people in Saskatoon, the schoolboard up there who decided it might be a good idea to get a quotation on the Saskatoon School District insurance after they had been forced to buy from the Saskatchewan Government for several years. --(Interjection)-- Yeah, the boats have sank Harry. They're all gone and we took a licking on that. --(Interjection)-- Right. They paid, they paid.

A MEMBER: What are the people from Manitoba going to pay . . .

MR. SPEAKER: Order please.

MR. F. JOHNSTON: Mind you I'm very happy you're back honourable member, but the situation with the boats we have gone through, we've even told them that they are going to be looking - we're going to be paying for boats that hit icebergs in the Bay up there. But anyway in Saskatoon, in Saskatoon they decided to get quotations on what the schoolboard should pay for its fire insurance in Saskatoon, and do you know I think it was half, I think it was near half - now I can't be exact - that the Saskatoon Schoolboard got a quotation from private industry that was nearly half what the Saskatchewan Government was charging them. It might have even been less but I'm telling you I happen to know that. I was in the area at the time, travelling in the area, and I picked up the paper and there was great shock. The people of Saskatoon were saying our government did this to us? Our school taxes are this high and they've been shafting us! You know this is just really what was happening, and it's the old game of the NDP party, is that they like to create an increased cost for a schoolboard or municipality that the municipality gets blamed for and that means that it goes on the mill rate instead of the tax rate of the province. It's a pretty good little gimmick, and that's what happened in Saskatoon. So now we've pretty well established, and the Minister of course is not quite clear on it, I watched him on television with the Honourable Member from Riel and he said no, he didn't think that the Government buildings and the schools and etc. , would have to buy from --(Interjection)-- Yeah they would have a . . . But mind you, he felt they should, he thought that it would be a good idea if they did. And I can imagine he thinks it's a good idea because he's so damn far in the red that he'd like to get out any way he can, you know. Mind you we've got the situation where - this has been brought up where companies who have loans, now we've got the Trading Corporation and we've got the Treasury Branches all set up, all set up, you know. --(Interjection)-- Well, I just have a feeling that this Minister, who isn't a graduate of any insurance - what do they call the thing that becomes the . . . of CLU or something of that nature - and I don't criticize him for that, neither am I - but I think that he is just not getting the right advice from the bureaucrats around him in the insurance business in Manitoba and I kind of think the wool is being pulled over his eyes. Because here we have a situation where the Autopac, poorly run, losing \$10 million, giving away money like it's going out of style; it would seem that it's a very, very lucrative way to keep people happy when they have a problem. And how do we get out of it? Well, Mr. Minister, you know, the only way we're going to get out of this is let's get into fire and when you pass the bill, when you pass the bill let's get into all the rest and we'll have a Rob Peter to pay Paul basis all through the insurance corporation.

Now that's an old rule in business you know the way you get out and keep fooling the people for a little bit of the time is keep getting into little businesses all the time to keep dragging yourself out and we know, we know from experience unless it's almost a dictatorship, almost a dictatorship that the Government cannot make money in the general insurance business. Now we know that and if you take the figures, take the figures, one million people in Manitoba, and tell me that you are going to make money in the general insurance business without being dictatorial about where people will have to buy, or government buildings will have to buy, it's nearly impossible, it's nearly impossible, because I will tell you, Mr. Speaker, that half of the province immediately wouldn't touch government insurance for anything. I'd happen to say that there's a quarter of the people like me that wouldn't buy insurance from the government if I didn't have to under any conditions. Because I don't want my money, I don't want my money taken and put in a corporation that loses money every year, and then they take my tax money to bail it out all the time. You've lost a tremendous amount of your market before you start unless you become dictators about where government buildings and public buildings have to buy, and unless you put the pressure on the people who may borrow from the fund, etc.

BILL 83

(MR. JOHNSTON cont'd)

So, Mr. Speaker, I said that I did not want to take long, there's been enough said, and I've got a couple of notes from my colleagues that say, I thought you said five minutes. I've got another one here that says your time is up, and, Mr. Speaker, let me be very very clear on this...

A MEMBER: You can go another 20 Frank.

MR. F. JOHNSTON: It isn't my time that's up. You know, what the Minister doesn't realize is that he's getting the wool pulled over his eyes. He hasn't taken the time, like the Minister of Autopac before him, to discuss thoroughly with the industry what the problems will be. I would say honestly to the Minister, Mr. Speaker, that I will back down and eat my words if you will take the directors of your Autopac, or your insurance company, and your actuaries, and put them on a stage or in a debate with people from the insurance companies with their actuaries and see how the debate goes. I would very very much like to hear the arguments because I happen to know how it would go, because this insurance company doesn't really have to abide by any of the rules the other insurance companies have to abide by.

--(Interjection)-- No taxes, no superintendent, no nothing.

And you know I couldn't take any credit or put any halo over my head to say that I've done a good job running an insurance corporation when I lost \$10 million and had those advantages; I suggest you should fire them, all of them. Get them out of those great big offices in the Royal Bank Building that are nicer than any - Bank of Montreal Building - probably better carpets, desks, and everything, than any insurance company in Canada has, and that's also where part of the \$10 million has gone, living up there having a wonderful time losing our money, pulling the wool over the Minister's eyes.

So, Mr. Speaker, let's smarten up for the Government. I would sincerely ask again - I'm beginning to feel the back bench has the common sense over there.

A MEMBER: The Member from Churchill, yes.

MR. F. JOHNSTON: I would move the Member from Winnipeg Centre up into the back, I think he has common sense. I haven't decided about the Whip yet but we'll leave him. But the second row of Ministers really don't know what's going on because I believe there's two Cabinets over there, the first row and the second row, so we've got a philosophy that says we've got to be in insurance; we've got a group of people who are not giving you good advice on it. I challenge the Minister to go into a room or an auditorium with the insurance industry and their actuaries and experienced people and - oh I said actuaries? Experienced people? And you take anybody you like from your corporation and put them in a room, and then let's see what happens. Let's see what happens. Mr. Speaker, I would wait and see, and it wouldn't matter what explanation the Minister gives me, I will wait for that particular discussion or debate. Thank you.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, as the saying goes, I had not intended to rise on this occasion but the words of the Member for Sturgeon Creek has provoked me, and I want to discuss - since what we are discussing is amendments to the Automobile Insurance Act, there have been a few things that have been brought to my attention that I would like to relate to the Minister tonight and perhaps ask him to comment when he closes debate.

When the Automobile Insurance Act was introduced into this House a few years ago we heard a variety of claims as to how well automobile drivers in this province would be covered, how little it would cost them, and how prompt the government would be in reviewing and compensating for the claims that were forwarded to the Automobile Insurance Corporation. All of these lofty predictions have not come true. In the first place, insofar as I am concerned, and this is my own personal experience, it costs me more for insurance today than it did in the same year that the government took over the automobile insurance industry, it's cost me more, and it's cost me progressively more. --(Interjection)-- Well the Minister of Agriculture says I'm a bad driver. I want the Minister now to check my driving record and find out if I have any demerit points on my record, or if I have had any in the number of years I have been driving, and the number of miles that I've been putting on a car. It costs me more for my driver's license, and I presume that what that increase in driver's license amounts to is subsidy to the Corporation. The Motor Vehicles Branch has been transferred

BILL 83

(MR. JORGENSON cont'd) . . . over to the Autopac, and there are something like 22,000 drivers per month that are disqualified from driving. I think that's a rough estimate, between 20,000 and 25,000 per month. One can only assume that with that disqualification comes a fine which is collected by the Motor Vehicles Branch, I presume, which is transferred over to the Automobile Insurance Corporation, and that must amount to a considerable amount of money; also the Motor Vehicles Branch are subsidizing Autopac in various other ways.

One of the ways that they are subsidizing Autopac is the kind of horse trading that is now going on between a driver and Autopac. It's been brought to my attention, Sir, that a driver who now is considered more than 50 percent responsible for an accident, and he has no way of justifying or no way of clearing himself from that charge on the part of the Automobile Insurance Corporation, if they declare that he is more than 50 percent responsible, that's what he is, and he has no recourse. They say that he is now responsible for more than 50 percent of an accident so therefore he is held responsible. I was always under the impression that the principle of no-fault insurance was one that covered a driver regardless of whether he was at fault or not at fault. I find now that's not the case because letters that are being sent out to drivers who have been charged with being more than 50 percent responsible for an accident --(Interjection)-- Well my honourable friend from Point Douglas, you know, being one who should know better, being one who believes in democracy, I hope --(Interjection)-- Well that's a typical attitude from the other side of the House. That's a characteristic attitude that honourable gentlemen opposite know everything; the rest of us are here only to serve those who sit on that side of the House. His concept of democracy requires some education, and I volunteer my services to my honourable friend for a few lectures on parliamentary democracy, which is something that I think my honourable friend could use once in a while from the comments that he makes in this Chamber.

Sir, letters that are now going out to people who are charged with being more than 50 percent responsible for an accident tell them that if they will admit that they're more than 50 percent responsible, then from their driving record will be removed any demerit points. It's a rather sneaky way in my view of attempting to reduce a number of claims against the Automobile Insurance Corporation - and the Minister shakes his head. Let me read from one of the letters, and it's a form letter that goes out to all people who are charged with being more than 50 percent responsible for accidents. It says, "Our records indicate that you were 50 percent or more responsible for the above accident. If arising out of this accident no insurance moneys are paid to you, or on your behalf, you will be advised of this by separate letter and this accident will be removed from your driving record." Sir, if that isn't bribery and horse trading I don't know what it is.

And then in capital letters comes this paragraph: "If you have any questions relating to the above accident or the accident surcharge, please telephone 946-0671, or write to the undersigned department. Please always quote the reference as indicated in the upper right hand corner. If this is your first accident during the term of your driver's license and you've been held to be 50 percent or more at fault, we would request you to drive with caution," Now here comes the lecture. "as any further accidents with a similar degree of fault on your part will result in an assessment of an additional premium on the renewal of your driver's license on the following scale." Here again is the scale. "Two accidents in 12 months, \$50.00 assessment. Each subsequent accident within the same period \$100.00 additional assessment." --(Interjection)-- But that's a no-fault system, Mr. Speaker. This is what we were told at the outset when honourable gentlemen opposite proclaimed in loud and vociferous terms all of the benefits that were going to be available to the motorists of this province as a result of the implementation of Autopac. Well, Sir, we're beginning to recognize some of the principles of no-fault insurance as advocated by this government.

They go on to say that the level of automobile insurance premiums in Manitoba is directly related to the frequency and severity of accidents in the province. That's something we didn't know before 1970, Sir. Prior to that time it was the insurance companies' fault. They were strictly milking; it was a rip-off on the part of those insurance companies who were spiriting thirty millions of dollars out of this province into parts unknown to be spent elsewhere in other provinces.

A MEMBER: Alien parts like Toronto.

BILL 83

MR. JORGENSEN: However this is only the dollar and cent side of the picture. "Automobile accidents often result in the injury or death possibly of loved ones, and dollar values can never compensate for the grief and suffering that follows." That's very touching. One would have thought that this bit of intelligence was not available to people who had suffered from automobile accidents prior to the implementation of Autopac. "Careful driving by all Manitoba motorists will assist in a reduction this year of the heavy toll of fatalities and injuries experienced in 1973."

A MEMBER: That's a noble sentence. I support that. I support that.

MR. JORGENSEN: These are noble sentences. And I find that it took a hailstorm in 1973 to bring to the realization of this government that accidents to motor vehicles can happen, and that conditions beyond their control can be responsible for accidents which the Government never thought was possible prior to 1973. They never heard of a hailstorm prior to that time.

A MEMBER: That was just private insurance company rip-off.

MR. JORGENSEN: Sir, the type of insurance that is being offered by the government on automobiles will be characteristic of the kind of insurance that they'll be offering in other fields if this bill goes through. It reminds me of the story of the farmer who was covered by the Saskatchewan Fire Insurance Corporation and his barn burned down, and when the insurance agent came out to inspect it, he said, "Well farmer we're going to replace your barn, exactly the same kind of barn that you had before." And the farmer said, "You mean I don't get a cash settlement as promised in my insurance policy?" And he said, "No, we'll just simply replace the barn, exactly the same kind of barn that you had before." Well the indignant farmer said, "If that's the case then you can cancel the life insurance policy on my wife." Sir, this is characteristic of the kind of coverage that this Government intends to offer to the people of this province - this is what they've done to the automobile insurance industry. Instead of providing them with the promises of 1970, we now find that they've awakened, they've placed their feet on the cold floor of reality, and they recognize that all is not what they thought it was. Instead of the thirty millions of dollars that they expected to be investing in this province in all those grandiose schemes that they so loudly proclaimed in 1970, the taxpayers of this province are saddled with a deficit of ten millions of dollars, with the possibility of being saddled with much more than that in future years. Mr. Speaker, this is an indication of the way that the government invests money that is not theirs, belongs to the taxpayers of this province, it belongs to the motorists of this province, and with their ill-fated venture into automobile insurance, it is being squandered as it never has been squandered before.

SOME MEMBERS: Question. Question. Question.

MR. SPEAKER: The Honourable Minister will be closing debate. The Honourable Minister.

HON. BILLIE URUSKI (Minister responsible for the Manitoba Public Insurance Corporation) (St. George): Thank you, Mr. Speaker. After hearing all the comments from the honourable members, I think that I should make some remarks in closing the debate.

I would like to firstly indicate to the members that there will be some amendments in committee to certain sections of the bill, but I would like to first dwell on some of the remarks that were presented to me by the Honourable Member from Morris, the remarks that finished off. He made comments that the letter that is being presently mailed by Autopac to a motorist who is 50 percent or more responsible in an accident, the motorist has no other recourse once he gets that letter. Well those remarks, Mr. Speaker, are not quite correct because in the initial case the motorist who is involved in an accident and presents his claim at the time of settlement can argue his position with the adjusters, or with the supervisors, within the claims centre with respect to his liability and see whether or not this can be settled there. If he then is still not satisfied with the assessment of liability in his particular case, he can then take the matter to Small Debts Court; for a small fee of \$3.00 he can attend the Small Debts Court and have his case adjudicated by the Small Debts Court, and the Corporation will abide by the ruling in this case. So that when the honourable member mentions that there is no recourse for an individual, that is not quite the same.

BILL 83

(MR. URUSKI cont'd)

He also, and several members on the other side have made the case that while we are in a no-fault insurance scheme and look at what the Corporation is charging. Well do the members not realize that the benefits, that there is a difference between what the charges and what the benefits are. Mr. Speaker, the benefits are paid on a no-fault basis irrespective of fault - the honourable member should know that - all except the deductible portion on an individual's collision. We are enhancing some of the coverages in the amendments now before the Automobile Insurance Act, and also - then they try and make the case that the coverage, the coverage or the charges should be on a no-fault basis.

Well, Mr. Speaker, let me give you an example of what the no-fault principle was to the younger driver - they had mentioned that he is crimming the system. What had happened when a young driver, previous to Autopac, went to pick up his insurance, he was pegged right off the bat of being guilty and he was assessed a higher premium even before he was involved in an accident at which he was responsible for, he was pegged right off the bat. What happens now? What happens now, Mr. Speaker? Now if he is involved in a collision of which there is a charge and a conviction, he is assessed demerit points on which there can be a surcharge on his driver's license. Additionally, if he is responsible - 50 percent or more responsible in two or more accidents in one year, he pays directly on his driver's license for his responsibility and which the onus of responsibility goes on the driver, not in the cases that was previously, regardless of fault a young driver, or any driver, especially the young drivers, come into purchase insurance - bang, they're hit over the head and say, "Look buddy, I'm sorry but you're under 25 years of age, you've got to pay because your group is just lousy", even though that driver may have had a better record.

