

ECONOMIC DEVELOPMENT COMMITTEE
10:00 o'clock, Tuesday, March 26, 1974

MR. CHAIRMAN: Order, we have a quorum. The Committee this morning is here to hear the Annual Report from the Chairman of the Communities Economic Development Fund. I shall call on Mr. Green to introduce the Chairman. Mr. Green.

MR. GREEN: Well, Mr. Chairman, the Chairman of the Communities Economic Development Fund is here. He is Wilson Parasiuk. He has been employed as a Provincial Government employee since approximately the fall of 1969, I believe, when he was hired by Mr. Wallace of the Planning and Priorities Secretariat. The Fund's activities are conducted in a very similar way to the Manitoba Development Corporation, in that it is headed by a board of directors; it is given capital funding, and it proceeds in accordance with the objectives as defined by the legislation and as refined within the operations of the Fund itself. So I think that I had best let Mr. Parasiuk make his report from this point on.

MR. CHAIRMAN: Mr. McGill, have you a question? Mr. McGill.

MR. MCGILL: On a point of order. Are the proceedings being recorded, then transcribed?

MR. CHAIRMAN: Yes. They were the last time, and it was established that they would be recorded and transcribed.

MR. MCGILL: Thank you.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Mr. Chairman, if you agree, I propose the following in reviewing the Fund's operations: First, to review the Fund in broad terms, bringing in historical and procedural aspects, since this is the first time we've appeared before this Committee; second, to review the Annual Report, which we will distribute along with an updating of our operations since the time of the Annual Report; and third, to deal specifically, as indicated in the House, with affidavits concerning a particular loan which were tabled about a week and a half ago in the House. I'd like to ask Mr. Musgrove to distribute the Act, the bylaws, the Annual Report and the updating of accounts. This is all material that you've received in the past but we're putting it together for your convenience at this particular session.

MR. CHAIRMAN: Fine. While distributing, you may proceed.

MR. PARASIUK: In March, 1970, the Northern Task Force established in the previous year by the Manitoba Legislative Assembly recommended that an Isolated Communities Development Fund be established as a means of providing access to financing that hadn't really existed in the north. Consequently, the Communities Economic Development Fund Act was passed in July of 1971.

The formation of the Board and the commencement of operations began in January, 1972 and we have therefore functioned as a development instrument for just over two years. The Communities Economic Development Fund Act stipulates that the objectives of the Fund are to encourage the optimum economic development of remote and isolated communities within the province - and to that end (a) to provide financial or other assistance to (i) existing economic enterprises or to economic enterprises to be established; and (ii) community development corporations;

(b) to emphasize and encourage the expansion and strengthening of small to medium-sized economic enterprises which are locally owned and operated; and

(c) generally to assist the Minister in furthering economic development on behalf of the residents of remote and isolated communities, particularly as regards economically disadvantaged persons.

The emphasis placed on economically disadvantaged persons led the Fund to concentrate quite substantially upon the development of people of Indian ancestry, both in remote and isolated communities, and in more urban industrialized communities in the north where the people of Indian ancestry are undergoing a transition. Bearing this concentration in mind, the Minister insured in establishing the content of the Board, that there would be a balance of representation from local and native groups as well as from the business community and the government administration.

Thus, the Manitoba Metis Federation, the Manitoba Indian Brotherhood and the Northern Association of Community Councils each recommend a short list of Board candidates,

(MR. PARASIUK cont'd) which the government selects from. From the outset, the Board has taken very seriously its responsibilities as objective decision-makers. I emphasize this point, bearing in mind the inherent flexibility in the Fund's governing legislation which calls for many considerations to be taken into account in making loans. And I'd like to go over the general considerations, because they're very important - and this is drawn from Section 11 (3) of the Act.

In providing the financial assistance the Fund shall take into consideration

(a) the economic and technical requirements for the enterprise in respect of which the loan is sought;

(b) the terms upon which similar financial assistance is normally provided by other institutions;

(c) explicit or implicit requirements additional to the actual financial assistance by the Fund, including investment capital, grants, infrastructure such as roads and utilities, or social investments such as education;

(d) the effect upon the community, both economic and social;

(e) the location and type of employment created, as well as the location and type of employment displaced if any;

(f) the actual source of labour to be employed;

(g) the effect on the working conditions, the wage levels, the income and the distribution and stability of income of the people affected, either favourably or unfavourably, by the enterprise in respect of which the financial assistance is sought;

(h) the effect on conservation of the environment, including the costs and mechanisms of pollution control;

(i) the extent and implications of local ownership and control;

(j) the economic activity generated or strengthened in other local economic enterprises by the enterprise in respect of which the financial assistance is sought;

(k) the implications for welfare costs and dependency, and the concrete steps to be taken to employ some disadvantaged persons and to upgrade the skills of the workers involved, including on-the-job training;

(l) the risk involved;

In fixing the terms and conditions on which the financial assistance is provided for, the Fund shall take those considerations into account.

Now those are a very broad range of considerations that one takes into account in making a loan, and a reasoned judgment of Board members is the basic criteria for their functioning. In the exercising of the decision-making functions, I am grateful for the total dedication, impartiality and objectivity which all Board members have consistently demonstrated. The staff deals with all loan applications on a technical basis before presentation to the Board for decisions - you should note that no staff member votes on loans. The staff also follows up on the loans made by the Fund, and the Board has been very fortunate in the technical skill, dedication and initiative of its staff in dealing with a very wide assortment of loan applications; applicants of different business experience and diverse economic and social circumstances in communities which may appear to be superficially similar in what might be called the "remote north," but which in reality have great differences between them.

To summarize briefly our operations to date: The Fund's lending budget for 1971-72 was one million; for fiscal year 72-73, it was one million for loans, one million for loan guarantees; for fiscal year 1973-74, the capital authority is 1.5 million for loans, .5 million for loan guarantees. Of this over-all capital authority of \$5 million, 3.5 million is allocated for direct loan, and 1.5 million have specifically been set aside for commitments by way of guarantees of chartered bank and credit union services. Historically, the chartered bank system has been reluctant to lend to businesses in the more remote areas, and by initially eliminating risk to banks the Fund's guaranteed participation has influenced greater involvement by the banks in northern development. Our intention has been twofold: First, to develop a good banker-client relationship, where in the past none had existed; second, to see that banks continue support on their own when our short term guarantee expires. Our guarantee fee is normally two percent per annum; our interest rate is based upon a two percent spread over the current bank prime rate when the loan is committed. In addition, you should note that the Communities Economic Development Fund does not make grants to any entity; it operates on a straight loan and/or loan guarantee basis. There is a difference between the Fund and most other lending institutions, and that is that our interest charges are not commensurate with the risks involved in

(MR. PARASIUk cont'd) particular loans, but this applies to all loans. Also at present, given the volume of loans that we handle, our operating expenses are not yet covered by our interest charges and may not be for some considerable time in the future.

Up to March 31st, 1973, the following commitments were approved: 58 loans, for a total of \$1,030,000; 24 loan guarantees for a total of \$356,000. This constituted 82 commitments; and in terms of our analysis, this commitment has resulted in the creation and/or retention of 151 jobs in remote Manitoba, northern Manitoba. Up to and including our last Board meeting on February 8th, 1974, the following commitments were approved: 122 loans, for a total of \$2.6 million; 48 loan guarantees for a total of \$996,000. There were 170 total commitments. Outstanding on the books of the Fund, are 94 loans for a total of \$1.9 million, 28 guarantees for a total of \$527,000. There is a difference between the number of commitments approved and the number of commitments outstanding, because in some cases the commitments are not accepted by the person making application to the Fund; and in other cases they're withdrawn, and in some cases we've had repayment. These commitments resulted in the creation and/or retention of 375 jobs. Our smallest loan is \$1,600 and the largest \$100,000, and we have participated in over 45 communities, as indicated on the map behind me. Unfortunately we didn't have the flags, we didn't have the proper board for it, but I think if you want after you can see the range of communities that we are dealing in.

Enterprises in which the Fund has become involved vary from a wood product manufacturing entity, grocery stores, pool halls, taxi services, restaurants, a construction company, a honey wagon operation, garbage collection, small tourist operations, trucking operations. Many small ventures that from the outside are not grandiose projects, but from the perspective of that community, are very important in terms of local entrepreneurial development and in terms of decreasing the leakage of money from that community to other communities, especially points south.

In addition to considering the economic and social development aspects of a loan, a formidable task facing the Fund in carrying out its responsibility is of course determining the risk involved in a loan. All forms of business activity involve risk. First, because market conditions of demand and supply at the end of a business operation may differ from those anticipated when the loan was arranged; second, because of natural hazards such as weather and sickness; and third, because of the human element - fire, accident, inexperience, dishonesty, incompetence and so on.