Mr. Speaker, in that letter that the honourable member made mention to indicating where there are no moneys paid for, no insurance moneys paid on your behalf, your record will be cleared. Well, Mr. Speaker, the honourable member should realize that there are cases in which a motorist is involved in an accident where there is no damage to his own vehicle but yet he may cause damage to another party, another person's vehicle, on which moneys are paid on his behalf through his third party coverage liability coverage, and even though there is no damage to his own vehicle, there are moneys paid on his behalf to the other motorist. So that that sentence in that letter should clarify the aspect that the honourable member has made.

He also made statements that the taxpayers of Manitoba are going to be settled, or saddled with costs of the operation, and the Honourable Member from Sturgeon Creek made mention of the taxpayers of Manitoba subsidizing; there'll be such a mishmash that there will be just no way, no way of looking at the costs. And the Honourable Member from Sturgeon Creek made mention of the story about boats and SGIO, and SGIO losing their shirt on boats. Well I can almost tell a similar story, I can tell him of individuals in the Province of Manitoba looking for insurance - I think he made the statements of -- where he made the statements looking for insurance and no one would give them coverage. You have instances in Manitoba, Mr. Speaker - that's one of the reasons why the Manitoba Public Insurance and the government is being involved in the general insurance scheme - you have instances where people had to go to SGIO for coverage, and what has SGIO done to stabilize the insurance in Saskatchewan? Frankly, Mr. Speaker, it was common knowledge that the insurance industry had one rate for Canada, and when it came to Saskatchewan they had a special rate; because they wanted to compete with the SGIO they had a special rate for Saskatchewan. But what has SGIO shown to the people of Saskatchewan that they have lost so much money, as the Honourable Member from Sturgeon Creek has indicated? Over the years, Mr. Speaker, SGIO at the end of 1973 in Saskatchewan, in the general business, had assets totalling \$63.3 million, and in those years, Mr. Speaker, they have also turned over to general revenues an amount of \$10.2 million into general revenues, and they lost their shirt, Mr. Speaker, according to the Honourable Member for Sturgeon Creek. The Province of Saskatchewan has no funds invested in SGIO; they are on their own. That is one point I will get to a little later on.

The Honourable Member for Sturgeon Creek indicated that with such losses every one of the management staff in Autopac should be fired with the lot. I want to give the Honourable Member for Sturgeon Creek some of the companies and their financial statements, and their

BILL 83

(MR. URUSKI cont'd). . . picture over the years, and I will give him a number of companies, and I'll give him one right at the top of my list.

In 1972, Mr. Speaker, a private insurer lost \$12 million; in 1973, they lost \$3.7 million; in 1971, they lost \$3.3 million; in 1970, they lost \$2 million; in 1969, they lost \$.5 million; and they're still in business, Mr. Speaker. And I'm just wondering who their board of directors are, whether there's been a shake-up in that company, whether these companies have been fired. Well that's just one, Mr. Speaker. They give volume discounts, Mr. Speaker.

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

MR. DAVID BLAKE (Minnedosa): A point of order, Mr. Speaker. I wonder if the Minister would table that report so as we might know what company he was referring to.

MR. URUSKI: Well I have the figures, I'll give the company name if you wish.

MR. BLAKE: Well either that or table it.

MR. URUSKI: Yes, it's in my notes, it's not in the report, but I will give you the company name.

MR. BLAKE: Table the report.

MR. URUSKI: Mr. Speaker, that's notes. If you wish the name of the company, I will give you the name of the company.

MR. BLAKE: Fine, give us the name of the company.

MR. URUSKI: I will give you the list that I have here after - I'll table all the companies that you want, if you wish, and it's in here. And the company, Mr. Speaker, one of the companies is Allstate.

A MEMBER: Allstate! They're the guys that hosed me a few years ago.

MR. URUSKI: Mr. Speaker, I'll give you some more comments about the management and the operations of the great companies that are making money; the Leader of the Opposition says they lose money but yet they make money. I'll use the tactics of the Honourable Member from Roblin. And I'll give you another company here, Mr. Speaker. In 1969, this company lost 1 million; in 1970, they lost 4.5 million; in '71, they lost 4.3; in '72, 1.5, in '73, 1 million. And the list goes on. I have a list here, Mr. Speaker, of 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 companies. Mr. Speaker, every one of these companies, every one of these companies showed an underwriting deficit, and the honourable members, especially the Leader of the Opposition, makes the statement to the effect that, as I interpret it, that losses equals mismanagement. Well, Mr. Speaker, the boards, the directors and there are two honourable members in this House that sit on boards as directors, and I can even show one of their companies loss that in 1970, \$.1 million; in '71, \$13,000; in '72, .5; in '73, 1.8. All these are losses, Mr. Speaker. Have the boards of directors shaken up all these companies? No, Mr. Speaker --(Interjection)-- Mr. Speaker, I am using the words of the Leader of the Opposition.

MR. SPEAKER: Order please.

MR. URUSKI: Mr. Speaker, there was one comment, I really want to get to as I'm going through my notes, and I want to take the figures of the Leader of the Opposition and the Member from Riel, they both made statements indicating that I used the figures that the industry lost \$132 million in automobile insurance, and that wasn't the case. Well, Mr. Speaker, I will tell you that in the calculations we did, I believe the industry lost more than 132 million in auto insurance. I believe they lost at least \$150 million in their statements and I will show you, and I told the Honourable Member from Riel how I would figure it out.

The total premium, Mr. Speaker, in auto insurance, as given by the figures of the Honourable Member from Riel and from the Leader of the Opposition, was \$1.35 million. Mr. Speaker, I am giving you the losses. I did not give anyone figures about the total number of premiums, I used the figure of losses, and you should know well that I used that figure. And reading that article, the Honourable Minister of Mines when reading that article, and I will read it to you again if you like. Mr. Speaker, the statement that was in the Globe and Mail indicated this, and the title of the article is "Higher Rate is Tied to Large 1973 Deficit. Insurance industry sources say auto insurance premium rates increases are required as soon as possible to help offset large deficits in 1973. When the industry reported a record underwriting loss of \$135.8 million." Now what would that, Mr. Speaker, what would that lead you to believe that the industry was indicating that their losses were in the automobile insurance

(MR. URUSKI cont'd) . . . field. Well I used those figures, Mr. Speaker, and I've indicated that the automobile premiums were \$1.35 billion; the automobile losses that the industry has quoted is \$1.1 billion as pay-outs, or underwriting loss, which included adjusting fees, I believe, in their statistics, which shows a loss ratio of approximately 80 percent. But, Mr. Speaker, there's one thing that these losses, these pay-outs don't include is the administrative costs. And using a conservative figure, Mr. Speaker, I'm using a conservative figure of 30 percent - 30 percent on administrative costs, Mr. Speaker, you would include a figure of approximately \$.4 billion in costs, which would indicate a total loss picture, plus administration, at \$1.5 billion. When you subtract the premiums from the losses and administrative costs, it shows you a loss of approximately \$150 million, Mr. Speaker, and the total losses as shown by the industry as net losses, which included administrative costs in their net losses, of \$133 million. Which just goes to show one thing, Mr. Speaker, that the industry on an overall basis made at least \$17 million in all their other classes, excluding automobile insurance, Mr. Speaker, and not the figure that the Honourable Member from Riel was using of about 50 percent of those losses as being automobile, or approximately a third as being automobile losses.

Mr. Speaker, the Honourable Member from Sturgeon and the Honourable Member from Morris indicated how high, and how high their premiums have gone.

MR. SPEAKER: The Honourable Member for Riel state his point of privilege?

MR. DONALD W. CRAIK (Riel): The Minister in determining the losses of the industry has included management costs as a loss. Does he include management costs for Autopac as a loss, and does he also include mismanagement costs as a loss?

MR. SPEAKER: That is not a matter of privilege. --(Interjections)--

MR. CRAIK: Mr. Speaker, . . . pointed out as a point of privilege not as a question. Mr. Speaker . . .

MR. SPEAKER: Order please. It was not a matter of privilege nor a point of order. Order please. The Honourable Minister.

MR. URUSKI: Thank you, Mr. Speaker. The honourable member should well know that in the financial statement of the Manitoba Public Insurance Corporation the total costs are included in the loss picture, not any other partial costs but the full costs are included. And the basic difference, Mr. Speaker, as I've stated in the automobile insurance field vis-a-vis the public and the private, is the administrative costs. Mr. Speaker, I want to show you from the industry as to what the industry indicates as being an efficient company. Mr. Speaker, the administrative costs in Autopac have been approximately 15 percent, which includes all expenses to adjust the claims, Mr. Speaker, and includes legal expenses. But I'll give you some comparable figures of the private industry, Mr. Speaker, which have roughly the same premium income as Autopac, and 90 percent of their business is in auto insurance.

Mr. Speaker, Allstate is compared by the industry as being a very efficient company, 36 percent in administrative costs. State Farm, 30 percent in administrative costs. And these costs, Mr. Speaker, do not include expenses which are incurred in the use of private adjusters and legal expenses. Those costs are not included. You can add those other costs on top of the 36 and 30 percent, Mr. Speaker. That is efficiency, Mr. Speaker. That is performance.

Mr. Speaker, as I have indicated the private insurance companies have lost not \$133 million in auto, I've indicated that they have lost in my calculations approximately \$150 million in auto insurance, Mr. Speaker. But yet they made money, Mr. Speaker. Mr. Speaker, the Honourable Leader of the Opposition says, look they lost money. They made money, and why the Sam Hill do they need a premium increase from 6 to 18 percent across Canada Mr. Speaker.

Let's just compare, Mr. Speaker, the rates in Ontario and the premium increases in Ontario vis-a-vis Manitoba, Mr. Speaker. In 1971, Mr. Speaker, there was in Ontario a 12 1/2 percent increase; in 1972, 7 percent, Mr. Speaker; in 1973, 15 percent; and this year anywhere between 6 to 18 percent in 1974. Mr. Speaker, since 1970 in Ontario the premiums have increased approximately 54 percent, since 1970. --(Interjection)-- And what's ours, the Honourable Member from Sturgeon Creek says. In 1971 we reduced the premiums by approximately 15 percent; in 1972 we maintained the rates; in 1973 we reduced the rates by five percent.

MEMBERS: Hear, hear.

BILL 83

MR. URUSKI: In 1974 we increased the rates by approximately 13 percent. I think, Mr. Speaker, repetition is the mother of learning, but I must tell them again, Mr. Speaker, the 1974 Autopac rates are still lower in 1974 than the 1970 rate in Manitoba, Mr. Speaker.

Mr. Speaker, some of the statements made by the insurance industry that . . .

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: As a result of the statement made by the Minister, would he reindicate to the Legislature his belief and position that in view of the industry's inefficiency, that they should be allowed to compete on such government business as schools and hospitals in the general business to which he's now going into.

MR. SPEAKER: The Honourable Minister.

MR. URUSKI: Mr. Speaker, I'll answer that because I have some remarks I want to make just particular in how the industry operates in the field of general business, Mr. Speaker. I will get to it.

But there's several articles that appeared recently in the press, Mr. Speaker, by an individual who I think, I'm probably sitting in the desk of the previous Member for Thompson, Mr. Borowski, and he would say, he would have said about that individual Mr. Speaker, about the articles that I will quote from, that this individual would have prosecuted himself to the industry by the comments he has made, and I will quote Mr. Speaker. He would have said that about the individual. I haven't, but I would say that he would have said that.

The member of the press that I am commenting about is of course Mr. Cleverley. He indicated in one article, Mr. Speaker, two major companies withdrew from the automobile extension insurance field where competition is permitted above and below the basic government insurance this year, and the one remaining company says, "The Government is forcing us out of the same field by changes in regulations, requiring extension policies to pay more and more claims." Mr. Speaker, what a bunch of baloney. Mr. Speaker, not only are they in the insurance field and they are competing for the business with us, but we are also paying their adjusting costs. It is not costing them a red cent to pay for the adjusting cost. Mr. Speaker, some of the other companies that have indicated that they are pulling out of the, that we are forcing them out of the insurance field, I will tell you why some of them have pulled out. I'll tell you, because they indicate that Autopac is forcing them out of the business, some of the other companies have had losses, Mr. Speaker, in 1971 of over 100 percent losses, in '72, 131 percent; these are some of the reasons why the industry is pulling out of the extension business in automobile insurance. Mr. Speaker, that is the portion of the insurance premiums that are competitive, Mr. Speaker, and the companies have indicated that we are forcing them out of business, and that's the reason why they are going out.

Mr. Speaker some comments were made by members that this Government, that the Premier of this Province during 1971 made statements in the western portion of this province and misled the people that Autopac rates would be steady until 1975. Well frankly, Mr. Speaker, I have the article here before me, it's quoted in the Winnipeg Free Press on November 4, 1971. Now, Mr. Speaker, and I will read the first part, and just indicate. "Autopac rates steady till 1975, Premier; seasonal rise here for three years but big boosts elsewhere. Premier Ed. Schreyer of Manitoba predicted Wednesday night", predicted Mr. Speaker, "that autopac rates won't rise for at least three years, although I may be proven wrong." That was right in the headlines Mr. Speaker, right in the first paragraph of the article. How can the honourable members across the way --(Interjection)-- Mr. Speaker, it's right here in black and white. What do you want? --(Interjection)-- Mr. Speaker, let's just clarify the situation, and I have indicated through the committee that the Premier and the Attorney-General in 1973, they at that point in time, during the election days, they could not have known that the Autopac deficit would have been as large as it was. Mr. Speaker, three years Mr. Speaker, three years between the prediction time and the actual time of increase. As a matter of fact, Mr. Speaker, the increase came in 4, 1974, in March of '74, and that's three full years from the date of prediction, Mr. Speaker. I say that's a pretty good record. I'd say that is a pretty good record. But, Mr. Speaker, the fact of the matter is Mr. Speaker . . .

MR. SPEAKER: Order please. Order please.

BILL 83

MR. URUSKI: Mr. Speaker, I'd like to set the records straight. Mr. Speaker, I've been informed by the corporation that the financial picture - Mr. Speaker, at the end of April, 1973, that the deficit of the corporation was approximately \$1.5 million, the net over-all deficit. Mr. Speaker, and the honourable members well know, and I think they know since they've been expounding the virtues of the insurance industry that during the summer months normally speaking that claims go down, the trend of claims goes down, and it would be reasonable to assume that if the trend had gone down that we would not have seen the deficit that we did, but this did not happen. And Mr. Speaker, if the trend would have continued, the normal trend, we would have seen a deficit of approximately \$1.5 million but at the end of October approximately 127,000 more claims were filed with the corporation as a result that contributed to the over-all total deficit.

Mr. Speaker I indicated before that I would compare rates of the private companies as compared to Autopac. The Honourable Member from Morris has indicated that his rates had gone up. The Honourable Member from Sturgeon Creek had indicated that his daughter's rates are less in Alberta than they were here, and also less in Montreal. Well, Mr. Speaker, I will give the comparisons for 1974. Let's first use Autopac, the worst situation we've had, the increase in Winnipeg. The 1974 rate, Mr. Speaker, for coverage for a vehicle and use of drivers are comparable for purposes of rate computation. Private insurance premiums, that I will quote, assumes that the driver is at least three years accident free, and the Autopac premium includes the insurance fee assessed on the driver's license. Now, Mr. Speaker, 1974 premium of Autopac \$137.00. For that same coverage, Mr. Speaker, in Calgary, Mr. Speaker in Calgary, the province where the rates are lower, \$211.00. Now let's go to - I haven't got Montreal, but I have Quebec City. I have Quebec City, I have Quebec City, Mr. Speaker, \$336.00, Mr. Speaker. These are comparable cities to Winnipeg, Mr. Speaker. Then we've got Hamilton, Mr. Speaker, \$226.00. We have Halifax, \$215.00, Mr. Speaker, for 1974; Prince Edward Island the same rate 215; St. Johns, N.B. \$261.00, Mr. Speaker; 137 with Autopac, Mr. Speaker. Those are the rate comparisons for 1974, but yet, Mr. Speaker, the Leader of the Opposition makes the point that they may profit, they made money. They gave a volume discount, Mr. Speaker, like the Minister of Mines and Resources said, they made it up on the volume, that's how they made money.