In northern Manitoba, the factors pertaining to risk are by the very state of its present development much more constraining and unpredictable. The mail service isn't as prompt. Other communication forms don't exist in the sophisticated forms that we have in the south, or they break down. Transportation often isn't as good. Simple services, such as legal surveys and legal services don't exist at the local level, or are provided only on an itinerant basis. There are other factors which add to risk in making loans in the north. There is also scarcity of business information at the local level - the limited number of past loan experiences in different types of loans up north to draw from, because very few lending institutions in the past have been making loans to northerners; the relative low level of business experience and sophistication on the part of many local applicants; the geographical distance and spacial distribution of the loans that makes monitoring difficult. Also, since we are lenders of last resort, and in most instances, lenders of only resort, the difficulties are magnified many times. These are but some examples of the factors that have to be taken into account when deciding upon a loan and in monitoring it. Given these difficulties, the easiest way to avoid risk is to say, no, but that was not the intent of the legislation. The intent was to develop entrepreneurship within the context of less hard data than might exist in the south, within the context of reasoned judgments as to what might work and what might not, despite all the constraints of the north.

Despite the difficulty in ascertaining an enterprise's ongoing viability, we have a number of factors working in our favour. First, the Board content allows us to draw from a wide variety of experiences, and these are northern experiences - and in this respect, the knowledge of the north held by the various representatives has been of infinite value in determining what might or might not work in the north in hard practical terms, the effects that a local enterprise might have on a particular community and its people. Second, our staff has done excellent analysis with respect to applications that often began in very rudimentary form. The amount of investigation required for small loans in the north is as great, if not greater, than

(MR. PARASIUK cont'd) for much larger loans in southern Manitoba. Third, as the north develops in other ways - transportation, communication, local services - the extent to which we are constrained by the state of underdevelopment declines. Fourth, the management assistance capability, both of the Fund and other agencies, is improving. And I'd like to expand a bit on this point. First, we have hired on staff very experienced form of businessmen who provide management service to accounts. This has helped to insure that businesses are properly organized in the first place, and consequent monitoring has improved. Second, as indicated in the Annual Report, a small Business Management course has been started in Keewatin Community College - with the Communities Economic Development Fund assisting in this development - to provide northerners with some formal training in management, hopefully before they make the applications for the loans. Several of the trainees have received or applied for Communities Economic Development Fund loans for the business operation. These were six week sessions, but people could take one week sessions in areas they needed training in. This is a start and I admit it's insufficient. We are exploring ways and means of providing outreach training programs in the remote communities themselves, and of insuring more on the job training.

Third, we from time to time utilize retired executives to provide management counselling and services. This has been beneficial, but it is difficult finding people who are willing to travel to remote areas, who have had a lot of business experience in more southern areas. Finally, as our experience as a very innovative Fund grows, so does the extent to which we, board and staff can more accurately ascertain what will probably happen in particular cases when we deal with them.

I will now turn to the Annual Report for the year ending March 31, 1973. You have in it an indication of some of the projects, a review by the General Manager and the Auditor's report. The Auditor's report is straightforward, but I would like to draw your attention to the following items:

On Page 17, Statement of Assets and Liabilities. In Assets, there is an item entitled "Property Held for Resale At Cost", which may be a bit puzzling. This is \$51,136. This refers to a block of land that we purchased pending the development of a community recreation proposal. We purchased the land because, while this proposal was being developed, a group of Americans were about to purchase it; and the person who held the land offered to sell it to us, because that person was quite interested in the recreational proposal that was being developed. The original proposal, which was calling for Federal-Provincial cost sharing fell through, but another proposal is being developed. And this relates a bit to I guess, ARDA IIIB, where there was some difficulty initially in processing the applications - and in the interim, we are holding that land. It will re resold at cost to that group when they proceed with the proposal. On Page 18, Statement of Income, you should note that our administration expenses are paid by the Manitoba Development Corporation as provided in our Legislation, and that the largest component apart from salaries of the administrative expenses, is travel.

MR. CHAIRMAN: Order please. Mr. Minaker, you have a . . .

MR. MINAKER: . . . Mr. Parasiuk could advise us where this land is being held.

MR. PARASIUK: It's being held in the St. Laurent area.

MR. MINAKER: St. Laurent?

MR. PARASIUK: St. Laurent.

MR. CHAIRMAN: Proceed.

MR. PARASIUK: On Page 18 - yes I said - the largest component of the administrative expenses, apart from salaries, is travel; and it's very high, it's around \$50,000. That reflects the remote areas we work in and the wide area we have to cover; we're probably covering about - oh, three quarters of the land area of Manitoba. The schedule of assistance granted or to be granted is on pages 21 on; it's an exact copy of what appeared in the Gazette. The handout which we gave you indicates loans and guarantees accrued since March 31, 1973.

Now I thought, Mr. Chairman, that what I would do would be to turn now to the affidavits, and then a set of questions on everything could be asked after. On Friday, March 15, 1974, two sworn affidavits by Mr. Ron Allison concerning R & M Construction, an entity indebted to the fund, were tabled in the House. These affidavits were passed on to me by the Minister responsible for the Communities Development Fund to determine their factual basis. I had not seen them before, nor had Mr. Allison or anyone made any complaints to me, to raise this matter with me before that time. I have endeavoured to determine the factual basis of these

(MR. PARASIUK cont'd) affidavits and I'd like to call on Mr. Hugh Jones, the General Manager of the Fund, who deals with its day-to-day operations, to give you a summary of the J.M.K. and R & M Construction accounts and from there to deal with the affidavits on a point by point basis. This may take a bit of time, but I would ask the Committee's indulgence through you Mr. Chairman, as I think this is the only way that we can really deal with the factual basis of the affidavits.

MR. CHAIRMAN: Order. Mr. Spivak.

MR. SPIVAK: On a point of order, I think that what Mr. Parasiuk is suggesting is probably a very good way of handling this, but I wonder whether we can deal with this on the basis - if he's going to go through the affidavit point by point - of being able to ask questions after we go through one section at a time, simply because--(Interjection)--no, not from a point of view of debate, but from the point of view of being in a position to obtain information; otherwise we are going to be going through a recital by Mr. Jones, which could possibly take a half an hour, three quarters of an hour, in which case we will then be asking questions on a variety of different matters - and I think if he's going to deal with it point by point, we should be in a position to be able to examine him on his answers, point by point.

MR. CHAIRMAN: Mr. Green, on a point of order.

MR. GREEN: Well, Mr. Chairman, there were two affidavits which were put before the Legislative Assembly and tabled, which are affidavits which I will describe as going from one point to another and then back to a previous point. I believe that there should be an entire reply to all of the material, because I am aware of that material; and some of the beginning comes up again at the end; and that the questions anticipate other questions which are subsequently dealt with. I believe that Mr. Jones should deal with the entire matter in the same way as the affidavits attempt to deal with the entire matter, and then committee members will be able to ask the Chairman - or Mr. Jones, through the Chairman - any questions which they have on the material. Mr. Speaker, the material has been brought before the House; the Fund would now like to answer the material, and then there can be questions on each of their positions.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: I admit, you know, there is a bit of a change in precedent here for the Committee and I'm not going to debate it at any length - but we now have the Chairman asking the General Manager to answer, and there has been a general procedure that the Chairman is usually the one who answers for a Crown corporation.

MR. CHAIRMAN: Well, Mr. Spivak . . .

MR. SPIVAK: I'm on the point of order, Mr. Chairman.

MR. CHAIRMAN: Mr. Spivak, I say that the Chairman has - it has always been the practice - can call upon any member of his staff that he wishes to answer any aspect of the Annual Report, to deal with specific cases.

MR. SPIVAK: Well, Mr. Chairman, - I wish you would stop debating with me, Mr. Chairman. Mr. Chairman, I wish you would act as Chairman and stop debating with me.

MR. CHAIRMAN: Well I am, and I wish to state that I believe that the procedure is not setting any precedent. We are having the Annual Report from the Chairman, and the Chairman as has been the practice can call upon any member of his staff to answer those particular aspects of the report that he sees fit.

MR. SPIVAK: Mr. Chairman, I must say that you are here as Chairman. You are not here as an adversary, one way or the other, and I have respect for the fact that you have a right to rule, but I think I have a right to at least complete my statement before you make a ruling. You know, I think in a democratic society we are entitled to that. In an autocratic society, we are not entitled to anything.

MR. GREEN: Well, Mr. Speaker, on a point of . . .

MR. SPIVAK: Mr. . . . I'm on the point of order, Mr. Chairman.

MR. GREEN: Then I intervene on a point of privilege, Mr. Speaker . . .

MR. CHAIRMAN: Mr. Green - a point of privilege.

MR. GREEN: . . . because the honourable member is reflecting on the position of the Chair, and as to the democratic procedures of the Chair. The honourable member--(Interjection)--well, he certainly did. Yes, well I believe that he did.

MR. CHAIRMAN: Order please. Mr. Green, would you proceed.

MR. GREEN: Mr. Speaker, the honourable member suggested that it is a departure from procedure - and I think that at that point the Chair is perfectly in order to advise the

(MR. GREEN cont'd) honourable member that it is not a departure from procedure - rather than have a twenty minute debate on an assumption, which is itself incorrect.

MR. SPIVAK: Mr. Chairman.

MR. CHAIRMAN: Mr. Spivak, on a point of order.

MR. SPIVAK: Yes, the original point of order, I would like to be in a position to continue if I may. Mr. Jones is going to be dealing with, as I understand, point by point and I think it would facilitate the matter of the committee if we could deal with them on it, if it's the will of the government that he proceed that way, there is nothing we can do about it. They have the majority in this committee but I suggest, Mr. Chairman, if we are really interested in establishing the accuracy and the truth of statements that have been made, it would be in the interest of the committee for the matter to be dealt with, if he's going to deal with it point by point, by our ability to be able to ask him a question on each matter, to be able to determine the full extent of his answers. But again this is up to the government and if the government doesn't want to proceed this way, there is nothing we can do about it.

MR. CHAIRMAN: Mr. Asper, on a point of order.

MR. ASPER: Yes Mr. Chairman, I think, as has been the case in the past, we can play this by ear. If Mr. Jones will begin his presentation I'm sure, should something he says be at a point in time relevant for expansion or explanation, I'm sure he will yield to questions unless he feels it detracts from his presentation. I suggest we proceed. However, Mr. Chairman, there are many of us on the committee who don't have in our possession at the moment a copy of the affidavit that we are going to be studying. I wonder if you might order copies to be made by the clerk.

MR. JONES: We have them all, Mr. Asper.

MR. CHAIRMAN: You'll get them when we get to the discussion. Are you ready to proceed? Mr. Jones. Order please. Order. Order please. Mr. Evans. Order please. Mr. Jones.

MR. JONES: Mr. Chairman, before presenting my review of the Fund's involvement in Wabowden, with the companies known as J.M.K. Construction and R & M Construction, Mr. Musgrove is tabling before the committee copies of these two affidavits sworn by Mr. Allison, copies of material received in the Fund's offices from the Dominion Lumber Company, copies of a letter from Mr. Graeme Haig, the legal counsel for R & M Construction at this time, and copies of a statement made by Mr. Gordon Trithart, who was a member of the Fund's staff when these matters were raised.

MR. CHAIRMAN: Gentlemen, would you please refrain. We're trying to hear at this end and it's very difficult with the others making noises, Mr. McBryde, Mr. Asper, Mr. Turnbull. --(Interjection)--We'll settle it from this end. Mr. Jones proceed.

MR. JONES: Mr. Chairman, in addition to the material I have just named, they're also tabling copies of affidavits sworn by Mr. Ben Thompson and Mr. Don McIvor. So when these are being tabled, if I may begin my review of the Fund's involvement in these companies, and we've gone into some depth here but we consider that this is the only way it can be properly dealt with.

In regards to J.M.K. Construction Limited, the Fund's first contact with the principal of this company was by myself in November 1971 when I was on a visit to Thompson, and Mr. Kregeris approached the Fund at that time for a loan of \$35,000 to finance construction of a lumber hardware store in Wabowden with provision also for financing of a reasonable degree of inventory for this new division of his business.

At that time the Board of Directors of the Fund had only just been formed and the first board meeting could not be called until January 1972. Mr. Kregeris, on the advice of his lawyer at that time, then proceeded with an application to the Industrial Development Bank and despite his concern with what he considered to be onerous conditions in the bank's commitment, he accepted that bank's loan offer rather than delay and possibly jeopardize the opportunity to go ahead with his expansion project in Wabowden. The Industrial Development Bank loan was for \$35,000 but considerable problems were experienced by the company in having the bank's loan proceeds dispersed because IDB insisted upon obtaining an assignment of the Crown lease before dispersing its loan. Despite confirmation to the bank from the Northern Affairs Commission, that such lease would be forthcoming, but that there would be a delay, the bank refused to disperse more than \$15,000. The company's commitments because of its expected and hoped for \$35,000 from IDB were such then that payable had accrued to the extent that the

(MR. JONES cont'd) company's working capital position was extremely weak.

The principal reapproached the Fund and on May 5, 1972 a loan of \$50,000 was authorized to retire overdue payable of \$20,000, provide a small amount of working capital and to refinance IDB and IAC. In the process of getting the security documentation completed, the Chairman authorized me and the staff of the Fund to assist the company serious working capital position, by dispersing \$16,500. This was done on June 4, 1972, and of that loan commitment of \$50,000, \$16,500 is the total amount advanced.

Security for the loan was complete at that stage as I said, apart from assignment of the Crown lease and in endeavouring to obtain this assignment, the Fund's legal counsel advised us that we should not disperse the further proceeds of the loan. The officer dealing with the accounts at that time in May 1972 was Mr. Gordon Trithart and while every effort was made to assist the company, the principal's resort to suppliers' credit and a personal loan from a finance company, combined with the severe loss of \$21,000 sustained under a contract for construction of a building in Wabowden, resulted in a serious depletion of working capital again. The contract in question had been proceeded with by J. M. K. Construction to the extent of \$21,000 but progress payments were not made as invoiced. This particular matter is now the subject of impending action under the Mechanics Lien Act.

In October 1972, the Fund having judged that Wabowden needed the services of the company and that the company could eventually obtain small construction contracts, prepared a submission for the Fund's Board for an additional \$50,000, again to reduce payables which by then had amounted to \$55,000 and hopefully to refinance IDB. The Board was advised by the staff at that time that the Fund's participation to this further extent would involve extreme risk but it was felt that the combination of unfortunate circumstances beyond those which could be described as management weaknesses, had contributed to the company's severity of working capital problems.

At that time in October 1972, the Fund's bylaws were under review and change and as the amount then recommended by us to the Board was \$100,000, it exceeded the authority of the Board and a submission was prepared for the Minister. At the Board Meeting of the Fund held on October 19, 1972 the Directors were asked to give further consideration to this additional money and after due deliberation, resolved that the additional assistance applied for should not be approved. Following discussions thereafter with the company's legal counsel and the Fund's legal counsel, it was agreed that a bankruptcy action could have been commenced by action on the part of preferred or unsecured creditors and with the company's insolvency it was agreed that an informal meeting of creditors should be arranged as early as possible. This meeting did take place eventually in April 1973.

At a meeting of the Board of Directors of the Fund on November 3, 1972 . . .

MR. CHAIRMAN: Mr. Johnston.

MR. GORDON JOHNSTON: . . . the gentleman tell us where the meetings were held in each case, because he's mentioning numerous meetings, and just for information, if he could tell us where they were held.

MR. CHAIRMAN: Mr. Jones.

MR. JONES: The meetings of the Board of Directors of the Fund to which I have referred took place in the Fund's offices in Winnipeg and the meeting of the creditors took place in the Fund's offices in Winnipeg.

MR. CHAIRMAN: In both cases.

MR. JONES: In both cases.

MR. CHAIRMAN: Fine. Proceed, Mr. Jones.

MR. JONES: In November 1972, after due consideration by the Board of Directors, that in view of the Directors' judgment as to the principal's experience in the north, that he was a man of integrity basically experienced in his trade, combined with the seeming need for the business in Wabowden, where there was no competition, the Board authorized a loan of \$40,000 to a new entity, R & M Construction Limited. Additionally, guarantees with chartered bank financing was approved to the extent of \$32,000 making a total commitment by the Fund of \$72,000. This approval was given subject to the purchase of the fixed assets of the old company over a term of seven years, that a management fee of \$5,000 per annum be paid to the Fund on a monthly basis commencing January 1973, and that the Fund should be represented on the Board of the new company, so as to provide assistance as and when required. The results of the loan guarantee dispersed were intended to provide the company with a new base

(MR. JONES cont'd) working capital and that gradually as profitability was attained, the debt burden would not be unduly onerous and trade creditors of the old company over a period of time would eventually be dealt with.