Mr. Speaker, I've indicated that --(Interjection)-- Yes, Mr. Speaker, what do the Premiers of the Maritime Provinces say about the recent auto insurance increases, Mr. Speaker? The Premiers, meeting as a council, and I quote from the Tribune Monday, June 10, 1974, "Auto Insurance in Maritimes. Premiers seek reasons for July increase. The Premiers meeting as the Council of Maritime Premiers, discussed the impending rate increases Saturday and expressed serious concern about the level of the increases. The rate of automobile insurance in New Brunswick is expected to increase by a maximum of 18 percent, the highest in Canada, and Nova Scotia up to 17.9 percent", Mr. Speaker. "Premier Campbell told a news conference" - that's Premier Campbell, the Liberal Premier I believe from P. E. I. - "his government would have to move cautiously because insurance companies may refuse to do business in the province if controls are placed on them". Mr. Speaker, that's what the Premier of P. E. I. said. Premier Regan said "There is growing evidence that government operated automobile insurance is not doing the job."

Well, Mr. Speaker, I want to tell Premier Regan something. Mr. Speaker, I quoted about the efficiency of the automobile insurance industry, about their administrative costs, and let him come up with a scheme under the private system that will net the drivers of Manitoba a scheme that will pay out 85 cents out of every dollar in benefit, as compared to 55 or 60 cents in benefits under the private scheme. Secondly, let them use the moneys that come in from the insurance fund for investment within the province, to the benefit of all the people in the province of Nova Scotia, or Manitoba.

Mr. Speaker the Honourable Member from Minnedosa wanted to know our investment portfolio from the insurance scheme. Mr. Speaker, he wanted to know our investment portfolio from the insurance scheme, and I will give him that portfolio, Mr. Speaker. In long-term investment, Mr. Speaker, Gladstone Hospital District No. 17, purchase date October 31, 1972, interest rate 8.75, the amount of money \$92,000 that the public corporation has invested in there.

BILL 83

(MR. URUSKI cont'd)

Mr. Speaker, Minnedosa Hospital District, also in '72, \$262,500 at 8.75. Mr. Speaker, Morden Hospital District Oct. 31, '72, at the same interest rate, \$652,000; Mr. Speaker, the Manitoba Telephone System in '73, \$2,500,000; Mr. Speaker, the Russell Hospital District, also in '72, at the same interest rate as prior, \$889,000; Mr. Speaker, the Brandon General Hospital in '72, \$960,000; and the last long-term investment, the Victoria General Hospital, Mr. Speaker, \$2.4 million, for a total investment figure of \$7,755,500, Mr. Speaker, in long-term investment.

MR. HARRY E. GRAHAM (Birtle-Russell): Will the Honourable Member permit a question?

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

MR. GRAHAM: Will the Honourable Member permit a question? Can the Minister indicate when the Hospital Services Act was changed to allow the Corporation to charge more than 8 percent interest which was set under the old Act?

MR. URUSKI: Mr. Speaker, I don't know what the Honourable Member is talking about but these are the rates that have been of investment in local hospitals that the corporation has invested in, as well there's short-term investment, Mr. Speaker. Mr. Speaker, the honourable members don't like to hear that the people's corporation, the people of Manitoba own a corporation, and it's their premiums that are going into investment into local hospitals, and the like for development within the province.

And the one factor, Mr. Speaker, that the motorists of Manitoba will always have a hedge on over the private companies is that the interest earned on the investment will be used to stabilize rates for future losses and future pay-outs, Mr. Speaker. That's where the companies will never do . . .

Mr. Speaker, I may as well give them the total picture. The honourable member wanted the total picture of investments. --(Interjection)-- Well you just wait. Mr. Speaker, there's also - I may as well give them the total picture of short-term investments in the mercantile bank, Mr. Speaker. In '73, 9.15 percent \$2,015,251; La Banque Canadienne Nationale in '73, 7.85 percent, \$928,695.30 - that's as of October 31, '71, Mr. Speaker, all these investments - and another one to the Banque Canadienne Nationale, also at the same interest rate, \$928,695.30, same amount of investment; and two investments to the Bank of Nova Scotia at 8.75, \$1,453,990.20, and \$580,382.28, for a total investment, Mr. Speaker, of \$13,662,514.08. That's the total investment picture, Mr. Speaker, that the Honourable Member from Minnedosa asked of the Corporation in his questions, and I have given him that as of October 31, 1973.

Mr. Speaker some of the quotes that the member, the comments that the Leader of the Opposition made indicated, how many funds would have to be transferred to MPIC from the government? Well, Mr. Speaker, to this date not one dollar has been transferred to the Manitoba Public Insurance Corporation by way of loan, or by grant, from the Treasury of the Province of Manitoba, Mr. Speaker. And for his information, and he should well know that, that in the bill there is provision for separate records, and they will be audited by the Provincial Auditor in the keeping of separate records with respect to the operations of the general insurance end of the business, vis-a-vis the Automobile Insurance Fund.

Mr. Speaker, the Leader of the Opposition made some statements that because we are not setting up a separate corporation that we are really going to juggle the books and everything will be a mishmash, Mr. Speaker. Well if you have the computer systems, you have the administrative systems, as I've indicated before, Mr. Speaker, it makes good sense, economic sense, and it will be done in this manner that we will integrate the two systems into one operation, Mr. Speaker, but there will be separate records.

There have been comments made Mr. Speaker --(Interjection)--

MR. SPEAKER: Order please.

MR. URUSKI: During the last . . .

MR. SPEAKER: Order.

MR. URUSKI: During the last election, Mr. Speaker, --(Interjection)-- the Leader of the Opposition Mr. . . .

MR. SPEAKER: Order please. I want to appeal to all the honourable members. It's difficult enough to transcribe as it is, but with all this humming and elation that's going

BILL 83

(MR. SPEAKER cont'd) on, I wish I'd gone out for supper with some of the honourable members. But I'm going to indicate that I'm not going to tolerate it, because the girls cannot transcribe when there's that much noise, and I'm going to enforce the rules. The Honourable Minister.

MR. URUSKI: Mr. Speaker, during the last election campaign, and statements made in the House, Mr. Speaker, why doesn't the Corporation compete, and I'd like to show you an ad, Mr. Speaker, that I'm sure the honourable members have seen during the last election campaign, Have you ever noticed how things get better when there's competition Mr. Speaker? "Competition - only you can make it happen - make it happen on June 28th, Automobile Insurance Companies with head offices in Manitoba." Mr. Speaker, the people did speak on June 28th. That's why we're on this side, and you're on that side. Mr. Speaker, there are two of you - Mr. Speaker, there are two of the honourable members on the opposite side who would have had to have knowledge of these ads going in so that the Conservative Party itself would have been party to these ads, because if the honourable members say that they disassociate themselves with this ad, then they really don't know what is happening on the corporations that they sit on, Mr. Speaker.

Another ad Mr. Speaker, "Wouldn't you rather have the freedom to decide for yourself what insurance you want - competition; only you can make it happen. Make it happen on June 28th". They ran three ads, Mr. Speaker, that's the automobile insurance companies with head offices in Manitoba.

Well, Mr. Speaker, we also ran one ad in our literature, and the Honourable Member from Lakeside has indicated that he read it very well, and the people of Manitoba read it well. "The NDP plans to implement public fire insurance in competition with private industry." The ad was in our brochure. This is an ad, part of the paper that was distributed by the Member for St. Matthews, mine had the same thing, and the people, Mr. Speaker, spoke on June 28th, they asked for competition in the general insurance field and for the involvement of their government in the public insurance field so that their corporation can be, can act on behalf of all the people of Manitoba.

Mr. Speaker, other comments were made about the drastic effects that this plan will have on the insurance industry and on the agents. Comments were made; well what are you going to do to the agents this time, Mr. Speaker? Well the company of the Honourable Member from Riel placed an ad, Mr. Speaker, in the Quebec paper, and I will tell you. "No. 5 in a money saving series at Wawanesa. We can cut costs for one car, think what we'll do for two." Mr. Speaker, we save drivers' money in other ways too; our direct company to client, no nonsense, no frills, way of doing business for instance, Mr. Speaker. What were they doing to the agents there, Mr. Speaker? What do those companies say to the agents in Quebec, Mr. Speaker? Why are they sitting here on the other side and chastising us, Mr. Speaker, that we are mistreating the agents, we're not paying the commissions, and the like. Mr. Speaker, there is not one agent that will indicate that he cannot use the extra market potential from the general insurance corporation. As a matter of fact, the Honourable Member for Fort Garry asked me to meet the other day with Mr. McDowell, who is I believe the president of the Independent Insurance Agents Association, who I venture to say has no love for this Government's entry into the general insurance field, but he admitted to me, Mr. Speaker, that there is not one agent that will say that he cannot use extra market capacity in the placement of general insurance business. Even he admits that, Mr. Speaker, and I'm certain to say that he is one that has probably criticised, and his group has criticised, this Government for inaction and not consulting with the agents, and the like. Well which, Mr. Speaker, I would like to indicate, which corporation in Manitoba with its board of directors has met, and its executive staff, has met and sat down and discussed problems of the agents. Mr. Speaker, I can say the Manitoba Public Insurance Corporation meets regularly with the agents, representatives of the Autopac Agents Association and other agents' groups. They discuss mutual problems and avenues and try to solve them to the benefit of all people who are involved in the merchandising of the product, Mr. Speaker. --(Interjection)-- I am sure.

Mr. Speaker, there were comments made as well, the Government will not provide true competition in the field of general insurance and it will skim off its own writings insofar as the public buildings. Well, Mr. Speaker, I want to ask the honourable members whether Allstate Insurance Corporation seeks bids from other insurance companies when they insure the Sears

BILL 83

(MR. URUSKI cont'd). . . . buildings Mr. Speaker. I want them to tell me, I want them also to answer me whether the Continental Corporation goes out and gets bids for Avco Credit Corporation and subsidiaries, Capital Limited in Canada, Capital Financial Services, the Diners Club Incorporated, Franklin Life Insurance Co. the Insko Systems Corporation, the National Life Assurance Co. of Canada, whether this corporation under who those subsidiaries are, whether they go out and get competitive bids in the open market for the coverage of their companies. Mr. Speaker, I grant you that they do not do one. They insure their own holdings and that makes sense, Mr. Speaker, and this corporation will do the same, Mr. Speaker.

All the public buildings of its own and its Crown corporations will be insured with the Corporation. It will be in a competitive field with respect to municipal buildings and hospitals and schools. The honourable members were waiting for that long awaited statement --(Interjection)-- And that is correct, Mr. Speaker. When we had that debate, I just wanted to revert to that, I initially had indicated to the moderator who was going to do that debate, I had asked him whether or not that whole debate would be shown, but no, Mr. Speaker, they showed one little portion. Why did they not show the whole 20 minute debate of the whole insurance? They wanted an insurance debate. I was prepared to go on, and I went on, and so did the honourable member, but they did not show the total debate, Mr. Speaker. Well, Mr. Speaker, they wanted an insurance debate and they showed one clip. --(Interjection)-- Mr. Speaker, if they wanted a debate on the merits of the public versus the private, we had some good comments. The Honourable Member from Riel, the moderator, and myself, had some good comments for about a half an hour, but they showed one clip, Mr. Speaker. --(Interjection)--

MR. SPEAKER: Order please.

MR. URUSKI: Mr. Speaker, the Honourable Member from Minnedosa was concerned that in the future there may be a possibility of putting some of the gasoline tax insofar as the premiums of the Automobile Insurance Fund. Well frankly, Mr. Speaker, I would subscribe to such a move. In fact, I've had letters from many people where they have indicated that it would place some of the burden on the ability-to-pay principle, Mr. Speaker, that people who have larger cars, who have larger motors, who burn more fuel, and if they had smaller cars they would be conserving energy, and if some of the tax dollars were diverted on that basis, it would really place the emphasis on the ability-to-pay principle, on the insurance fund; where the people who would conserve energy, who had smaller cars, who would utilize them, would pay lower premiums, Mr. Speaker. The people who wanted to drive larger cars with bigger motors, they would pay more, because they would be burning more energy, more unreplaceable energy, Mr. Speaker.

Mr. Speaker, there were also comments made with respect to experimental repair shops and the Opposition wanted to lead people to believe that tomorrow Autopac is going into the automobile repair business. Well I maintain that when we do establish a research centre to go into and delve into the cost of repair parts in the Province of Manitoba, Mr. Speaker, it can work both ways. It can also point out as to whether or not we are paying adequate rates to the industry, because they have been claiming all along that our rates are too low, that we have been bargaining too hard; or it will also show other points, Mr. Speaker, whether or not the industry figures that we are using now in certain areas are out of line, that there may be corrections, Mr. Speaker, not in the area of going into body shops. --(Interjection)-- Mr. Speaker, yes, the car companies have figures, and I can tell the Honourable Member from Sturgeon Creek that there are discrepancies between the car companies' figures and body shops. Some of the body shops dispute the figures as supplied by the car companies and some stand behind them, so there are also diverse opinions insofar as the figures that are there in the industry today.

Mr. Speaker, there's one point that the Honourable Member from Morris made with respect to the 22,000 drivers -- I don't know where he gets that figure -- disqualified per month, and that the funds from the Motor Vehicle Branch are going to subsidize MPIC. Well, Mr. Speaker, there's not one dollar of fine being transferred from court costs to the MPIC. What is being transferred over, that is collected by the Motor Vehicle Branch, is the demerit point surcharge that is levied on the insurance premium, and every motorist realizes what amount of money he is paying; if he is in excess of six demerit points, the surcharges begin at \$75.00, and they go upwards, and those are the only funds that are transferred from MVB to MPIC. These are part of the surcharges that have been imposed when the plan was implemented, Mr. Speaker.

BILL 83

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): I wonder if he could tell us in dollar terms just how much that amounts to in the way of a subsidy, those surcharges on the licenses as a result of the demerit points that are levied against each motorist.

MR. SPEAKER: The Honourable Minister.

MR. URUSKI: Mr. Speaker, the honourable member wants to relate the word as subsidy. As I've indicated before, when I started my speech, Mr. Speaker, the benefits of the insurance fund are paid on a no-fault basis. There was never any word from this side of the House that there would not be any surcharges or any levies imposed on drivers for bad driving records, for convictions in court, or any other matters. Mr. Speaker, the surcharges as imposed as a result of motorists being convicted in court of driving infractions, I believe, the figures we gave in committee are approximately \$1.8 million, and I could be wrong on that, but the surcharge amounts --(Interjection)-- Mr. Speaker, the member didn't want to listen to what I indicated previously that the young drivers when they came in to purchase a policy, even before they had any type of a record, they just socked it to them, Mr. Speaker, even before they had a record. Mr. Speaker, the Honourable Member from St. Boniface -- and I'm sorry that he's not here -- he made comments with respect to and I'm pleased that one member, one member of the Opposition indicated that he agreed that there were some firms that were skimming off the business, that had not offices in Manitoba, they had no connections in Manitoba, and their head offices were elsewhere, and they were doing this disservice in placing the business. In fact practically every broker, large or small, not counting the agents, has to go and place any type of a larger risk out of the Province of Manitoba, Mr. Speaker. As I've stated before, the offices, the insurance offices in Manitoba, Mr. Speaker, are just order takers, they just take the orders, and the risks go out of the province, Mr. Speaker.

The Honourable Member from St. Boniface also indicated that he did not like to see -- he questioned the number of MLAs that would be on the board of directors. Well, Mr. Speaker, there's provision for a MLA, one of whom may be a member of the Executive Council, and that is the intent of that section.