The Fund's Board in its anxiety to see proper controls instituted and the degree of assistance required being provided, resolved that Mr. Ben Thompson and Mr. McIvor, Mr. Don McIvor, should be designated as the Fund representatives on the Board of the Company, in view of their knowledge of the north and close proximity to the operation. Additionally Mr. Gordon Trithart, Senior Development Officer of the Fund was appointed to the Board and assigned to the account to provide as much guidance and assistance as possible. Furthermore, the company's bank account was to be controlled by means of all cheques drawn requiring counter signature by the Fund.

All these efforts notwithstanding, the company's principal was unable to effectively conduct his business affairs on a profitable basis and in March 1973, the Fund, with the approval of the company's Board and principal, considered it necessary to engage full-time management assistance in Wabowden in the person of Mr. Ronald Allison.

The latter's ability to work with the principal proved to be unsuccessful. The principal's anxiety to undertake major construction work without pre-arranged adequacy of capital and bonding, resulted in his total frustration and lack of understanding of the deficiencies in his company's current position. Matters were not improved by the deteriorating relationship between the principal and Mr. Allison. Concern with the manner in which the Fund's supervision appeared to be undertaken at that time influenced me personally to assume responsibility for the account and I endeavoured to monitor the company's activities and ameliorate the poor relationship between the principal and Allison.

The Directors of the Fund met in Wabowden for a Fund Board Meeting on April 26, 1973 and one of the resolutions passed at that Board Meeting was that the Fund should obtain an independent investigation from someone in the Department of Industry and Commerce and a report was completed by Mr. Manfred Keil and a subsequent independent assessment by Dunwoody and Company, chartered accountants. Following the completion and receipt of these reports in the Fund's office, it was agreed with the principal of the company and myself that Mr. Allison's services should be dispensed with, and I advised the principal to curtail activities to . . . arranged through W. W. Construction Limited.

MR. CHAIRMAN: Mr. Spivak?

MR. SPIVAK: No, no, I just wanted to be recognized . . .

MR. CHAIRMAN: Fine. Proceed, Mr. Jones.

MR. JONES: On November 2, 1973, a further detailed report prepared by the staff of the Fund was presented for the Fund's Board, and after consideration the Directors declined to consider any more additional financing and instructed the convening of a meeting of the Board of Directors of R & M Construction Limited as quickly as possible. At the latter meeting held in Winnipeg in the Fund's offices, it was agreed that operations should cease until the current position was rectified, with the Fund instructed to assist in collecting Receivables and paying Payables.

In the meantime, the principals of the company expressed dissatisfaction with all assistance provided by the Fund, their own lawyers and Dunwoody and Company. Mr. Graeme Haig was engaged as the Company's legal counsel and provided the letter, which you now have tabled before you, to the Fund.

The present current position of the company as at March 25, 1974, the company's Receivables total \$30,373 and its Trade Payables \$8,597.00. The major Receivable, \$21,688, is a disputed account but following Examinations for Discovery it is hoped by the legal counsel involved that a reasonable out of court settlement can be reached. Despite all efforts by the Fund to provide assistance and guidance to the Company's operation at Wabowden, success does not appear to have been attained.

Now, Mr. Chairman, if I may begin to go through the affidavits. The committee will have before them two documents, being affidavits sworn by Mr. Ronald Lynn Allison on February 25 and March 14, 1974. You also have copies of affidavits sworn by Mr. Ben Thompson and Mr. Don McIvor, and a statement signed by Mr. Gordon Trithart. I would like to deal with them clause by clause, concurrently, by myself as General Manager of the Communities Economic Development Fund . . .

MR. CHAIRMAN: Mr. Asper, on a point of order?

MR. ASPER: Yes it's a point of order. We now have before us--I'm not referring to the affidavit by Mr. Allison, I'm referring to the affidavit by members of the Board of Directors of the Communities Economic Development Fund. Mr. Chairman, it's a very unusual, as a matter of fact to the best of my knowledge unprecedented procedure, to put before a committee affidavits, and I make the point at this stage that no affidavit ought to be received by this committee unless we are given the opportunity to cross-examine or examine the person making the affidavit. That's the point of order I wish to make.

MR. CHAIRMAN: Mr. Green? On a point of order?

MR. SPIVAK: It's not a point of order, I'm thinking as well, Mr. Chairman, that if in fact there's going to be representation, as I believe there is, on Mr. Jones' statement, of the position of Mr. Kregeris, Mr. Kregeris should be allowed to come before this committee so that he can present from his own mouth the facts as he determines them to be, not as someone else . . .

MR. CHAIRMAN: Mr. Green, your point of order.

MR. GREEN: Yes, Mr. Chairman, on the point of order. You know, I rather suspected this kind of suggestion, that somebody brings in affidavits, they make a whole series of allegations, and then when the Communities wishes to deal with them, it's suggested that the mere bringing of the allegations and that the answer constitutes grounds for an inquiry. Well, Mr. Speaker, there are many, many loans that have been made by this Fund, there are many, many loans been made by the Manitoba Development Corporation. We are not going to suggest that a manager who is dissatisfied for whatever reason, and makes allegations, results in an inquiry with examination and cross-examination of people. I am going to suggest to the committee that the duty of the Fund is to present its position to the committee, that the committee will then decide whether it wishes to hear more information, and that we do not take a position in advance; that no affidavits will be filed unless there is cross-examination, no such position is taken with the filing of Mr. Spivak's affidavit in the House. On the other hand I say, Mr. Speaker, that nobody will be silenced in this regard. Mr. Kregeris can say what he wishes to . . .

MR. SPIVAK: Beforehand.

MR. GREEN: He can say it to the world, Mr. Speaker. I know that there are--I would suggest, Mr. Speaker, I would suggest, Mr. Speaker, that Mr. Spivak do what Bertrand Russell did. Bertrand Russell wanted to have an international trial, let the Conservative Party set up a trial, call witnesses and cross-examination and non cross-examination, and conduct whatever--no Mr. Speaker. There is a suggestion here that somebody is being silenced. I suggest to you that anybody who wishes to comment on this matter, nobody has been silenced, they can go to whomever they like. I know that they can go to the media. I know that the Leader of the Liberal Party can have an auditorium meeting where these people can be called forward. They can all come and they can all make whatever position they want to. I suggest that the Legislature has its own responsibility and I am prepared to hear the committee report. Some people don't wish to have answers to--well I'm going to continue, Mr. Chairman.

A MEMBER: Naturally.

MR. GREEN: Absolutely. I have a right to. I know, Mr. Chairman, what I said was correct.

A MEMBER: Oh yes.

MR. GREEN: . . . that the Leader of the Opposition wishes the material on the record, he wishes to present it in such a way that it cannot be answered, and when an attempt is made to answer it . . .

MR. SPIVAK: On a point of privilege, Mr. Chairman.

MR. CHAIRMAN: Mr. Spivak, on a point of privilege.

MR. SPIVAK: . . . that you know, in all honesty, the Minister has to say, "I believe this to be Mr. Spivak's position," not that "my statement is correct," because all he's doing is presenting an assumption, so in terms of the point of privilege I think we should understand that he's not God and therefore he's not in a position to essentially make the declarations from high as to what the facts are really.

MR. CHAIRMAN: Mr. Green on a point of order.

MR. GREEN: Yes, I'm still on the point, and the point of order was relative to examination and cross-examination of people who before we would receive an affidavit, I'm suggesting that we not accept that. If somebody wishes to make a motion they can do so. In the meantime I am suggesting, Mr. Chairman, that the Economic Development Committee continue to hear

(MR. GREEN cont'd) the report of the Communities Economic Development Fund, and Mr. Speaker, I would suggest that it be done now and that after the report be heard, such proceedings as the committee wishes to then discuss they can discuss, and if people wish to call witnesses or do those things, we will argue about that when the time comes.

In the meantime, I think that the Fund should be permitted to answer the charges of both buying in the north, of control of companies by other people, and such things as are raised by the Leader of the Opposition.

MR. CHAIRMAN: The point of order is well taken. Mr. Asper on a point of order.

MR. ASPER: Yes Mr. Chairman. The Mines Minister has discussed fifty things except what I said, and the point of order I made is that we have never--and the committee is in the control of the Chairman of the Fund who puts forward the Manager, which is appropriate, and then he can decide what else he wants to put forward in the making of it. He has now put forward sworn affidavits from directors, and we have never had that. Now, Mr. Chairman, the Mines Minister, the Attorney-General, both full well know, as practicing lawyers, that affidavits don't go anywhere unless there is the right of examination.

MR. GREEN: I know no such thing, Mr. Chairman.

MR. ASPER: Well of course he doesn't know very much about the practice of law.

MR. GREEN: Well I will then, if the honourable member says I know nothing about the practice of law, I will now quote to him chapter and verse of numerous affidavits which are not proposed with the power of cross-examination, and we'll see who knows about the practice of law.

MR. CHAIRMAN: Order please. It isn't necessary to dispute your legal technicalities. We shall proceed with the report from the Chairman of the, or rather the General Manager, Mr. Jones.

Mr. Green, order please. Mr. Jones, proceed. Order please. Mr. Jones, would you proceed?

MR. JONES: If I may take the committee then, Sir, to the first affidavit by Mr. Allison sworn on February 25th, which I shall refer to as document No. 1.

Clause 1. By letter dated March 2, 1973, from the Communities Economic Development Fund, R & M Construction Ltd. was advised that the Fund had approved the hiring of Mr. R. L. Allison. This approval resulted from the suggestion made at the company's Board Meeting held on February 15th, that with the impending resignation of the incumbent bookkeeper at Wabowden, a suitable man should be sought to provide assistance in pricing, purchasing, estimating and general bookkeeping assistance. Mr. Allison was hired and paid by the company, and was not at any time an employee of the Fund.

Clause 2. The salary figure quoted in that affidavit is correct, but in the statement which you have before you he confirms my understanding that this statement in that affidavit is unclear insofar as it could infer that the Fund, rather than the company, was employing Mr. Allison, which of course was not the case.

Clause 3 in Mr. Allison's affidavit is correct except that in dealing with settlement of Accounts Payable, Mr. Allison was made aware of the fact from the beginning that all cheques drawn on the company's account with the Royal Bank of Canada required counter signature by the Fund. Mr. Trithart's statement further adds that Mr. Allison was also advised that the company carried two bank accounts, the General Account requiring counter signature by Mr. Trithart then, at the Royal Bank of Canada, Portage & Edmonton, Winnipeg, and a Payroll Accounts carried in Wabowden, which required only the signature of Mr. Kregeris. Payrolls were to be submitted in sufficient time to be perused prior to issuance of a cheque on the general account in Winnipeg to cover payrolls.

Clause 4 of Mr. Allison's affidavit, Mr. Trithart was not his predecessor per se. As a member of the Fund's staff, his duties in relation to this company included assisting the principal in record-keeping. By means of frequent visits, Mr. Trithart could provide general direction over such record-keeping, but not having a permanent presence at the company's office in Wabowden, he could not perform the continuous daily tasks of ledger posting etc. which was part thereafter of Mr. Allison's duties. The previous incumbent bookkeeper, Mrs. Pannebaker, left the company's service on March 18, 1973, and to the best of the Fund's knowledge, the company's records required merely a posting from three to four weeks prior to Allison's hiring. In Mr. Trithart's statement he adds that the previous incumbent was a local individual who was moving out of the area. "I had been" - this is Mr. Trithart - "and remained

(MR. JONES Cont'd) in the capacity on behalf of the Fund to provide general direction, as the Board of Directors of the Fund considered that close supervision was necessary."

Clause 5, page 2 - This statement is correct. The Company's hiring of Mr. Allison at a monthly salary of \$800 per month was considered by the Fund, the Fund's board and the Fund's staff, that this was sufficient expense for the Company to bear in view of the extremely tight liquid position without the added costs of paying for bookkeeping assistance of Hawkins and Company.

Clause 6. From May 3rd to the first few sentences of this clause is the preamble, in terms of "immediately following my arrival in Wabowden." This is totally misleading. Mr. Allison commenced duties with the Company in Wabowden on Monday, March 5, 1973 and the attendance at Wabowden to which he referred, of representatives of the Fund and members of its staff, embraces also that a statement at a meeting of the Directors of the Company, R & M Construction, was convened and held in Wabowden. This is not so. During the month of March it is my understanding that visits were made by Gordon Trithart and Mr. Don McIvor to the company's premises for the purpose of general discussion, but the specified statements in the affidavit that there was a formal meeting of the Directors of the Company at which I was present are incorrect. There has never been a meeting of the Board of Directors of R & M Construction Ltd. in Wabowden and my only visit to the Community in that period and to the Company took place on March 29th, 1973, when I spent approximately one hour with the principal and Mr. Allison on my way to other meetings in the community.

To my knowledge, under no circumstances was Mr. Kregeris ever advised that he should not attend a meeting of his own Board. It was also my understanding that Mr. Ben Thompson made a separate visit to the Company during March. Dealing with this clause Mr. Trithart states that inasmuch as two of the Fund's directors who are also directors of R & M Construction were in close proximity to the place of business, that there were in fact times when informal discussions took place, but at no time while I had responsibility on behalf of the Fund - (that's Mr. Trithart) - for the account of R & M did a Board of Directors' meeting for the construction company take place without the presence of the principal. During this period there was only one Board of Directors' meeting, and Mr. Kregeris was in attendance at the complete meeting, and that meeting took place in Winnipeg on February 15th.

In Mr. McIvor's affidavit in regard to this clause he states that Mr. Allison did not advise me, Mr. McIvor, immediately after his arrival in Wabowden or at any time that he had found the books and records of the Company to be in a highly unsatisfactory state, incomplete, and that the bank reconciliation was impossible to accomplish, or that it would be extremely difficult for him to carry out the instructions which had been given to him. Mr. McIvor goes on to say, that there was no meeting of the Board of Directors of R & M Construction Ltd. as alleged in clause 6 and that I, Mr. McIvor at no time attended a meeting of the directors and officers of R & M Construction Ltd. at which time Mr. Allison was present. There was no meeting of the Board of Directors for R & M Construction Ltd. to which Mr. Allison was invited and at which Mr. John Kregeris, the principal shareholder and an officer and director of R & M was excluded, and no one in my presence, Mr. McIvor goes on to say, no one to the best of my knowledge, information and belief ever advised or informed John Kregeris that he was not to attend meetings of the Board of Directors of his Company, R & M Construction Ltd.

Again, dealing with this clause 6, Mr. Thompson's affidavit states that "I did not attend at Wabowden immediately after Mr. Allison's arrival in that community and I did not meet with Mr. Allison as alleged by him. Mr. Allison did not advise me that he had found the Company in a highly unsatisfactory state and the books and records were incomplete, or that the bank reconciliation impossible to accomplish or that he would have difficulty in carrying out instructions which had been given to him on his appointment as an employee of R & M Construction. There was no board meeting of R & M Construction Ltd. convened in Wabowden as alleged. There was never any board meeting of R & M Construction Ltd. at which Mr. Jones, Mr. Trithart, Mr. McIvor and I, (that's Mr. Thompson) were present, at which Mr. Allison was present or invited to attend, and I have never personally met Mr. Allison although I have spoken to him on the telephone on one occasion."

Mr. Thompson goes on to say that "Mr. John Kregeris, the majority shareholder and officer and director of R & M Construction Ltd. was never told by me or by any one in my presence that he was not to attend any meetings of the Board of Directors of his Company."

(MR. JONES Cont'd)

Clause 7. Incorrect. Mr. Trithart's statement before you states that Mr. Allison was not instructed to operate as he suggests, but his duties were discussed with him by Mr. Kregeris and Mr. Trithart. More specifically, this would allow the principal to devote his time to on-the-job construction. In regard to this clause, Mr. McIvor's affidavit states that "there was no meeting of directors of R & M Construction Ltd. at which Mr. Allison was present, and at no time was Mr. Allison instructed by me, (that's Mr. McIvor) or by any person in my presence, that he was to accept instructions and directions from Mr. Benjamin Thompson, myself or Gordon Trithart or any other person."

Clause 8. Incorrect. The Board of Directors of the Company, R & M Construction Ltd., could not possibly have been advised that a signed contract with B.F. Klassen Ltd. was available. Negotiations had been undertaken in February and in March in the hope that the Company could enter a contract with Klassen to supply concrete for the Thompson General Hospital. However, the director of operations of B.F. Klassen Ltd. was advised that the company would not be in the position to accept the offer to purchase as aggregate supplies were not available at reasonable prices and R & M Construction Ltd. could not obtain a work site. Mr. McIvor's affidavit in regard to this clause states that, "I did not, nor did any person in my presence, ever advise Mr. Allison that R & M had a signed contract with B.F. Klassen Ltd. as alleged or at all."

Dealing with clauses 9, 10, 11 and 12. During negotiations for such contract work the Company, with the approval of the Fund, did purchase a new batch plant from Mumford Medland Ltd. by drawing a cheque on its account at the Royal Bank of Canada as a down payment with the remaining being financed through the Industrial Acceptance Corporation. The reason, to the fund's knowledge, for such a purchase was that the equipment in existence was not in the opinion of the Company, or of the Fund's officer, of a standard capable of effecting correct delivery of any contract requirements. It has been ascertained that Thompson Supply Limited was contacted by Mr. Allison regarding the delivery of the first 25 yards of concrete under the potential Klassen contract, but Thompson Supply was not prepared to consider this a satisfactory arrangement and wanted complete assurance of full delivery or nothing at all.