He also made mention that in the bill that the Corporation was going to take over adjusting firms in the process of setting up the general insurance field. Well, Mr. Speaker, since the inception of Autopac, we have had to create our own adjusting staff, and there will have to be adjusters -- surely the honourable member knows that there will be claims to be paid in the general insurance field and there will have to be adjustments, so that the provisions that the honourable member refers to about taking over adjusting firms just doesn't hold true. We will have to set up an adjusting mechanism in the corporation, and that's what the provision is for.

There was some other comments, Mr. Speaker, regarding information, and we are having a look at that and if there will be amendments, they will be presented in committee.

There's one comment that I would like, Mr. Speaker, that was made by the Deputy Leader of the Conservative Party, the Member from Lakeside, where -- I don't know whether they on that side, either he and the Leader of the Opposition, either they don't talk to each other, or one goes in the House and makes a speech and then the other one leaves, and then the other one comes in and makes a speech, because, Mr. Speaker, at the beginning of this session, the Leader of the Opposition said, this Government is a do-nothing Government. They are standing still, they are doing nothing. Now you have all members on the opposite side who have spoken on the Treasury Branch Bill, on the Insurance Bill, on the Northern Affairs Act, that this Government is moving into everything, they are taking everything over, and they are moving too fast, we want to hold everything up. Well, Mr. Speaker, the fact of the matter is probably in their term of office they presented very little controversial legislation --(Interjection)-- Practically presented very little controversial, Mr. Speaker, and that's the statement of the Honourable Member, the Deputy Leader of the Conservative Party vis-a-vis the statements of his Leader. I don't know, maybe they should get together and discuss what they should say on some of the legislation, Mr. Speaker.

The Leader of the Liberal Party, Mr. Speaker, indicated that there has been a profound change in the direction of Government since 1969. Well that's one statement, Mr. Speaker, that I can certainly agree with the Leader of the Liberal Party. There has been profound change in the leadership, in the direction of government in the Province of Manitoba since '69,

BILL 83

(MR. URUSKI cont'd) and that direction continues, Mr. Speaker, by the programs and policies enunciated by the Ministers on this side of the House vis-a-vis the members on the other side, Mr. Speaker.

I think there will probably be further questions with respect to the bill in committee, Sir, and I would only say that the remarks made by the honourable members -- I have indicated to the Member from Minnedosa with respect to what specific monitoring or studies that were done by the corporation, I can indicate that the corporation has monitored, has monitored the situation since 1972 with respect to the general insurance business; they have spoken to agents; they have talked to brokers; they have solicited their views on the marketability of general insurance in Manitoba, and if the honourable members would go out and talk to the agents, talk to the brokers, they would indicate that there is a definite need and a definite market shortage in the Province of Manitoba, and this is one other reason that the province and the people of Manitoba are entering into the general insurance field. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition)(River Heights): Yes. I wonder if the Minister is in a position to confirm that agents who sell Autopac were warned by officials of Autopac that if they protested the Government going into the auto insurance, their license would be taken away?

MR. SPEAKER: Order please, order please. Let me indicate to the Honourable Leader of the Opposition, again he's transgressing the rules. Questions are for clarification of what was said, not for opening up debate, and he should know that by now.

QUESTION put.

MR. SPEAKER: The Honourable Minister state his matter of privilege.

MR. URUSKI: The point that the honourable member raises indicates, casts some aspersions on myself and on the management and staff of the Corporation, Mr. Speaker, and all that is, is crap, Mr. Speaker.

MR. SPEAKER: Order please. Are you ready for the question? I didn't recognize it as a matter of privilege. The honourable member may have thought so but I didn't.

QUESTION put, MOTION carried.

MR. PAULLEY: Yeas and Nays please, Mr. Speaker.

MR. SPEAKER: Call in the members.

The motion before the House is Bill No. 83.

A STANDING VOTE was taken, the result being as follows:

YEAS

Messrs: Adam	Malinowski
Barrow	Miller
Bostrom	Osland
Boyce	Patterson
Burtniak	Paulley
Derewianchuk	Pawley
Dillen	Petursson
Doern	Schreyer
Evans	Shafransky
Gottfried	Toupin
Hanuschak	Turnbull
Jenkins	Uruski
Johannson	Uskiw
McBryde	Walding

NAYS

Messrs: Asper	Jorgenson
Axworthy	McGill
Banman	McGregor
Blake	McKenzie
Craik	Marion
Graham	Minaker
F. Johnston	Moug
G. Johnston	Sherman
	Spivak

BILL 83

MR. CLERK: Yeas, 28; Nays, 17.

MR. SPEAKER: In my opinion, the ayes have it, I declare the motion carried.

I know everyone's in a hurry but we will still have to go according to procedure. The motion is carried. The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, it may have appeared that it was a hurry. I can assure you and the Assembly that I am not, there's a lot of business to be done for the Province of Manitoba and we will stay here until it's done.

BILL NO. 74

I wonder, Mr. Speaker, whether you would call Bill 74. It's my understanding that while the bill stands in the name of the Honourable Member for Lakeside, he was holding it for the Honourable the Leader of the Opposition.

MR. SPEAKER: Is that correct? The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, the 1973 Annual Report of the Department of Industry and Commerce under the Manitoba Export Corporation, the following paragraph is contained in the report. "Under the Manitoba Export Corporation Act of 1963, the Corporation under the terms of reference was able to act as a trading corporation and directly buy and sell products. In previous years this was only done to introduce new products into a market rather than on a continuing basis. This does not include sales assisted or handled under other programs. The success of sales into completely new markets offshore depends on a number of factors such as competitiveness, product configuration, availability of product, ability to extend terms (sometimes up to 180 days), production and working capital capabilities of the manufacturer, import restrictions and regulations, high freight costs to distant markets, strong foreign competition, unsecure monetary systems, etc. The sales reported here are only initial sales and some are not completed yet, but the outlook is promising for follow-up orders."

Now, Mr. Speaker, I read this paragraph to indicate that the present Export Corporation Act which is now to be eliminated with the new Trading Corporation Act as proposed by the Minister, essentially has the powers and is acknowledged by the Minister's own report to have the powers to act as a trading corporation. So the question then has to be raised, Mr. Speaker, why was this introduced as a new Act? And I think, Mr. Speaker, that point has to be brought forward again as we discussed in the Northern Affairs Act when the question was put, if all the power is vested in the Minister in the first place, which was the government's position, why was it necessary to bring a new Northern Affairs Act, and the Minister admitted the only difference was the ability to go into business in any industrial or commercial enterprise. That's in the Minister's words.

Now, Mr. Speaker --(Interjection)-- well he denied it but he said it this afternoon and I'll allow him to read Hansard this afternoon to determine.

HON. RON McBRYDE (Minister of Northern Affairs)(The Pas): The honourable member just said the Minister of Northern Affairs said - from that point on he was incorrect.

MR. SPIVAK: Mr. Speaker, I leave to the honourable members to look at Hansard when it's produced and to see what the Minister actually said. But my impression is what I suggested, Mr. Speaker, and I think the record will --(Interjection)-- Well, I think it will be supported because I listened to him very intently.

So, Mr. Speaker, when we examine the Act, recognizing that the Minister's own report would indicate that they had the power, we then have to examine, is there something that is unknown, is it something that's hidden, is there something that is suggested or can legally be done in this trading corporation that's not been presented by the Minister?

Now, Mr. Speaker, I examined the Hansard, and I have it in front of me with the Minister's statements, it's two pages, it's on 4323 and 4324. And it's very interesting, Mr. Speaker, because he essentially says that the objective of the Manitoba Trading Corporation is the objective of the Manitoba Export Corporation, and the reason they are going into it is the same reason that the export corporation was originally arranged for, and the purposes are for several things, for documentation, shipping, insurance, credit and collection, and all the specialized requirements of making export shipments. I believe it will solicit orders from Manitoba merchandise and markets outside of Manitoba, etc. But, Mr. Speaker, what he did not say, and what's contained in the Act, and what's included in the objectives, is to purchase products and merchandise for consumption in Manitoba.

Now, Mr. Speaker, let's understand something very correctly. The Export Corporation

BILL 74

(MR. SPIVAK cont'd) had the power to be able to act as a trading corporation. The Minister introduced this in two pages in Hansard and did not indicate at all that one of the objectives and powers given to this Trading Corporation was to purchase products and merchandise for consumption in Manitoba. --(Interjection)-- To purchase products and merchandise for consumption in Manitoba. --(Interjection)-- Well, Mr. Speaker, trade is not one way. Notwithstanding any provision of this Act in special situations the corporation also promote and makes sales of Manitoba products, merchandises and services within Manitoba - promotion and sale in Manitoba. Well, you know, Mr. Speaker, Manitoba Trading Corporation will be a Crown corporation, it will not pay tax. If it becomes involved in the purchase and sale for consumption in Manitoba of Manitoba products, it is in a very different position, Mr. Speaker, than those who are attempting to deal with the market needs in this province.

Now, Mr. Speaker, what this Act provides is the ability of the government to go into business in Manitoba, along with the ability to carry on the objectives that the Export Corporation had and the power which was contained within the Export Corporation. And, Mr. Speaker, this is why when we deal with this bill, as we deal with the other bills, we become very concerned. The Honourable Minister of Finance says that there's no master plan, that he did not read the document that was referred to as the Guidelines for the Seventies but was the working paper; but on the other hand, Mr. Speaker, many of his officials did, and certainly the key official who's just left did, and he was one of those who guided this government. And, Mr. Speaker, one gets the impression, one gets the impression that there is, you know, contained within this . . .

MR. SCHREYER: Your guess is wrong.

MR. SPIVAK: Well, I wonder if my guess is wrong, and I'm going to try and maybe indicate directly to the Premier that I don't think it's as wrong as he suggests. Because, Mr. Speaker, the powers that are asked for in this Trading Corporation are not needed by the Government now and, Mr. Speaker, there are problems with the powers that are asked for even in the assumption that the Act before did not give it the ability, and further, Mr. Speaker, there is a problem, because I do not think, Mr. Speaker, in spite of what the Honourable Minister in charge of Public Auto Insurance said, that the Government has a mandate to do whatever it wants, that it simply has the license to do it because it has 30 members, and that because it can enact legislation that it, in doing that, is acting in conformity with the mandate that was given them.

Mr. Speaker, I've been involved as a Minister of Industry and Commerce and I have some knowledge of the export corporation and the problems of financing. This Act is not a bill that alone concerns itself with financing, and I suggest that any attempt on the part of the Minister to indicate this is really a misleading presentation on his part. Mr. Speaker, there is a board of directors to be appointed and they are to be called The Manitoba Trading Corporation and they're appointed by Lieutenant-Governor-in-Council, one of whom shall be the chairman and the vice-chairman. Mr. Speaker, the board of directors will not appoint the general manager but rather he'll be appointed by the Minister and he'll be an employee of the Department of Industry and Commerce. The board shall administer, Mr. Speaker, the affairs of the corporation in accordance with the guidelines and directives approved by the Minister. So in effect, Mr. Speaker, the board who is appointed by the Government, given guidelines and directives by the Government and by the Minister, with a general manager presented to them by the Minister, will be operating a trading corporation that ostensibly -- ostensibly, Mr. Speaker -- is to carry out the objectives set forth in the Act itself.

Now, Mr. Speaker, I am aware of the Export Act. --(Interjection)-- Well the problem, Mr. Speaker, is the function. The problem -- and I want to go back to the honourable members opposite. The function. There is a very different function, Mr. Speaker, from the financing of exports and from the setting up of a trading corporation that is to become essentially - and I believe the Honourable Member for Brandon West will deal with it later - the marketing board for industry in this province. And that's a very different kind of function and that's what, Mr. Speaker, this objective or these objectives provide. --(Interjection)-- Well, Mr. Speaker, it's only for those who want to use it at this time. But, Mr. Speaker, I am aware and the Honourable Minister is aware that when one gets involved in trying to attempt sales in other jurisdictions, and one is a small company and has problems of financing, you know, it's quite conceivable that offers are given that smaller firms cannot do anything but accept. They're an offer they can't refuse. --(Interjection)-- Yes, they're an offer they can't refuse. And that's

BILL 74

(MR. SPIVAK cont'd) one part, Mr. Speaker.

The Government is prepared to give the trading corporation, which for all intents and purposes is under the thumb of the Minister and it's acknowledged is under the thumb of the Minister, the ability to be able to be given funds, as the Lieutenant-Governor may authorize, which are advances, and the ability to be able to have loans, and the ability, Mr. Speaker, to have a five million dollar overdraft. Now, we've already indicated that it's possible, Mr. Speaker, that this trading corporation, in addition to doing business in Manitoba, in addition to purchasing goods in Manitoba and selling goods in Manitoba, is going to be capable, Mr. Speaker, of buying inventory from companies in Manitoba and putting them into a cash position based on their ability to be able to have money from the Government and to be able to have borrowing that's permitted under this Act. And that means, Mr. Speaker, that we have the ability on the part of the Government to use the trading corporations as a means to be able to purchase products from Crown corporations in which the Government either has complete ownership or from those corporations in which they have joint ventures, so, Mr. Speaker, that they can put those companies in a cash position, and even in a financial position; that really will reflect very differently from what the situation is if there is really no market for the products.

Now, Mr. Speaker, in this kind of a situation trading corporations could buy five Saunders aircraft and have that in inventory, and could transfer two and a half million dollars to Saunders, or if it could buy any number of products, there's no control, Mr. Speaker, in the ability for this to be done. Well, the Minister laughs. The Minister laughs. As if, you know, the power isn't contained within this Act. The power is there. He may laugh and say we'd never do it. --(Interjection)-- Well, Mr. Speaker, you know, at this point, we've learned one lesson with you. --(Interjection)-- You could do it right now. Under the Export Corporation Act. Well, Mr. Speaker, if the Minister says he can do it under the old Act, withdraw this Act now. Withdraw it. If he can do it under the old Act there's no point in putting in a new Act. Withdraw it. What can you not do? You tell me what you can't do in the other Act that you can do in this Act. I don't think the Minister will tell me very much. I have some suspicion and I have some knowledge of that Act.

Now, we refer again and again to the document, which the honourable members basically suggest have nothing to do at all with any of the planning that's been undertaken, that all the things that have come up have essentially been, you know, undertaken in no co-ordinated manner. Now, Mr. Speaker, there are two references that are important. One deals with the question, in here it talks about production, and I would substitute control. It says "Many of the products sold in Manitoba carry excessive prices due to the existence of either monopoly control or megopoly control with artificial product differentiation. Government production of such commodities can provide a form of yardstick competition serving to substantially bring down prices to the consumer. This is particularly important in the base of products whose consumption is income inelastic, that is products purchased in equal quantities by families of all incomes." And, Mr. Speaker, the power to do exactly this exists within the Act itself.

Mr. Speaker, there's another section in this and I'd like to read this paragraph as well, where it states that "local farms are often prohibited from manufacturing certain products by their high cost of setting up distribution systems. Thus, although the provincial market for small electrical appliances is large enough to support at least one, if not several, efficient local plants, local producers face insurmountable barriers in competing with existing multi-national concerns, and that the latter monopolize the distribution outlets. The cost to a small single plant producer of setting up his own distribution network is prohibitive. And additional problem lies in the inability of the local producers to overcome the brand name advantages of existing giant concerns without an advertising expenditure that would raise costs above competitive levels. A solution to this problem would involve a government distribution and servicing agency that stock a wide variety of locally produced small appliances, and sign contracts with local producers to provide servicing and possible marketing, thereby overcoming to some extent the brand name advantage of existing producers."

Now, Mr. Speaker, if this Act is passed, the Government will accomplish this objective, and while the Honourable Minister of Industry and Commerce and the First Minister will say that this working paper had nothing to do with their planning, all we do, Mr. Speaker, is read page after page after page, and in all the bills that are involved and presented, we have the ability for them to be able to execute this program and the problem we had right from the beginning, Mr. Speaker, the problem we've had over and over again, you know, Mr. Speaker:

BILL 74

(MR. SPIVAK cont'd). . .is this just a haphazard presentation on their part or realistically is this a planned action on their part ?