For reasons already stated, the Fund's Board considered that the company was not in a position to enter into the Klassen contract and Mr. Allison was not in a position to complete arrangements for the performance thereof. In Mr. Trithart's statement dealing with these matters he says that the company at no time to his knowledge signed a contract with B.F. Klassen Limited, although that Company made an offer to R & M to supply concrete for a contract in Thompson. It was then decided by Mr. Kregeris that his home made batch plant was only capable of very small orders in the community and he purchased a new batch plant after discussing it with the Fund and outlining the construction that he and the Fund were aware of in the area. It was then found that both trucks, the company's trucks, both trucks were in a state of disrepair. A site could not be found in the Thompson area from which to work and aggregated reasonable prices were not available in time to meet the offer. As the offer indicated that B.F. Klassen was looking to the Fund and the Company to insure completion and in view of the above-mentioned we decided to tell Mr. Kregeris (that is the Fund - Mr. Trithart's statement) that we would not be in a position to support his contract. Just prior to this advice, (again this is Mr. Trithart's statement) Mr. Allison informed me that he had asked Thompson Supply to deliver the first 25 yards of concrete which was followed by an inquiry from Thompson Supply to the offices of the Fund. I told them (Mr. Trithart) that I was aware of such a request, and they told me that it was rather a silly situation inasmuch as they had bid on the over-all contract and were willing to supply on the basis of their bid but not on a piecemeal basis to assist competitors.

Clauses 13, 14 and 15. Mr. McIvor's affidavit states that "I informed John Kregeris, the principal shareholder and President and Director of R & M, that the Town of Wabowden was going to have a pump house built and that the contract for the construction of the pump house would be put out for tenders. I passed this information - (this is Mr. McIvor) - on to Mr. Kregeris so that he and his company would be in a position to tender bids on the contract. The contract for the pump house was to be given by the Province of Manitoba Water Services Board and not by the Town of Wabowden. I did not at any time (Mr. McIvor) instruct Mr. Allison or R & M, that R & M would receive the contract for the construction of the pump house, or that the company should purchase any materials or supplies in connection with the alleged contract."

(MR. JONES Cont'd)

In his affidavit he goes on to say that "I did not instruct Mr. Allison or R & M to purchase or order materials as alleged. At all meetings of the Board of Directors of R & M Construction Ltd. at which I was in attendance there was no discussion of the pump house contract."

Mr. Trithart's statement states that in discussions with Kregeris and Allison, they considered it timely to make some substantial material purchases so that they could better serve the public as well as BACM who were working in that area, making substantial purchases from the company's stocks. Mr. Kregeris was at that time discussing with Arnason Construction should they receive the pump house contract to supply them with materials as well as concrete. The possibility of R & M Construction bidding on this contract was fully discussed with the Board of Directors of the Fund at a regular board meeting and in view of the precarious position of the company and the fact that large additional working capital requirements were needed, it was decided that the Fund was not in a position to support the company in this venture.

The Fund's understanding of matters raised in these clauses are, that availability of a contract for the construction of a pump house at Wabowden was certainly under consideration, but following the discussions at the Fund's board meeting, the conclusion reached that the magnitude of the contract in the order of approximately \$180,000 was such that performance bonding and the need for more working capital prohibited the company from pursuing it. While discussions may have taken place on the general basis in Wabowden, with Mr. Trithart, perhaps McIvor and the principal of the Company as to this pump house contract possibility, no commitment could have been made without the prior approval of the Communities Economic Development Fund Board. Lumber and materials ordered by the Company and stated to be for the contract for the pump house are not substantiated in writing by Mr. McIvor, Mr. Trithart as specified in this clause.

Mr. Chairman, I realize this is taking a long time but . . .

MR. CHAIRMAN: Proceed.

MR. JONES: Clause 16. The question of supplying building materials and other supplies to the Manitoba Metis Federation was arranged . . .

MR. SPIVAK: On a point of order, Mr. Chairman.

MR. CHAIRMAN: Mr. Spivak on a point of order.

MR. SPIVAK: Mr. Jones has been following through on clauses and he jumped to 16. Is he not going to deal with 14?

MR. CHAIRMAN: He just did. 13, 14 and 15.

MR. SPIVAK: I'm sorry - you have dealt now with 14, 15, 16?

MR. JONES: 13, 14 and 15 I dealt with, Mr. Chairman. Now I'm going on to 16.

MR. SPIVAK: And you're not dealing with the statement of Mr. Keil then?

MR. JONES: Which clause are they in there, Mr. Chairman.

MR. SPIVAK: Clause 14 - Mr. Kiel.

MR. JONES: I see. I'm sorry. In my dealing with clauses 13, 14 and 15 I have covered the statements made by Mr. Thompson, Mr. Trithart and the Fund, that the company could not have been advised of the contract availability. Mr. Keil was not an employee of the Communities Economic Development Fund but rather of the Provincial Department of Industry and Commerce and to the Fund's knowledge at no time could Mr. Keil have communicated any of the decisions of the Communities Economic Development Fund's Board or staff.

Clause 16. The question of supplying building materials and other supplies to the Manitoba Metis Federation was arranged through Mr. Ben Thompson in his capacity at that time as Vice-President of the MMF Thompson region, in an effort to obtain business for R & M Construction Ltd. The purchase order dated February 15th, 1973, for \$22,575 was covered by purchase of these materials from Dominion Lumber Limited, for a total price of \$18,057.32 allowing the Company an approximate profit of \$4,418.00. The prices paid by R & M Construction Ltd. were contractor's prices - and if I may refer, Mr. Chairman, the committee to the material before them from Dominion Lumber supporting this statement.

Dealing with Clause 16 Mr. McIvor's affidavit states that, "firstly I am not an officer or employee of the Manitoba Metis Federation and I have no authority whatsoever to speak for that organization. I did not at any time advise Mr. Allison or R & M that R & M would be supplying materials or supplies to the Manitoba Metis Federation." Mr. Trithart's statement reads that "originally, I, Gordon Trithart, was not aware that Mr. McIvor had anything to do with the ordering of these supplies as R & M was dealing directly with the Manitoba Metis

(MR. JONES Cont'd) Federation, the Thompson Region. The Federation supplied the company with a list of materials and asked them to present a formal bid. In view of the time lapse for mail between Winnipeg and Wabowden and after discussion with Mr. Kregeris, it was decided that I (Gordon Trithart) should get prices from Dominion Lumber and add a percentage to cover costs and profit. The order dated 15 February 1973 and signed by Mr. Kregeris was in fact made up by myself (Mr. Trithart) and fully discussed with the principal of the company who was in Winnipeg at that time. Mr. Allison's claim that the amount of \$22,575 was exclusive of markup or freight is incorrect, as it can be shown from invoices from Dominion Lumber that the cost of that shipment was in the neighbourhood of \$18,000. Additionally, some \$400 - \$500 worth of material listed on Dominion Lumber's invoices is not shown on the order dated 15 February."

Mr. Trithart goes on to say, "It surprised me that a man with the experience that Mr. Allison purports to have could not understand the difference between a contractual sale agreement and a Dominion Lumber invoice. I fully agree that in the figures that Mr. Kregeris supplied for ordering and the amount delivered, that there was a discrepancy, but it was my understanding that these discrepancies were eventually resolved by the MMF and R & M. It should be noted that what is referred to by Mr. Allison as the order dated February 15th 1973 was in fact a contract between the Federation and R & M Construction to supply materials which were very specifically outlined and signed by both parties."

Mr. Thompson's affidavit in regard to this clause reads: that "I did in the month of February 1973 (prior to Mr. Allison's employment with R & M) in my capacity as Vice-President of the Manitoba Metis Federation, Thompson Region, and on behalf of the Federation, did order certain materials and supplies from R & M Construction and I did give to Mr. John Kregeris, the principal of the Company, a written order for such materials and supplies together with instructions in writing to Mr. Kregeris for the delivery of such materials and supplies to various locations in Wabowden, Cross Lake and Norway House in the Province of Manitoba. The materials purchased by R & M Construction Ltd. pursuant to the said order given to that Company by the MMF complied with all the specifications of the said order. If R & M did however, order the materials required in excessive amounts, that is, R & M Construction purchased the quality and type of material ordered by the MMF but ordered the materials and supplies in quantities which exceeded the amounts ordered by MMF, R & M Construction delivered excessive amounts of materials to the various locations in Wabowden, Cross Lake and Norway House as instructed by the MMF, R & M Construction was instructed to pick up from Wabowden, Cross Lake and Norway House and return to its offices in Wabowden the excess of the amount shipped to the said locations. This was done by R & M Construction and all excess material purchased by the Company and delivered by them to Wabowden, Cross Lake and Norway House were returned to R & M's premises in Wabowden. All of the material ordered pursuant to instructions received from the Manitoba Metis Federation, including the excess of materials ordered, were paid for by the Manitoba Metis Federation. The excess material was picked up by the MMF in the offices of R & M Construction Ltd. Wabowden and removed from R & M Construction premises."