Well, Mr. Speaker--(Interjection)--Yes, it's in our campaign documents. It's our mandate, our mandate to go into the insurance, our mandate to go into treasury branches, our mandate to go into trading corporations, our mandate to start to buy and sell in Manitoba, our mandate to set up a branch for. . .

A MEMBER: Stay option.

MR. SPIVAK: The only option that you're interested and the only stay option that you're concerned about is still remaining in power for yourself. And Mr. Speaker, the only--yes siree, Mr. Speaker, and the only thing that you're really interested in is control in whatever form it takes, and Mr. Speaker, the reality here is that this Act gives the power to the Minister to in effect become an entrepreneur in this province, with unlimited funds available to him, not paying tax, with the ability to be able to obtain an overdraft for his operation, to be able to buy whatever goods he himself determines should be bought, to be able to direct the general manager to be able to fund, if necessary, through purchases, goods that are being manufactured through Crown corporations that may or may not be viable, and becomes another outlet, another vehicle, and another way, Mr. Speaker, in which there can essentially be control and manipulation with respect to the financial matters of this province. Now there is absolutely nothing in the performance of the Government that would justify giving them this power. There would be nothing, Mr. Speaker, that would justify handing to the Government the ability that they ask for in this Act.

Now I admit, Mr. Speaker, they have the numbers to enforce the legislation, but the one problem we've had right from the very beginning with all of these matters is their honesty, and Mr. Speaker, it is an honesty that is related, not to an individual, but to a government and its presentation. Mr. Speaker, if they had been honest as a government in presenting their position, and presenting what their intentions were, in presenting the bills indicating what the bills really contained, indicating their direction, indicating their thrust (to use the terms of the Honourable Minister of Labour), then we would have come back to the basic arguments that we are arguing with them on the basic philosophy. But in all of their presentations, Mr. Speaker, they eliminate part of what the bill contains, they emphasize those things that have a certain public appeal, and they suggest and imply and essentially mislead the real effect of the bills.

The export corporation provided for the Minister the ability to be able to operate as a trading corporation for the purposes that he specified. This bill gives him a greater power. This bill gives him the right to become involved with no control, no accountability to this Legislature, not one bit of accountability to this Legislature, for the moneys that are spent or for the moneys with which it operates, allows him and the Government to be able to enter the economy of this province in an indirect way, to use this as a financing vehicle for their own projects, and to be able to buy goods outside the province and bring them in if they so desire, and Mr. Speaker, to buy goods in the province itself. Now if the Minister says we are talking about goods that may be bartered, we are talking about goods which may in fact be substituted, which may in fact be payment in kind as a result of transactions we've made, then, Mr. Speaker, limit the Act to that. But, Mr. Speaker, we have seen too much to know that given the blank cheque that this Act gives to the Government to essentially do what it wants, to have unlimited availability of money funnelled in, to be able, Mr. Speaker, as a result of this, to be in a position to acquire inventory from any one of the Crown corporations who may be in difficulty and thus inject the cash flow and give a false picture as to where it really stands, as a result of this, Mr. Speaker, and for these concerns, either the Act has to be changed to alter this ability and to put us in a position where there can be support of the basic principle of the financing of the exports, but we don't quarrel with that, and we don't quarrel with new methods with respect to that, but, Mr. Speaker, we are not going to put ourselves in a position of supporting the Government based on its performance.

Now, the Honourable Minister probably was one of the main architects of McKenzie Seed going out and purchasing two major companies, and I've mentioned this before and I'll mention this again. You know . . .demonstrated by that is something to behold. In the best years that the farmers have ever had in Manitoba, the Company, who did twelve million dollars I believe, in cash sales, made an eight thousand dollar profit. Now the Honourable Minister

BILL 74

(MR. SPIVAK cont'd). . . went down to Mexico, I think; I think he made a deal there, and I believe, Mr. Speaker, what he did is he said seed that was deteriorated from a fire down in Mexico, to try and work out a joint venture there, and I think they caught on to what was happening and I don't think we're joint-venturing any more with them. Well, Mr. Speaker, you know, we can ill afford the kind of cost, the waste, the waste of energy, and the mis-direction with respect to the Department of Industry and Commerce and the Minister's attention, whoever the Minister may be. And, Mr. Speaker, we can ill afford to have a Minister given the unlimited power that he will be given here to be able to direct and carry on in the economy as I've indicated.

And so, Mr. Speaker, we see in this one other indication of the kind of direction the Government's undertaking, and Mr. Speaker, we see in the Minister's presentation, where no mention was made of his ability to enter the Manitoba market, not one bid was made, another indication of the de-emphasizing of the areas that are important to them in their presentation. And, Mr. Speaker, we have nothing but suspicion, and the suspicion we believe is justified, for their motives - and Mr. Speaker, we have nothing but concern for their management and we have nothing but utter amazement at their financial manoeuvring with respect to the economy and to the financial matters of this province, and it's impossible, Mr. Speaker, for we on this side to take a position that we should literally give the Minister a blank cheque to essentially, in his name, do whatever he wants, under any situation, in what he considers the best interests of Manitoba, and thus, Mr. Speaker, costs the people of Manitoba dollars every day that he handles this operation. And so, Mr. Speaker, this Act has to be changed a great deal to warrant our support, and if we can't get it, Mr. Speaker, we are not going to be prepared to allow the Minister the kind of powers that he wants in this particular Act.

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

MR. I. H. ASPER (Leader of the Liberal Party) (Wolseley): Mr. Speaker, it is crucial to the Manitoba economy and our ability to continue to provide jobs and meaningful careers, and high paying career options to our people unless we expand export. Manitoba stands in a geographical position in the middle of a freight situation, in the middle of a raw material situation, that compels us to export, and we are grateful that the Government of Manitoba has directed it's attention to the subject of promoting exports. There are several million, some estimate as high as six million potential consumers that are closer to the production capacity of Winnipeg and southern Manitoba than are the eight million consumers who are 12,000 miles away, or roughly 1100 miles away in the Golden Triangle. The natural trading option for Manitoba, short-term is to produce goods and sell them to the United States and there are six million consumers, six times the size of Manitoba within 500 mile radius of Winnipeg. So it is a phenomenal economic opportunity for this province if we are able to produce goods and sell them into that market. The jobs will be here, and the profits will be here, and the taxes will be here, and we import in effect new wealth every time we make an export sale.

For the past four years we've made speeches in this Chamber, and I invite honourable members to read the budget addresses, read the Speech from the Throne responses, and read our speeches in reply to the Estimates motion for Industry and Commerce, because in those speeches over these past three or four years we have constantly touched on this theme and we've laid out in some chapter and verse the programs that a Liberal administration would implement to induce more export. Now that also, Mr. Speaker, was one of the reasons the Liberal Party was, and remains deeply concerned about the U.S. sale by Hydro of energy from this province. Because we have not yet at a time, when a letter of intent has already been signed, we have not ever yet been able to negotiate, to question, to determine what studies have been done to satisfy ourselves, though the proof may be there, but we have never had the information on which to satisfy ourselves that hydro energy is not being sold by Manitoba to the Northern State Power Corporation to provide to industry there, to manufacture goods for the same consumers that we would like to produce goods for and sell into that market with. If it ever does become apparent that this is the case, that Manitoba energy, a raw product, the product without which there can be no production, is being cheaply, or even highly priced, sold out of the province resulting in the creation of more manufacturing facilities in the United States, that is sheer madness, that is an utter waste of our resource, and it is the development of export. And I believe that in any debate on Manitoba's export techniques that we are

BILL 74

(MR. ASPER cont'd). . .entitled to better satisfactory information from the Minister that will satisfy reasonable people that the sale of hydro, which is now morally a fait accompli at least, will not impair our ability to chase those exports.

Now having stated that, we wonder what this bill will do for developing export in Manitoba. Well - and by the way, Mr. Speaker, lest that energy issue be glossed over too easily let me say that howls of laughter, that derision and ridicule greeted those of us who sat in the 50s, that the Columbia River Treaty and the development of power, hydro power, in the United States for sale to Kaiser in Washington and Oregon, that produced massive job development and technological development in the United States. And don't ever accept the simplistic answer that, "Ah yes but it's interchangeable power, and it's only summer use power, surplus power." Because, Mr. Speaker, the energy shortage that we suffered in this world, in this country, which was nominal in this country, last winter is peanuts, a virtual dwarf of what is about to happen to this world in the next three to five years. There is going to be the most profound re-examination of energy that perhaps a future generation, by that I mean 10 years, may well call this Government irresponsible, this Chamber irresponsible, for having passively endorsed even a surplus summer sale of energy. Because even in Japan they're talking about staggered year production where surplus energy will be used for certain kinds of production, summer energy, and that you'll have a plant that will only be permitted to operate with cheap energy from April to October, and that they'll operate on a three-shift basis for five months of the year to get full production. I don't know; I do know this, I am satisfied on the objective evidence that any sale of energy may, and probably should be, . . . I should say will likely impair the future economic development which means production in this province.

So I admonish the Minister when he speaks of the Manitoba Trading corporation that he also consider the raw materials that make trade, and the fundamental heart of that is energy. I read the Winnipeg Free Press editorials that commend this sale to us and I have a deep rooted suspicion that we are about to make a colossal blunder, and I wish the Minister would allow us, as I asked him last year in Committee and again this year, the opportunity, even inter-session, to sit down with your Hydro people, and sit down with your economists, and sit down with atomic energy people, and sit down with anyone who will come and give us their wisdom on this issue before that contract's signed.

But going back to the Trading Corporation. How do you develop export sales, Mr. Speaker? Well I say you can read our submissions that we've contributed to this House. He may not agree with them but I believe, and I incidentally have had some experience personally and professionally in export sales, as a matter of fact I would say some considerable experience in the business side. Mr. Speaker, you begin by making an analysis - and we don't have that analysis - you begin by making an analysis, (a) what we produce in this province; (b) what we could produce, what we have the raw materials for, what we have the workforce for; and, (c) you then look to where can you sell it, where can you export it? And I want to come back and say that the most precious economic dollar that a province like Manitoba can have is an export sale dollar. No one can understate the value of that kind of a dollar to our economy. Never mind the Canadian economy, or the western economy, but to the Manitoba economy because it enriches the entire population, every dime that you bring into this province, and providing you have a retention system. But you then look at your market and you say, where can we sell it? Now we look and we say there are five or six million consumers within five hundred miles of here and you say, well they must consume 23 million tooth brushes per year. Why aren't we manufacturing tooth brushes? I say that facetiously, but you look at everything they consume and then you say, how can we manufacture that product, how can our industry base manufacture that product and get it into their homes cheaper and with equal quality or better quality?

Mr. Speaker, I have been saying in this House for three years, let's begin with that inventory, and if there is an inventory it's a secret, we don't have it. And I appeal to the Minister that the only time, the only agency for that kind of information is Government, his Government, his department, with that modest budget which his colleagues offer him, which I say is a fraction of what his department requires in order to do the job for the people--(Interjection)--Cut it in half.

Mr. Speaker, the day that the Minister's budget is 40 to 50 million dollars it will be approximately what it should be, because, because a dollar spent in his department, Mr. Speaker

BILL 74

(MR. ASPER cont'd). . .that is productively used - now I don't say he's using his money productively - but a dollar given to his department and productively used will produce thousands of times percentagewise return to the economy of this province. Because he doesn't have the budget and he doesn't have the staff to even do the things I'm talking about, making the simple inventory. I have some deep concerns as to how this particular Government or this Ministry would use the money, but if you want to develop an economy then the first department you take seriously is the Department of Industry and Commerce which - what have you got? Five or six million dollars? Six million?

A MEMBER: Five point eight.

MR. ASPER: Five point eight. That is the mute evidence of the lack of commitment of this Government to economic development.--(Interjection)--most underdeveloped provinces, most underdeveloped. . .Mr. Speaker, the market analysis having been made, when you look at export you now say, what is the freight component and the customs component to move those goods to market? And you discover that you either can compete or you can't. Now setting up an export trade corporation doesn't yield any of that information, nor does it achieve any of those fundamental goals. Finding out what the people are consuming, finding out how you can get it to them, and how much does it cost differentially. There are only two factors in that, freight and tariffs. And with tariffs under the Kennedy Round and gas having been reduced every year for several years now, and on the horizon even further Kennedy Round removals of tariff, this becomes less and less of a factor. It's still a factor. But, Mr. Speaker, when you find that the six million consumers can buy our toothbrush for 20 percent less, or 20 percent more rather, than comparable goods in their own market, you then address the Department of Industry and Commerce to the subject of getting the 20 percent cost differential down so that our goods become competitive.

Now, Mr. Speaker, that is what export promotion's all about. In this bill we have things that have nothing to do with export trade, and I don't want to echo the speech of the Honourable Member for River Heights, the Leader of the Conservative Party, but one has to wonder why there are certain powers in this bill. What in the name of good industrial development does it have to do with exporting that the Government of Manitoba should be able to set up an operation to buy goods and sell them in Manitoba, buy goods in Manitoba and sell them abroad. That's a disincentive to the exporter. If you want Mr. Toothbrush manufacturer to export his toothbrushes, why would you buy his goods from him and sell them for him? He can come now to government and say, look, I don't want to set up a sales force in Minneapolis or Fargo, you buy my production. It's an easy way, it's an easy way out for the manufacturer. That power if used, and I have to say that any power given by the Legislature is intended to be used, we have to operate on the assumption that government doesn't ask for power that it isn't intending to use.

MR. PAULLEY: The Government shouldn't have any power according to you fellows over there.

MR. ASPER: Mr. Speaker, the Honourable Minister for Labour suggested we would denude the Government of all power. That's not true. We would give--(Interjection)--Well, Mr. Speaker, I guess it depends on one's view of government. We believe the Government does not exist to buy goods and sell goods, to buy insurance and sell insurance, and to trade in treasury bills or rather in bank deposits. There are serious problems to which government should address itself, not running businesses.--(Interjection)--Mr. Speaker, there are times--well I don't want to go into the philosophy of industrial acquisition. But the Minister knows full well that the Liberal Party takes no doctrinaire position here. We certainly agree that there are times when it is appropriate, indeed mandatory, that government initiate industry and own industry. We have no quarrel. It's not a philosophical argument. This is a question of why do you take the power to buy goods and go into business selling goods? Why do you buy goods in Manitoba, from manufacturers in Manitoba, and sell them some place else? Let them do that; let them take the risk; let them do the work.

Mr. Speaker, that's been said by the Honourable Leader of the Conservative Party, and I accept his statement on that. Mr. Speaker, if the Government is bent on doing this, then let me caution the Minister. In my work prior to coming into public life, I have done business for, against, with, and beside, these trade commissioners. Now if you recall that the Liberal Party put to this House the idea that in order to stimulate export sales Manitoba requires an international, world-wide team of industrial commissioners working on, and I underline,

BILL 74

(MR. ASPER cont'd). . . a commission basis. Mr. Speaker, we have said that goods that are produced in Manitoba may be sold in Dakar but we'll never know of economic opportunity unless we have a trade commissioner seeking them, searching them. And that man, that trade commissioner, Mr. Speaker, should only be paid on the basis of sales made, no fat-cat jobs. Because I've travelled in Bangkok, in Seoul, Korea, in Taipei, Taiwan, in England, in France, I've dealt with all those trade commissioners. I've effected sales but, Mr. Speaker, I never met a trade commissioner who made a sale, because he's got a big black limousine, he's got a chauffeur, and every week he sends a report, and I'm not condemning all trade commissioners because obviously that would be too wide a brush, but what I fear under this bill is that the offices with the trade commissioners, or the export sales force, will be \$35,000 a year salaried people who will once a week entertain the Presidents of the large foreign corporations, allegedly trying to sell Manitoba production, and send a glowing report back to the Minister, as I know is the case in the trade commission business, saying I have been very effective this week, I entertained the Ambassador of this country, I had a meeting to discuss mutual exchanges with this company, but no sale. And, Mr. Speaker, I can document four dozen sales that I personally negotiated in foreign currency in those foreign countries, never with a trade commissioner. As a matter of fact I don't want to condemn the field of trade commissioners, so I'll restrain myself. I'll say no more.

I'll just say that if the Government is bent on doing this, and if you don't believe my experience then I ask honourable members to check with the business community that makes international sales. Please explain to me why the President of Spiroll Corporation today, a Manitoba Company, the Minister knows the President full well. --(Interjection)--Yes. Why is he in Cuba selling goods today without the aid of your export corporation? No, not a moment of aid from the export corporation. Didn't need it. And I'm not suggesting that we don't need an export corporation, don't misunderstand me, I think we do. My quarrel here is the kind of thing the Government has in mind. And I'm appealing to the Minister that if he is going to launch the sales force: No. 1, that it be housed in existing Canadian High Commission offices or Ambassador offices or Consulate offices so that we incur no overhead; No. 2, that this sales force be payable exclusively by production sold; No. 3, that we reject, and I again remember my experiences in East Germany with trade commissions and in China, before we even recognized China, and there was what I envisioned this Government was going to do, trade fairs in Belgrade. Every time I went to one of those, Mr. Speaker, there was the state trading corporation, God, it's like yesterday; I remember the Chinese Trading Corporation. And there were the commissars, and they were negotiating to buy and sell goods, and you would only deal with them. It doesn't only apply to China, it applied to East Germany too. You were dealing with a massive bureaucracy. You were not dealing with a profit-oriented business man, you were dealing with a civil servant and it became a matter of massive frustration. Ask those who have had to sell Canadian wheat. They'll tell you the same thing. Dealing with the Polish Trade Commission. All the state-run trading corporations have been great buyers of goods but not great sellers of goods, and that's my concern, Mr. Speaker, that the people that we put into this, if the Government is bent on going ahead--and I would encourage the Government to go ahead on a basis, but that they be business people, that they be not civil servants; that they be people who know the marketplaces, and that they be paid purely on commission.

But Mr. Speaker, there is a greater problem. If we want export sales, then the place to start, if you have to think of priorities, is not with this bill. The place to start is with the Manitoba fiscal, economic, and I should say tax structure. The Minister knows, I've expressed the view to him privately before I came into public life at great length at times, my view as to how one does these things, being mainly that there should be a board - we called it in an earlier submission to the Minister an Equalization of Opportunity Board, which had the power to remedy disadvantages that Manitoba companies had in breaking into foreign markets. Now, my honourable friend the colleague from Fort Rouge touched briefly in his contribution on this debate on a very, very serious export situation that I think escaped the attention of members opposite. He dealt with a study that showed that if I--and, Mr. Speaker, I tell you that in my own personal experience I have seen, in professional terms, at least a couple of dozen of Manitoba businesses establish their production facilities out of this country - at least a couple of dozen, maybe more - as much as one could appeal to them, and I'll show you why. And this

BILL 74

(MR. ASPER cont'd). . . is the heart of our problem; not the subject matter of Bill 74, but our fiscal problem.

Now let me give you the honest facts objectively tested by a number of financial institutions. Now, if anybody wants the source of the material I'm about to give you, it's Business International, published in New York every week. And this is the bible for the corporate executive, corporate lead of the world, the English-speaking world. They took a study of if you want to export goods from Manitoba, or Canada, to the United States, for heaven's sake don't build your plant and don't put your jobs in Manitoba or Canada, put it in the United States. And that's the problem we have to overcome. The numbers are so--the dice are so badly and heavily loaded against us in fiscal terms that he can put his men in the field all he likes, and he can have them sipping pink champagne cocktails in Hong Kong for the next thirty years, but until you overcome this kind of problem that this study reveals--and I'm going to give you the data. The name of the company - I'll even give you that - this company in Bolton, Ontario. The name of the company is Husky Injection Moulding Systems. They are a growing Canadian company. They are in a province that has a lower corporate tax rate even than Manitoba. Now look what happened to them. They found that both the cost of building their plant and operating their plant was cheaper in the United States than anywhere in Canada, particularly Ontario, which is a lower tax rate than Manitoba.

Now I'll show you how it happened. Eighty percent of the company's exports, products rather, which are paper products, were exported to the United States. A perfect candidate for the Minister's export trade corporation, a company that manufactures a product that can be sold in the United States. Well, I'm sorry, I said paper products; it's an injection moulding machine company. Now, what they found, and I'll just give you samples: When they came to build their plant in Ontario, the land cost was \$125,000 higher than it was in the United States. By the way, they studied several locations - Chicago, Detroit, Buffalo and Boston. So their land cost in Canada, because we have a problem with land-pricing in Canada, was \$125,000 higher here. But the most profound difference was that in United States, when they bought the equipment for their plant of \$3 million, the sales tax in Manitoba and in Ontario cost them \$300,000 more than in United States, because in United States most states, or many of the states that are trying to attract industry, have abolished the sales tax on production equipment. And so there was a \$300,000 extra cost staying in Canada, --(Interjection)--I'm sorry, I'm sorry. There was a \$300,000 saving there. Building costs in Canada, because of climatic conditions, were higher than the United States, and so by the time we got down to the end of the building, the building cost more, the building and plant cost more in Canada than in the United States. But that's O.K. You absorb that with DREE grants, let's say.

Now, the operating costs. The operating costs in the United States were such that, given the same profits, the same sales in both countries, the after tax profit in the United States was double, double that of the Canadian profit. Same sales both countries, but the profits in the United States, after taxes, and those were Ontario taxes. --(Interjection)--Profit is a dirty word, it's been suggested. Well, Mr. Speaker, now let's go to Mr. Husky and say, "We want your several hundred jobs, by the way, we want them in Manitoba. And he says, "I'd be delighted to stay in Manitoba if I could just sell my goods in the United States." The Honourable Minister waves the bill. He says, "We have an export trading corporation. Whoopee!. Go down and have a drink with our boy in Chicago." Because that's what they do. It's martinis; it's hors d'oeuvres. It's a charming - I can only tell you, Mr. Speaker, I have had considerable experience in international sales and I never yet saw one--(Interjection)--Pardon? Put them on a commission, Mr. Speaker. Just put them on a commission. It's amazing what incentive there is to make money when you're on a commission.

A MEMBER: Yes but who pays for the martinis?

MR. ASPER: Ha, Ha. Now, Mr. Speaker, my point is what can you say by saying we have an export trade corporation when this man says that "on identical operations, I made 2.29 million in the United States, whereas I would have made 1.254 million in Canada"? What are you going to say to him? Well, there's only one thing you can say to him, Mr. Speaker, and this export trade corporation act ain't going to say a word to him. What you can say to him is: "Okay. What are your proven disadvantages and how do we solve them?" Then, when Government addresses itself to that problem, disc the American incentives to keep production at home, to export abroad, When you come in with real programs that eliminate those

BILL 74

(MR. ASPER cont'd). . .disadvantages, then Mr. Speaker--well if necessary, if necessary, disc, because it's a dirty, cold, competitive world, and if you want to stick your head in the sand. . . The Honourable Member from Winnipeg Centre thinks that one shouldn't compete against the American disc. He will preside over the disasters of the Canadian economy. Why did John Turner reduce the corporate tax for manufacturers and producers from 50 percent to 40 percent? He did it to stimulate production.

A MEMBER: An election.

MR. ASPER: No, he did it a year before an election. And what did he do? In one year he produced 111,000 new jobs in manufacturing and processing that would otherwise have been in the United States, and he produced GNP increase in that manufacturing and processing sector three times as large as the average for the preceding periods. Now, I'm not saying, and I know the Honourable Minister of Industry and Commerce will scream that the Liberal Party says tax is the only incentive. I'm not suggesting that at all. --(Interjection)--Yes, I concede, I can. . .

MR. SPEAKER: Order please.

MR. ASPER: Well, Mr. Speaker, there are other factors that work, the Minister says. Of course there are. There's exchange differential. If the Canadian dollar is at 1.03 today U.S. how in the hell can you export goods to the United States when they have to pay three percent more for your goods? And we know there are other factors. Well, Mr. Speaker, this bill will do nothing unless it is supported by a lot of other industrial development trust and that is nowhere to be found; there's nothing on the horizon that even indicates the Government is prepared to do it.

I commend that very sobering study, and I'll make it available to the Minister, I commend that study to honourable members of this Chamber to consider very carefully, because it is the story of what's happening in this country. And we are exporting jobs. You bet we are. And we're exporting tax revenue. Every time we export oil, every time we export gas, every time we export electrical energy, every time we put a tax on the production machinery, we are exporting jobs.

Well, Mr. Speaker, I'm confident the Minister's going to go ahead and he has the majority as we know, to do it. I appeal to him to withdraw these powers that are not part of an export trade corporation as we in the mixed economy world, even, believe it should operate. Mr. Speaker, the Act needs amendment to remove those powers. It also needs power to the directors of this export trade corporation, because they haveno power. They are an agent. This is not a Crown corporation. They are an agent of the Ministry of Industry and Commerce under this Act, and that means the directors have no power. They are the agents--Well, Mr. Speaker, it's right in the Act.--(Interjection)--Ahhh. That enlightened philosopher of Winnipeg Centre says, "What Crown agency isn't an agency?" All Crown agencies are, but Crown corporations are not agencies. No they're not. They are not.

Now, Mr. Speaker, this is a misleading Act. It says this is The Manitoba Trading Corporation Act. One would think that that's a corporation. The Manitoba Development Corporation is not an agency of the Government. You know that. And this is not. . .But this is an agency. What I'm concerned about is that. We want the Industry and Commerce Department to either have this as a division, or that it be a separate Crown corporation. I've heard the Minister of Health stand up and tell me, how many times, that the corporation - not the agency - the corporation of the Manitoba Hospital Services Commission, it doesn't answer to the House. It doesn't answer to him. It's independent of government. They make their own decisions. That's what independence of government is. But if this is an agency, then Mr. Speaker, it is the element of law that an agent responds exclusively to the instruction of his principal. Now, what I'm proposing is that we establish this as an independent Crown--(Interjection)--Well, I'm trying to. . .

MR. SPEAKER: Order please.--(Interjection)--

MR. ASPER: I won't rise to that one. Now, Mr. Speaker, I would ask that the corporation be made independent so that its losses and profits will not be buried in the estimates of the Minister of Industry and Commerce. I would like an amendment to ensure that this corporation will account separately. I want to know, as a member of the Legislature and as a representative of the public, every year, how's our corporation doing; what are the sales it made; what are the purchases made; what are the salaries it paid; what are the commissions it paid; how much does it make; how much did it lose; how many jobs did it create, and so on. If it's buried in the

BILL 74

(MR. ASPER cont'd). . . estimates of the Minister of Industry and Commerce, it will be indeed difficult for us to be able to examine that corporation. As well, I want to know whether it is going to take care of all the exports for Manitoba or is the Department of Agriculture going to compete with it?

Now, Mr. Speaker, I would like to hear from the Minister of Agriculture on this bill, because the Department of Agriculture, as you know, is busy selling hogs in Japan, sometimes or giving them away in Los Angeles - I'm not sure what they're doing. Mr. Speaker, how many proliferations of trading corporations do we need? Now if the Minister will make an assurance that all our export sales of all production for Manitoba will be included under this corporation then at least we'll have an efficiency. But why should the Minister have his trade commission for this corporation into Hong Kong busy selling shoelaces when the Minister of Agriculture is heading his own corporation in Hong Kong or Tokyo, selling his hogs or his turkeys or what have you? So I would ask for some explanation as to why there doesn't seem to be a blending of all of the Government's export operations into the one corporation. That at least would be efficient. And also all reporting would be on a basis that members could understand.

Now, Mr. Speaker, there's one last aspect, and I would commend this to the Minister; that not only should the agricultural exporting be brought into this corporation so that we can get a handle on the whole exporting business for Manitoba, but there should be a promotion of switch trade. That means Mr. Speaker, all importing by Crown agencies should go through this corporation. And I'll explain why - and I remonstrated the First Minister when it happened. He recalled that Hydro went off to Russia and bought a bunch of generators for the, I believe it was Jenpeg or--yes, it was Jenpeg, or maybe it was Nelson's. Was it Long Spruce? In any event, we bought 13 million, I believe. And I said at the time, the Liberal Party said at the time, "Don't you buy the generators from Russia for 13 million without requiring Russia to buy 13 million dollars' worth of Manitoba production in exchange." That now begins to make some sense. That's what export corporations are all about. And Mr. Speaker, if, if--well, I'm delighted to hear the Minister is concurring and I hope he'll tell me, but it's not in the bill, and I ask the Minister to put in the bill--(Interjection)--Mr. Speaker, I'm not talking about discretionary or optional powers, I'm asking the Minister to require Crown purchases, Crown agency purchases from abroad, to be filtered through this corporation as part of this Act, so that he can say to the seller of those goods, just as Belgrade says to us, just as China says to us, as Russia says to us, that "we'll buy your wheat but you must buy certain other of our goods." That's what export international trade's about, and if that will be built in, 13 million dollars' worth of Versatile's combines or Agristeel's cat trailer, or whatever you want in agricultural equipment which Russia wants to buy from us, we would have had \$13 million of net outgo and net income to the province, and a zero drain from this province. The wealth of this province would have been enhanced. And that's what I call on the Minister to amend the Act to do. He may say he has the power, but he doesn't have it mandatorally. The Act says he can buy good and sell goods. I say let's build into this Act two things: 1) that all exports that are managed by the Crown go through this corporation, which means that the Minister of Agriculture has got to be part of this Act; 2) that all purchases --(Interjection)--No. This is called ordnance, for those of you who were in the Army. This is called ordnance. Ministry of Supply, that's what it is. Ministry of Supply. Now, the second thing being that all Crown purchases, all Crown purchases from abroad be referred first to this Corporation for clearance to see whether this corporation can arrange an exchange. Okay.

Mr. Speaker, I have a feeling that Crown operations like Hydro, CFI, Flyer Coach, Saunders, and a series of other Crown operations or operations in which the Crown has MDC money, could benefit by that kind of a change in the bill. But without that kind of thing, Mr. Speaker, I suggest: a) the Act will have no impact on Manitoba's exports; and b) opens up avenues that are undesirable inasmuch as the Government, if it exercises those powers to buy and sell goods under the guise of this Act will be in any business it so chooses to be in. And that, as others have said before me, they have no mandate to do, and I urge them to show their good faith by abandoning those powers.

BILL 74

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, . . .

MR. ASPER: Excuse me. I had meant to say, "And so, Mr. Speaker." Yes, Mr. Speaker, I just became so inspired during this . . . I wish to move, seconded by the Honourable Member from St. Boniface, that Bill No. 74, the Manitoba Trading Corporation Act, be not now read a second time but read six months hence.

MOTION presented.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, Bill 74, the Manitoba Trading Corporation Act, is one that, had it been introduced by a government other than a socialist philosophy of state control, I would think would be considered; aside from certain dictatorial powers given to the Minister, I think it would be considered as a rather sincere effort to promote industry and small industrial enterprises in the province. But, Mr. Speaker, I have read the manifesto, as it's called, this inter-departmental document that was prepared by the Planning and Priorities Committee of Cabinet, and the concept of a Manitoba Trading Corporation fits so perfectly into those guidelines that I'm persuaded that the objectives of this bill are not simple objectives of promoting and encouraging small manufacturing and processing corporations in Manitoba, it's simply and clearly, Mr. Speaker, a companion piece to the Manitoba Development Corporation. So, on the basis that it's introduced by a socialist government with a socialist philosophy of state control, I have to consider the bill in that light and to examine what it proposes to do under those circumstances.