Clause 17. Again Winnipeg retail prices were not paid by the company as stated above. The substantial shipments of building supplies referred to by Mr. Allison in this clause amounted in total to \$13,175.71 as evidenced by a statement received by the Fund - copy of the statement - sorry - from Dominion Lumber Company.

Mr. Trithart's statement reads that "Mr. Allison had repeatedly informed the principal and himself of his knowledge of pricing and I would say here (that's Mr. Trithart) that purchases were not made from the Dominion Lumber at retail but that in fact Mr. Allison may not have been aware of the significant increases in costs of building materials."

Clause 18, Mr. Allison's responsibilities included advising the Company as to correct mark-up procedures and the Fund was assured verbally that the principal's deficiencies in this area had been remedied by Mr. Allison. Mr. Trithart's statement reads: "Mr. Allison's queries regarding Wabowden, Cross Lake and Norway House were along the lines that freight costs to the outlying areas were going to be higher than had been anticipated due to the fact that BACM was hiring a number of the local trucking firms."

Clause 19. The specified material described as being unsuitable was ordered by the purchasers, the Manitoba Metis Federation. Dealing with this clause Mr. Trithart's statement reads: "I do not know why Mr. Allison was disturbed in this instance until the

(MR. JONES Cont'd) company was later notified that there was a misunderstanding between what was being delivered to the communities and what the Federation thought had been ordered. It is my understanding when people offer to buy your product in specific terms and you agree on a price, you do not question the customer's knowledge of what he wants unless a request is made by the customer."

Mr. Thompson's affidavit states that "the quality and type of material purchased by the MMF is none of Mr. Allison's business and that the quality and nature of the material delivered by R & M Construction Ltd, to the Manitoba Metis Foundation was in accordance with the specifications given by MMF to R & M Construction. The material purchased by the MMF from R & M pursuant to the order of February 15, 1973 was used by the Manitoba Metis Federation in Wabowden, Cross Lake and Norway House and in other locations in Manitoba."

Clause 20. Mr. Thompson's affidavit regarding this clause reads that: "Mr. Vaudry was at the relevant times a housing co-ordinator employed by the Manitoba Metis Federation. Mr. Vaudry's duties did not include the order of materials or the designating of the delivery locations of the materials purchased by the MMF. I - (that is Ben Thompson) - in my capacity as vice-president of the MMF for the Thompson region was in charge of the ordering of materials for the MMF and directing the destination for the delivery of such materials."

Mr. Trithart's statement reads that: "I received telephone calls from Mr. Kregeris and Mr. Allison that a Mr. Vaudry of the Manitoba Metis Federation would be on hand at the various places of delivery to accept the materials in bulk and would from this point ensure placement to the individuals. My understanding - (That's Mr. Trithart) - of the agreement between the Company and the Federation was that the quantity of materials as outlined in the order would be sub-divided by the Federation and the company's responsibility was to make delivery in bulk to Wabowden, Cross Lake and Norway House. I was not aware of any other instructions until Mr. Thompson advised that there was some discrepancy in what had been ordered and what was being delivered. At that time, I maintained that the company had accepted the order for those goods and if there was an over-shipment to any particular place, we would, of course, ask that they assist us in returning the material that had been shipped in error, but I felt that the original order should stand. It would therefore appear from Mr. Allison's statement that his instructions for delivery and the communication he received were in some way misinterpreted."

Clauses 21 and 22. All the material included in the original order referred to by the Manitoba Metis Federation was purchased by the Federation and paid for to the company, with the exception of one small outstanding account of \$251.00. The distribution and allocation of these materials remained the responsibility of the Federation and not R & M Construction Ltd.

In this regard, Mr. Thompson's affidavit reads that, "all material purchased by the Company relevant to the order received from MMF and not delivered to the communities of Wabowden, Cross Lake and Norway House, were picked up by the Manitoba Metis Federation from R & M at Wabowden and removed from those offices. The materials purchased by the Federation and not delivered to Wabowden, Cross Lake and Norway House in accordance with the original instructions given by me (that's Mr. Thompson) to John Kregeris were not distributed to the ultimate users by R & M Construction Ltd. Mr. Donald McIvor is not an Officer or Director or employee of the Manitoba Metis Federation and to the best of my knowledge did not deal with any materials purchased by the Federation from R & M Construction Ltd."

Mr. Thompson's affidavit goes on to say that, "Mr. Howden was at the relevant time a Thompson Regional Manager of the Manitoba Metis Federation and was at that time an employee of the MMF. And further answer to clause 22 of said affidavit, Mr. Allison raised no objections to me - (that's to Mr. Thompson) - during that or any other period respecting the manner of distribution and allocation of materials purchased by the MMF from R & M."

MR. SPIVAK: Mr. Chairman, I wonder if you . . . did the last two sentences again refer to article 22 - about Mr. Howden?

MR. CHAIRMAN: Mr. Jones.

MR. JONES: Mr. Thompson's affidavit goes on to say "that in answer to clause 22 of the affidavit of Ronald Allison, Mr. Howden was at the relevant time a Thompson Regional Manager of the Manitoba Metis Federation and was an employee of the Manitoba Metis Federation. And further answer to clause 22 of the said affidavit, Mr. Allison raised no

(MR. JONES Cont'd) objections to me (that is to Mr. Ben Thompson) during that or any other period respecting the manner of distribution and allocation of materials purchased by the Federation from R & M, the cost to R & M of the said materials, or in connection with the distribution of materials."

Mr. McIvor's affidavit in regard to this clause states that "I gave neither Mr. Allison nor R & M any instructions whatsoever in connection with materials purchased by the Company for the Manitoba Metis Federation, and specifically I gave no instructions to Mr. Allison or R & M for the distribution of Corlon flooring as alleged or at all."

In answer to clause 22, Mr. McIvor goes on to say that "I had nothing to do whatsoever with the purchase of materials by the Manitoba Metis Federation and I gave neither Mr. Allison nor the Company any instructions in this regard and I did not speak to Mr. Allison or give him any instructions in connection with this contract or matter as alleged or at all."

Mr. Trithart states that he was aware that some of the materials remained in stock and some materials had been returned but he was not aware of any further instructions to Mr. Allison. "My responsibility (Mr. Trithart) on behalf of the Fund for the account of R & M Construction ceased at the end of April 1973, although I worked with Mr. Manfred Keil on an information basis until the fourth week of May, 1973, and therefore I am not aware of what distribution was made of any of the stock that remained in the possession of R & M Construction."

Clauses 23 and 24. The Fund's understanding is this: Payment received from the Manitoba Metis Federation by means of cheques payable to the Company for deposit in the account of the Royal Bank of Canada, Portage and Edmonton, Winnipeg were brought back to Winnipeg by Mr. Trithart. The question of payment of supplies account was left to the judgment of the principal of the Company in discussion with Mr. Trithart and the account of Dominion Lumber Limited at that time being the largest payable was considered necessary for settlement.

Mr. Trithart's statement reads that "On one of my frequent visits to Wabowden, I stopped over in Thompson endeavouring to have the Federation pay their account as soon as possible, and as this had been a rather large order, it had been agreed by Mr. Kregeris that as soon as a payment was made by the Federation, Dominion Lumber would be paid. I agree (this is Mr. Trithart) that cheques payable to Dominion Lumber which were signed by Mr. Kregeris and myself, were taken to Winnipeg and subsequently mailed to Dominion Lumber. Our experience with the mails between Wabowden and Winnipeg has been five to seven days for delivery. I also carried with me to Winnipeg a deposit which included a cheque from the Federation payable to R & M Construction Ltd. as the general account for the company was held in Winnipeg and we did not wish to delay arrival of the deposit. To my knowledge, (Mr. Trithart) during the period in which I was supervising the company's account for the Fund, I was not aware of any receivables of R & M being paid directly to the Fund or any other organization except R & M Construction. Cheques were at times forwarded to the Fund but made payable to the company's creditors to speed up the process of having a ten to fourteen day delay in the mail had they been sent back to Wabowden and returned to Winnipeg."

"I recall - (this is Mr. Trithart again) Mr. Allison raising the question of payment to the Company's suppliers and mentioned that the credit facility for this large purchase from Dominion Lumber would enable the Company to pay some of the accounts from the profits thereof, but that Dominion Lumber being the enabling company through their credit facility should be paid first."