I was interested in the observations of the Leader of the Liberal Party, who is quite critical of the bill I think in its general concept, but during the last five minutes of his speech he seemed to be suggesting that there were certain ideas of control that I wasn't sure under which philosophy they would fit. But, Mr. Speaker, it seems to me that really this bill represents another spoke in the socialist wheel of fortune for Manitoba, and, as somebody said, round and round it goes and where it stops nobody knows, but it's certainly beginning to go round and at an ever-increasing speed.

This bill could have been introduced by the Minister of Agriculture, Mr. Speaker, because it fits exactly with the kind of philosophy that he has indicated he supports in the House, and the title of the bill is really a euphemism for the Manitoba Industrial Products Marketing Board. I think basically it is a marketing board that is intended to promote the sale, to purchase products produced, processed in Manitoba, in other parts of this country and in the export field. So that it is clearly, in my view, a marketing board for Manitoba products which will begin in a way that will make it optional for small companies to use the services or to proceed to try to find their own markets, which admittedly is a difficult chore for small corporations.

Mr. Speaker, this bill I think will attract small manufacturers in Manitoba who may find in it the kind of approach to domestic and international markets that they cannot possibly develop on their own, but the difficulty which may develop is that as this corporation assumes the marketing function for small business in Manitoba, the business will be more and more given over to the complete sale of their production and they will be less and less in touch with the possibilities of other sources of sale. I think it's worth comparing to the experience of some Manitoba manufacturers who have sold the majority, and perhaps in some cases the complete production of their plant, to one of the major retail distributing corporations in Manitoba.

The major retail sales outlets are able to handle great quantities of manufactured material, and it's been the experience of some small manufacturers in clothing, knitted wear, that they have found that to sell all of their production to one purchasing source gives them a confidence that they have assured markets, and they tend to develop their manufacturing process on that assured market. But usually the difficulty arises at some future date when the price offered by that purchaser diminishes to the point where they're no longer able to make a profit. When this situation is reached, it becomes very difficult for the manufacturer, the small manufacturer, to rediscover other markets as alternatives. So, Mr. Speaker, they are usually put in the position of having to accept prices for their product that do not enable them to maintain and properly continue their operation. This can mean that the future of that plant becomes very difficult to sustain and they're forced into financial problems that require

BILL 74

(MR. MCGILL Cont'd). . . . more and more financing and eventually may lead to either a takeover or to a dissolution of their business.

I think the danger here, Mr. Speaker, is that this Trading Corporation can place small manufacturers in that position, either by accident or by design. I wouldn't suggest that this is the ultimate objective but it does provide a very convenient way of encouraging manufacturers to market all of their product through a certain outlet, that is the trading corporation. If this market were to be withdrawn, that small manufacturer would have great difficulty in finding those markets because he's had no contact; he's been relying on the marketing function provided by the Manitoba Trading Corporation.

I think that, again, going back to the philosophy as enunciated in the manifesto, or the guidelines produced by the Planning and Priorities Committee of Cabinet, here is an excellent opportunity for this Government to expand its public enterprise into businesses of many types, and if these businesses are unable to operate profitably there are excellent opportunities through the Manitoba Development Corporation to provide the kind of financial assistance they will need, and eventually to enable the Government to buy equity in those businesses.

The other feature of the bill, Mr. Speaker, that I really want to dwell on, and it's already been covered by the Leader of the Opposition in his contribution to this debate, is the power that is given to the Minister in respect to the appointment of a Board of Directors, which would appear to be a somewhat nominal board because the Act gives the Minister also the power to appoint the General Manager, and also to make sure that the affairs of the Corporation are handled according to the Guidelines and the directives which the Minister approves.

Mr. Speaker, I think the Minister cannot really be too critical of me if I am somewhat dubious of these powers being given to him in this particular instance, because we have had occasion during the last few years to debate the intrusions of the Minister in various business activities in the Province of Manitoba, and one which we reviewed quite recently were the affairs of the A.E. McKenzie Company Limited at Brandon. Mr. Speaker, a few years ago in this House the Minister, while he may not have been entirely responsible for the particular venture, did take a great deal of credit in the House for having gone to Mexico personally to arrange a financial agreement between a company known as Bon Jardins, who were seed dealers in Mexico, and A.E. McKenzie Company Limited in Brandon. The purpose of this arrangement was to provide for export markets for the product of A.E. McKenzie and also to receive the products of Bon Jardins and to market them in Canada. We were critical of this whole operation at the time that it was announced with great enthusiasm by the Minister, who said that this represented a great opportunity for Manitoba and the seed business in Manitoba to expand its outlets. Well, Mr. Speaker, if this operation represents in any way the capabilities of the department to direct and guide such international trade manoeuvres, I think that we have reason to be less than confident of the future of the Manitoba Trading Corporation.

According to the financial statement of A.E. McKenzie Limited, this little expedition into Mexico cost the A.E. McKenzie Company Limited, and ultimately of course the shareholders and those who would normally profit from these operations, the sum of \$221,000. This was to be a profitable arrangement for international trade in the seed business. I mention this one particularly, Mr. Speaker, because it was dealt with extensively in the House. The Minister was enthusiastic and took a great deal of personal credit for having completed this deal, and two or three years later we have the evidence of just how successful this excursion was to Mexico.

Let me merely conclude by saying, Mr. Speaker, that this bill is not one that would set up a company of New Democratic Party adventurers promoting private enterprise and trading out of the Legislative Buildings. I think it really is designed as a marketing board to achieve more and more control of the production of Manitoba, to achieve a greater opportunity to extend the public sector, and to extend the control of this Government into many varieties of industrial enterprise in Manitoba. There is no indication from past performance that the Minister of Industry and Commerce will be a successful entrepreneur. The only evidence we have, that we have in financial form, is that there may be a lot of things for the Minister to learn about business.

BILL 74

(MR. MCGILL Cont'd)

There is nothing I can find in the report or advice of the Economic Advisory Board in any of the years that we have reviewed, that would indicate that they would consider this a worthwhile development or extension of the activities of the Department of Industry and Commerce. In fact, Mr. Speaker, all the evidence we have would indicate that this direction is going to be one that will certainly not work to the advantage of industry in Manitoba. It presents some dangers in that those small corporations who rely completely upon this form of marketing will find that they will lose touch with the other possible sales opportunities and that they will be in a rather helpless position if the corporation should at any time reduce the opportunities offered to them in sales in other countries and around the world, and also domestically.

Mr. Speaker, I think that in the export market we have an adequate Act. I see nothing that offers additional opportunity to private enterprise. I see a great deal in this bill that will give the Government opportunity to have more and more control, to bring more and more of the industrial capacity of our province into the public sector. This is quite clearly the direction in which this Government wishes to go but I certainly feel that I cannot support another marketing board in the Province of Manitoba. The contributions and the results that we have seen demonstrated by the Hog Marketing Board and by other boards that have been instituted would not give us any great confidence that the future of the Manitoba Trading Corporation would add to the general well-being of this province. So, Mr. Speaker, the dictatorial powers of the Minister are unnecessary. The ability to trade and buy and sell the products within Manitoba in my view is an unnecessary extension of the Act and I feel that this Act in its present form should not be accepted by the House.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. Mr. Speaker, it's customary for members of the Opposition to, I think, try and pick holes in a bill, find the bad points in it, but, Mr. Speaker, I want to point out some of the good points in this bill and, Sir, I do this in all honesty and that's why it's going to be a very short speech.

Sir, I want to deal in particular with the composition of the board and the way the legislation is drafted, and I see something in here - or I don't see something in here which I am very encouraged over. In some bill we'll see clauses which say that there is nothing prevents an MLA sitting on the board. We don't see that in this bill, so I don't think that we can expect the Government is going to be using the Board of Directors as a vacation junket for the various MLAs to have an appointment on the Board, and so they can have a trip to Hungary or a trip to Czechoslovakia or something like this. I think that's good. I also notice, Sir, that the term of office and the filling of vacancies says that even if you did, supposing you did appoint an MLA on there, you can't remove him until that term of office has expired. So you can't just indiscriminately move people on and off the board so they could take a junket to various parts of the world. And I think that's good, Sir, and I want to point that out to the Chamber that there is no attempt being made here, that I can see anyway, to make this a vehicle for Government MLAs to take junkets throughout the world on the pretext of trying to sell Manitoba goods throughout the larger area of the trading world.

I also might say, Sir, that there's also no chance, I think, of Opposition MLAs being offered that same privilege. And with those few words, Sir, I'll conclude my remarks.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I only rise for just one moment and it relates really to a remark that was made in my presentation prior to the hoist presented by the Leader of the Liberal Party. And that was with respect to the old Act, Mr. Speaker, and to the fact that under the old Act the export corporation did have the power to do the things that I mentioned with respect to financing. I want to make it clear and for the record, Mr. Speaker, and I think it's important. Under the old Act, moneys that were required for the export corporation were paid out of the Consolidated Fund, but they were authorized by an Act of the Legislature and they were to be paid out and applied for such purposes. In other words, there was an accountability to the Legislature itself.

Mr. Speaker, under the proposed Trading Corporation Act there are advances to be given by the Lieutenant-Governor-in-Council. There is no accountability to this Legislature. There is no request, Mr. Speaker, for money. It will be advanced by the Government out of

BILL 74

(MR. SPIVAK Cont'd) the Consolidated Fund as it deems fit. There is the ability of the Trading Corporation to be able to have an overdraft at a financial institution to the extent of \$5 million, Mr. Speaker, with no accountability for that overdraft. No accountability. And I want to make that very clear - no authorization. And, Mr. Speaker, there are loans that can be made under the Financial Administration Act to the Trading Corporation, and to the extent that accountability is something that we essentially deal with in which there is a report, in which the authority is given, in which there is a relationship to the actual approval by way of the vote in this House, there is no accountability as existed in the previous Act. And so, Mr. Speaker, you know, the difference between the Trading Corporation in this new Act and the old Act is pretty fundamental. The Export Corporation had the power but it was subject, Mr. Speaker, subject to the approval of the Legislature. And this is an inherent problem and one of the risks that Manitobans take.

Now if the First Minister does not want this to happen, if in fact he says no, it should be a situation which has accountability, then, Mr. Speaker, . . .

A MEMBER: . . . about the Annual Report?

MR. SPIVAK: The Annual Report. All right, let's talk about what the Annual Report will be. The Annual Report of the Corporation, Mr. Speaker, will be presented to the House; it will be a year late because the Annual Reports are always a year late. We will be able to deal with it from the Provincial Auditor's audit of it a year late. But, Mr. Speaker, the moneys that the Trading Corporation have had advanced by the Government, the loans that the Government has presented to it, the moneys that have been authorized to have been borrowed by the corporation are not moneys that are approved in this Legislature. Mr. Speaker, they are not accountable to this Legislature. And so there is a very important difference in what's being proposed and what existed before, and we come back to it, Mr. Speaker, the Export Corporation had the power to do all the things that were required for the assistance of the export in the province. Their own report, Mr. Speaker, has indicated, as I've suggested already and I read from it and I don't want to read again, but under the Manitoba Export Corporation Act the corporation in their terms of reference is able to act as a trading corporation and directly buy and sell products. There is no need for this Act, Mr. Speaker, and the additional powers create apprehension on our part, legitimate concern, and have raised questions. They have not been answered by the Minister in his initial presentation because he ignored them. He only talked about the introduction of this Act in saying that it would have the powers that the previous Act had. And, Mr. Speaker, very directly, I don't understand why it's necessary for us in this House to essentially provide what is a blank cheque.

A MEMBER: Therefore why your apprehension?

MR. SPIVAK: My apprehension is because it's a blank cheque. Mr. Speaker, this is a blank cheque to the . . . I'm sorry, Mr. Speaker, this is a blank cheque given to the Trading Corporation - given to the Trading Corporation. --(Interjection)-- Well, no more so than MTS, no more so than Manitoba Hydro.

A MEMBER: We vote Capital Supply.

MR. SPIVAK: We vote Capital Supply. Mr. Speaker, the Export Corporation was set up to finance exports. There can be estimates made of what its requirements are and, Mr. Speaker, they can come into this House and ask for it by way of an Act of the Legislature. Mr. Speaker, this is not what's suggested here. There can be advances given to finance - those are interim advances. There can be loans given by the Government - those can be interim loans. They do not have to be Capital Supply. And I say that the accountability that is required is not here, and it would be far better, Mr. Speaker, if it's the intention of the Government really to operate in the way the Minister is suggesting, to take that Export Corporation Act and allow it to stand, or if there's a change in the Export Corporation Act that's required, amend whatever section's required and let us then deal with that specific amendment. But what's being proposed here has wider ramifications because, Mr. Speaker, when the Government can in special situations promote and make sales for Manitoba, then in effect what we're giving the Government is Cabinet discretion to determine the special situations. The special situations can't be defined in any basis; there's no legal definition in this Act and there's no legal definition in words or phrases. Special situations is as the Cabinet decides. --(Interjection)-- Well, Mr. Speaker, it's all a subject of scrutiny but

BILL 74

(MR. SPIVAK Cont'd) the question at this point is whether the residual power should be here in the Legislature or should be there with Cabinet.

A MEMBER: The residual power is always there.

MR. SPIVAK: No, the residual power in this case is with Cabinet.

A MEMBER: Whatever Cabinet does.

MR. SPIVAK: Well whatever Cabinet does. If Cabinet decides, if Cabinet decides that in this particular situation they want to -- and I'm not suggesting they will, but let's understand the power they have. If they decide that they're unhappy with any particular manufacturer, with any particular distributor, with any particular wholesaler, they can go into competition with him under the Manitoba Trading Corporation.

A MEMBER: And that's subject to scrutiny.

MR. SPIVAK: Subject to scrutiny afterwards, but who wants to give the Government that power? Who wants to give Cabinet that power? Why should they have that power? Where do they need that power to . . . Well, where should they have that power, Mr. Speaker? Where should they have that power to be able to finance exports? You're not financing exports in this situation and that's an unlimited kind of power that I do not believe should be given to the Government, and I don't believe that -- in one sense they may not even be asking for it. I don't know whether they're really asking for it because again I have the problem of understanding whether everyone really read the sections of the bill and understands the details. I accept the fact that they may have understood the principle, but the principle here is not as suggested by the Minister. It's much greater. It's much more extensive and it's greater. In many respects the power is completely unlimited realistically as far as what he can do. Now I do not believe, Mr. Speaker, that we should give a cabinet that power, and I believe that if there are any lessons to be learned in the business enterprise that the Government's been involved in in the last little while, it's the necessity of the specifics being legislated for and approval being gained from the Legislature for whatever the specific may be. And that's a matter of a practice that I think should follow. And I do not believe that in this situation it should be provided in a way that it is defined here.

And so, Mr. Speaker, the hoist that's presented by the Liberal Leader is justified. If, as an example, this bill was not passed, the present Export Corporation can operate fairly effectively, if, Mr. Speaker, the Government wants it to act as a trading corporation and feels there are benefits to come as a result of that. Now, Mr. Speaker, I did not spend the kind of time or the detail that I think I could have with respect to the Export Corporation for my own personal knowledge in terms of actually dealing with export matters, nor did I spend my time in dealing with the examples that I have had in my own practice, because I've been involved with people prior to my appointment as a Minister and my involvement in the Legislature, with people who attempted to finance and who had problems in financing in particular their exports. I think I have some understanding of it. And I have to say and just make a casual remark that the reference that the Liberal Leader said that Trade Commissioners are not important is silly. Trade Commissioners are important, and it would be wrong to suggest that they are not beneficial or important in the handling of transactions or in the context with Government. It's just silly to say that. The situation is such that Trade Commissioners are important; they are a valuable asset, and they are certainly people who can be beneficial to anyone dealing in any particular foreign market, and usually are in a position to open the doors and in most cases, particularly the Federal Government people in most cases have the knowledge and the contacts that are necessary. And so that part is wrong. That's a very essential part of the development of trade in promotion. And I don't want to get involved in that argument as to whether there are other kinds of directions that should have occurred, but I want to confine myself to this specific. It seems to me that the Government is taking more power than it requires for what it needs, and that power should be controlled. And it seems to me that we've reached in this Session, you know, time and time again, a position in which, because of lack of consideration in general of the specifics of the legislation, there has been an assumption that the easiest thing is to more or less take the power within Cabinet or, in the case of the Minister, the ministerial discretion, and I think, if anything, it has to be the reverse. And I would suggest, Mr. Speaker, that consideration be given to re-drafting this bill or changing the Export Corporation Act to in effect accomplish anything that it can't accomplish

BILL 74

(MR. SPIVAK Cont'd) now. And I, Mr. Speaker, would suggest that prior to the own report of the Minister, the Export Corporation right now is capable of doing all that's required.

QUESTION put on amendment. MOTION lost.

MR. SPIVAK: Ayes and nays, Mr. Speaker.

MR. SPEAKER: Call in the Members. Order please. The motion before the House, the amendment to Bill 74,

A STANDING VOTE was taken, the result being as follows:

YEAS

Messrs.	Asper	McGill
	Banman	McGregor
	Blake	Marion
	Graham	Minaker
	G. Johnston	Moug
	F. Johnston	Patrick
	Jorgenson	Sherman
		Spivak

NAYS

Messrs.	Adam	Miller
	Barrow	Osland
	Bostrom	Patterson
	Burtniak	Paulley
	Dillen	Pawley
	Doern	Petursson
	Evans	Schreyer
	Gottfried	Shafransky
	Hanuschak	Toupin
	Jenkins	Turnbull
	McBryde	Uruski
	Malinowski	Uskiw
		Walding

MR. CLERK: Yeas 13, Nays 25.

MR. SPEAKER: In my opinion the Nays have it; declare the amendment lost.

Are you ready for the question on the motion? The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: I move, seconded by the Member from La Verendrye, that debate be adjourned.

MOTION presented and carried.

BILL NO. 41

MR. PAULLEY: Would you call Bill No. 41, Mr. Speaker?

MR. SPEAKER: Bill No. 41. The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan) presented Bill No. 41, an Act to amend An Act to incorporate the Sinking Fund Trustees of The Winnipeg School Division No. 1, for second reading.

MOTION presented and carried.

BILL NO. 93

MR. PAULLEY: Mr. Speaker, would you kindly call Bill No. 93?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona) presented Bill No. 93, an Act respecting the Family of Cyril George John Orchard, deceased, for second reading.

MOTION presented and carried.

BILL NO. 44

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Bill No. 44, the Report stage with proposed amendments. There is an amendment from the Honourable Member for Crescentwood.

MR. SPEAKER: Report stage. The Honourable Member for Crescentwood.

MR. HARVEY PATTERSON (Crescentwood): Mr. Speaker, after consultation with the Honourable Minister of Labour and taking a second look at the amendment, I wish to withdraw the amendment as I have a commitment from the Honourable Minister that the amendments will be proceeded with in the next Session after we do more detailed research into this particular aspect that the amendment was proposed to do. So I would withdraw.

MR. SPEAKER: Does the honourable member have permission to withdraw? Agreed? (Agreed)

Report stage - 88.

MR. PAULLEY: Just a minute, Mr. Chairman. I believe now this allows me to present a formal motion for Third Reading. Well then, Mr. Speaker, without the official documentation, maybe it would be agreed that I could move, seconded by the Honourable the Attorney-General, that Bill No. 44, be now read a third time and passed.

MOTION presented.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L.R. (BUD) SHERMAN (Fort Garry): Mr. Speaker, there are many aspects of this legislation with which we agree and in which we concur, as we have indicated. There are also some aspects of it with which we disagree, and for the record we would like to make the point once again that we don't feel that the imposition of the burden of paying for the upgrading of pensions and pension benefits from the past should be ascribed entirely and exclusively to employers.

We have heard arguments on the side of the government position of the question, and we were impressed by the arguments that were introduced at Law Amendments Committee on this point by the spokesman for the Manitoba Federation of Labour, Mr. Arthur Coulter, and we recognize that there is a case to be made on that side, Sir, but we do feel that the imposition of that burden in its exclusivity on employers is heavy and is unreasonable. It seems to us that on the basis of what the Minister has said, the present Minister, who has occupied the portfolio that he currently occupies for some five years and therefore has been involved in this debate for some considerable time, on the basis of what he has said in the past that it's reasonable to assume that the costs of the upgrading of pensions and pension benefits should be shared by the Consolidated Fund, shared therefore by the Government of the province, and insofar as this bill lays the burden of that cost, lays the burden of that program entirely and exclusively on the doorstep of employers, we must register our disappointment and our opposition, Sir.

The Minister has pointed out that the costs of improved pension benefits and updated pension benefits, which are admirable and desirable, are going to amount to something close to \$10 million over the next seven years. There have been representations made in the House and before Law Amendments Committee that there is a sufficient amount in the Workmen's Compensation Fund, Reserve Fund, to take care of that kind of additional expense without imposing a specific burden on employers in terms of additional assessments. The Minister hasn't given us that interpretation, however. There have been representations, as I say, before Committee which have argued for the bill in its present form on the grounds that the Fund itself, the Reserve Fund itself, at current investment revenue rates, is sufficient to accommodate that kind of provision, but we haven't heard that kind of presentation from the Minister and our information in fact is that the Reserve Fund may be in some danger of running into difficulty.

It's our information that the fund stands at something in the neighbourhood of \$4 million and that with the commitments and the obligations imposed by the amendments to the Act in the existing statute, that there may be some difficulty in maintaining the liquidity of the fund and in meeting those obligations. Therefore it can be assumed, without being unreasonable, that employers will have to pick up a substantial share of the additional load, and the Minister has said that he thinks it can be spread over the next seven years and that that will not work an undue hardship on employers. However, two years ago in the House, as he will concede, in dealing with earlier amendments to the Workmen's Compensation Act,

BILL 44

(MR. SHERMAN Cont'd) he suggested that the burden should be spread among employers and among the Government, and that part of the contribution should come from the Consolidated Fund. We don't feel that the philosophy brought to bear in that earlier argument is outdated. We don't feel that that argument is unrealistic today any more so than it was two years ago. And we oppose the bill on the grounds that it imposes an unfair burden in our view on employers in having to bear the whole load of supporting and underwriting the cost of these improved pension benefits. There's no question, Sir, that the improved pension benefits are necessary; there's no question, Sir, that they are deserved and justified; there's no question that the Minister of Labour has done an excellent job, and he and the members of his department have done an excellent job in trying to bring equity and fairness and reasonableness to the pension program for injured workers and for the widows and the dependents of workers killed in industrial accidents, and we would like to commend him for the efforts he's made in that regard. We simply say that we don't feel that the burden of paying for those pensions should be imposed and levied entirely at the doorstep of the employer. I know that the Minister doesn't share that philosophy but we want to put that philosophy on the record, Sir.

QUESTION put.

MR. PAULLEY: Yeas and nays please, Mr. Speaker.

MR. SPEAKER: Call in the members. Order please. Next time when the buzzer closes the Members that are outside will stay outside.

All those in favour of the motion . . . Outside please!

A STANDING VOTE was taken, the result being as follows:

YEAS

Messrs.	Adam	McGregor
	Asper	Marion
	Banman	Miller
	Barrow	Moug
	Blake	Osland
	Bostrom	Patrick
	Boyce	Patterson
	Burtniak	Paulley
	Derewianchuk	Pawley
	Doern	Petursson
	Evans	Schreyer
	Gottfried	Shafransky
	Graham	Sherman
	Hanuschak	Spivak
	Johannson	Turnbull
	G. Johnston	Uruski
	Jorgenson	Uskiw
	McGill	Walding

NAYS

Nil

MR. CLERK: Yeas 36; Nays nil.

MOTION carried.

MR. SPEAKER: The Honourable Minister of Labour.

BILL NO. 88

MR. PAULLEY: Mr. Speaker, on the report stage proposed amendments, Bill No. 88.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. HARVEY BOSTROM (Rupertsland): Mr. Speaker, I move that the proposed Subsection 103(2) of the Liquor Control Act as set out in Section 9 of Bill 88 be amended by adding thereto immediately after the word "authorize" in the second line thereof the words "or required".

MR. PAULLEY: Mr. Speaker, if I may just on this matter . . .

MR. SPEAKER: I haven't placed the motion yet. May I place . . . ?

MR. PAULLEY: That is why I'm rising at this particular time, if you don't mind, Sir.

MR. SPEAKER: Point of order.

MR. PAULLEY: No, it's not a point of order - and it may be a point of order really, it's a matter of procedure. I understand that my honourable friend the Member for Rupertsland is desirous of having a slight change made in the resolution that was tabled in accordance with our rules, and this is somewhat similar to what occurred in respect of Bill No. 7, if my honourable colleagues in the House will recall. There's just a slight change in the wording, and my honourable friend from Rupertsland as I understand it is desirous of having that slight change. The Clerk of the House has the changing of the wording, which doesn't really change the substance, but, Mr. Speaker, if you were to place the motion as presented by the Honourable Member for Rupertsland we may be in some difficulty, and I'm wondering whether or not agreement might be - after of course, and I agree with my - I notice the gesture of my honourable friend from Morris, that after taking a look at the, shall I say change in the wording, whether or not, Mr. Speaker, the motion presented then would be acceptable to the House.

MR. SPEAKER: In respect to the amendment, have the Honourable Members had an opportunity to look at it? The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, the only way that one can deal with this matter is on a point of order.

MR. SPEAKER: Right.

MR. JORGENSEN: Because there is no opportunity to speak on the motion since it is required leave. All I want to say is that the amendment proposed to the original amendment, which was filed with the Clerk, does not in any way meet the conditions that we were prepared to accept. In other words, the amendment that is now being proposed is even worse in my view than the original one, because it specifically - then it points out that the Liquor Control Commission would require a license to . . .

MR. SPEAKER: Before we get into a deep debate in respect to the point of order, it would have to be by unanimous consent; and I see there's objections, so we'll have to leave it. It'll have to have another 24 hours' notice in regards to the new amendment, that is if that's agreeable.

MR. JORGENSEN: Not necessarily, Mr. Speaker. We can deal with the original motion . . .

A MEMBER: We have to.

MR. JORGENSEN: . . . that is before us, with the single word added to the clause, and that can be proceeded with and will provide us with an opportunity for some debate on it.

MR. SPEAKER: Agreed? I'll place the motion. Moved by the Honourable Member for Rupertsland, seconded by . . .

MR. HARVEY BOSTROM (Rupertsland): Mr. Speaker, considering the fact that the total wording cannot be included, I would like to withdraw the motion.

MR. SPEAKER: The Honourable Member have leave to withdraw? Agreed? So ordered.

MR. PAULLEY: I wonder if my honourable friend would move the third reading of the bill.

THIRD READING - BILL 88

MR. BOSTROM presented Bill No. 88, an Act to amend the Liquor Control Act, for third reading.

MOTION presented.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Mr. Speaker, I have had a fair amount of correspondence and calls with regards to this particular bill, Bill No. 88, an Act to amend the Liquor Control Act, and the concern of the residents in my area, in particular Steinbach, is one that we voted less than a year ago, two to one, against further liberalizing the liquor laws in the Town of Steinbach - and what concerns them is that this bill is a possible step to possibly the slow erosion of local autonomy and the right of local people to have a voice in their own affairs. Now, I would ask the Minister at this time to assure the residents of the Town of Steinbach, that any further liberalization of the liquor laws in that particular town will be done by referendum and by local mandate. In other words, I would like to get the Minister's assurance that any further changes in the status of the local Liquor Act in the Town of Steinbach is done so by a vote of the majority of people in the town, and that the people of the area do and will maintain their voice in the way that they want the affairs of their community conducted, and the way they want to live in their particular town.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. BOSTROM: Mr. Speaker, I would like to ask the Member for La Verendrye whether or not he would agree that there should be provisions in the Liquor Control Act which allows for discrimination on a basis of sex, and that . . .

MR. SPEAKER: Order please. Again I remind honourable members, questions may be asked in respect to clarification, those that open up debate are out of order. The Honourable Attorney-General.

HON. HOWARD PAWLEY, Q. C. (Attorney-General) (Selkirk): Mr. Speaker, I want to simply state this in respect to the points raised by the Honourable Member for La Verendrye, that I think that in any present provincial community that there are two concerns that one has. First, of course, is the issue of local option; on the other hand, there is the issue of human rights. And here we come to the nub of the issue insofar as this particular section is concerned, that I think that it's very difficult to justify in present age a situation in which "men only" are permitted in a particular parlour but not women. I think that is very difficult to justify in any community where there is only one outlet of this type. Where there are alternative outlets, then that is a different story. Where you only have one outlet in a single community, then it is very difficult, in fact I think impossible to justify that type of situation. Therefore, Mr. Speaker, all that I can say to the Honourable Member for La Verendrye is that basically what is in the section itself, that the Liquor Control Commission, based upon the evidence submitted to it, insofar as the availability of the particular services within that community, the availability of alternative services, the type of renovations and improving that may take place in respect to the particular hotel in question, that the Liquor Control Commission, if it deems it to be reasonable, may authorize a beer parlour license, named in the order, to serve beer or permit beer to be served to and consumed by men and women together. It doesn't go beyond that, to any further liberalization beyond that point, and in fact it's consistent with the individual bill which we dealt with earlier dealing with Sperling, in which although the municipality as a whole had voted against a mixed parlour despite the fact that one particular area voted the other way, that women ought not to be refused the right to attend at that parlour. So simply I wish to confirm to the honourable member that the only assurance that can be given is that which is stated within the section and not beyond that.

QUESTION put, MOTION carried.

MR. PAULLEY: Mr. Speaker, I move, seconded by the Honourable Attorney-General, that the House adjourn.

QUESTION put, MOTION carried.

MR. PAULLEY: Mr. Speaker, just before you leave the Chair, may I make a suggestion to honourable members. I discussed this with the Honourable House Leader of the Conservative Party. The agenda looks a little thin for tomorrow morning, although we never know, do we? Whether it is thin or whether it is fat, the suggestion that I would make at this particular time, that while I had announced that the House would convene first

(MR. PAULLEY Cont'd) of all at 10:00 o'clock in the morning for regular business of the House, and then at 2:30, and after the routine proceedings we'd go into Law Amendments, taking a look at the agenda, there is a possibility that the House might consider dealing with the bills that we have before us, and if they are passed or disposed of, say around about 11:00 o'clock, or 11:30 or sometime, that we would then go into Law Amendments Committee to start consideration of the bills that are before us in Law Amendments.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I wonder if I can ask the House Leader, in order to facilitate what he's suggesting - there was no disagreement on it from this side - whether it would be possible if the Government could furnish us with the amendments that they will be proposing for the bills that we will be dealing with in Law Amendments in which the public have already made their representations. It would facilitate us and give us the opportunity of preparation for Law Amendments and in dealing with the bills themselves.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I would ask all of my colleagues who are the sponsors of bills if it is possible that this be done, but I'm sure my honourable friend, the Leader of the Opposition, and also the Leader of the Liberal Party, would realize that I'm not in a position at this particular time to guarantee that; but I hope my colleagues are listening to me, and if they have amendments to suggest to the bills upon which we have had public representation, or changes that they are desirous of making, they make them available to the leaders of the Conservative and Liberal parties.

MR. SPEAKER: The hour of adjournment having now arrived, the House is now adjourned and stands adjourned until 10:00 A. M. tomorrow morning (Wednesday).