Clause 25. Indebtedness to the company's suppliers was at all times to the Fund's knowledge available to Mr. Allison in his capacity as custodian of the Company's records and it is our understanding that when Dominion Lumber's statement was delivered to the Fund's offices in Winnipeg they were copies only of originals sent to the Company's premises at Wabowden.

Dealing with this clause Mr. McIvor's affidavit reads: "That I did in my capacity as a citizen of Wabowden and in no official capacity whatsoever, and at the request of certain old age pensioners residing at Cross Lake, Manitoba, forward to said pensioners application forms for them to apply for assistance to renovate and improve their houses under the Pensioners Program of the Provincial Job Office of the Province of Manitoba. Five applications were completed by old age pensioners at Cross Lake and delivered to me. (Mr. McIvor) I forwarded the five applications to Mr. Douglas Hacking of the Provincial Job Office and five applications were approved by him. Each application listed the materials required to make

(MR. JONES Cont'd) the renovations and improvements to each applicant's home. With the approval of Mr. Hacking and as a convenience to the old age pensioners residing at Cross Lake, I (Mr. McIvor) delivered the orders for materials to R & M Construction Ltd. with instructions to bill the Pensioners Program of the Provincial Job Office for the cost of such materials. With the approval of Mr. Hacking the materials were shipped from Wabowden to Cross Lake by air because of the lateness of the season and as instructed by Mr. Hacking, I informed the Company to submit the air freight charges to the Department of Northern Affairs as the Provincial Job Office and the Department of Northern Affairs had an arrangement that in the remote areas freight costs could be billed directly to the Department of Northern Affairs for payment and in turn charged by that Department to the Provincial Job Office. To the best of my knowledge, (Mr. McIvor) information and belief, all of the freight costs and the material costs payable to the Company in connection with this program were paid in full in the ordinary course."

Mr. Trithart's statement in regard to this clause reads that "Invoices that were submitted to the Communities Economic Development Fund were copies of originals which had been forwarded directly to R & M Construction. However, on occasion and in my opinion - (Mr. Trithart) - Mr. Allison had difficulty balancing statements due to unorganized office procedures and to some degree, the physical situation of the company's premises. I am not aware of the Provincial Job Office Pensioner's Program and can only conclude that if anything of this nature did occur, it was beyond the time that I was the Fund's representative for that account."

Clause 26. Mr. McIvor in his capacity as Mayor of Wabowden, who I am informed arranged for R & M Construction Ltd. to be the medium of sales of material under the Provincial Job Office Pensioner's Program and through the Department of Northern Affairs, arranged for the Company to supply such materials, with the (this is the Fund's statement Mr. Chairman, I beg your pardon) with the exception of one account in the amount of \$416 all receivables have been collected through the Department of Northern Affairs. The remaining amount will in our understanding be paid very shortly.

Mr. McIvor's affidavit states that "Mr. Allison is apparently confused between the materials purchased and shipped for the Old Age Pensioners at Cross Lake and the materials purchased and shipped for the Fishing Co-operative at Cross Lake."

Clause 27. Repairs to the dwelling known as Scott's house in Wabowden to the value of \$2,280 were undertaken through the auspices of Mr. McIvor as Mayor of Wabowden. Any delay I am told in settling the account arises principally in delays in invoicing by the Company. Invoices for the amount specified were forwarded by the Department of Indian Affairs, Thompson, to their regional office in Winnipeg for payment on December 18th last and the cheque payable to R & M Construction Ltd. was received on January 18th in Wabowden and brought by the principal to the Fund's offices in Winnipeg for deposit to the Company's account in the Royal Bank.

MR. SPIVAK: Point of order . . .

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: . . . 1974?

MR. JONES: Yes, Mr. Spivak.

MR. CHAIRMAN: Proceed, Mr. Jones.

MR. JONES: The officers and directors of the Communities Economic Development Fund met in Thompson on April 25, 1973, prior to their board meeting to take place the following day in Wabowden. Mr. Allison appears to be referring to a reception given to the Directors of the Fund by the City of Thompson on the evening of April 25th, at which reception Mr. Allison appeared at approximately 11:30 p.m. No discussions took place that day in Thompson or that evening as to the affairs of R & M Construction Ltd., but they did take place at the board meeting of the Fund held in the Silver Leaf Hotel, Wabowden on April 26, 1973, at which day Mr. Allison was not available in the community for consultation or discussion. At that board meeting in Wabowden on April 26, 1973 the Board of Directors of the fund resolved that a comprehensive report was to be prepared by the Department of Industry and Commerce, Mr. Manfred Keil, Research Economist. During Mr. Allison's residence at Wabowden funds for the payment of employees of R & M Construction came in the normal fashion from the company's payroll account and at no time was Mr. Allison instructed or advised that the fund's objectives included provision of grants for the purpose of helping the

(MR. JONES Cont'd) Community of Wabowden to develop, and this appears to be a complete misunderstanding of the fund's participation. Mr. Trithart's statement reads that to the best of his recollection the dwelling known as the "Scott House" was first discussed in mid to late March 1973 and that he was not aware of when payment was made. This, as I recall, (Mr. Trithart) was a project of the Department of Indian Affairs but at the request of that department Mr. McIvor was asked by their representative from The Pas to have the work completed. I recall, (Mr. Trithart) going to Thompson with Mr. Allison in my company on approximately April 25, 1973. The purpose of this was to pick up one of the two cement trucks having extensive repairs in Thompson. Due to some verbal confusion between the service station and R & M Construction, the truck in question was not ready. Mr. Kregeris was responsible for the hiring of employees and I recall some complaints from Mr. Allison regarding work not being completed but he was always quick to add that he could get this organized and have the work in progress on various projects without delay. "This disturbed me," (Mr. Trithart) "as on a number of my visits it was discussed with both the principal and Mr. Allison that the cost of construction and relative data on each project was getting out of hand. At no time did I advise that any grants of any amount were available to R & M Construction."

Mr. McIvor's affidavit in regard to this clause states that, "The Department of Indian Affairs was prepared to authorize improvement to a building to be used as a family residence for the Scott family. The authorization received from the Department of Indian Affairs provided that the improvements and repairs were not to exceed \$2,200.00. R & M Construction Ltd. was advised of the availability of this job and were asked to submit cost estimates to do the necessary repairs. The company originally tendered \$3,300.00 for the work and materials required to repair and renovate the Scott home and this tender was not acceptable. Materials were purchased by the Department of Indian Affairs from Nor-West Lumber at Thompson, Manitoba, to the value of \$786.00 for doing the repairs and renovations to the Scott home. After these materials were purchased from Nor-West Lumber in Thompson, R & M Construction offered to complete the job on the Scott house for \$2,200.00. R & M Construction was engaged to do the work of renovation and repairing the Scott home on the clear understanding that the total contract price was \$2,200.00 including the cost of materials purchased from Nor-West Lumber, namely \$786.00 and that the only moneys which would be paid to the company would be \$2,200.00 less \$786.00." This is McIvor's statement, goes on to say: "At no time did I instruct Mr. Allison or the company that the cost of materials for the purchase of the Scott home were to be invoiced to the Provincial Department of Northern Affairs. Payment for the Scott house was made by cheque payable directly to the company and not to the Fund as alleged and this cheque was delivered to me" - (to Mr. McIvor) - "and in turn forwarded to be deposited in the account of R & M Construction Ltd."

Mr. McIvor further states "that there was no meeting of the officers and directors of R & M Construction Ltd. in May of 1973 in Thompson and Mr. Allison was not in attendance at any such meeting. As no such meeting was held, the President of the company, Mr. Kregeris was not and could not have been excluded from same."

Clause 28. The Fund's concern with the state of affairs resulted as stated in the commissioning of an independent study by Provincial Government departments and also prompted the engagement by the Fund of the firm of Dunwoody and Company to undertake an audit of the affairs of the company. The reports attached to the financial statements prepared by Dunwoody and Company accorded that the general condition of the company's records left much to be desired but were not in my understanding the result of the role taken in the affairs of the company by Mr. Trithart, Mr. McIvor or Mr. Thompson, who were not responsible for the precise details of record keeping. In the report the Dunwoody and Company referred to outstanding cheques totalling \$9,398.00. This matter was resolved by providing the company, R & M Construction Limited with the return of these cheques which had been sent to the Fund for counter signature when moneys were not available in the Company's account with the Royal Bank to meet payments thereof. The report of Dunwoody and Company with the financial statements were received in the offices of the Fund on July 19, 1973.

Mr. McIvor's affidavit states that "I did not take an active part in the day to day management of R & M Construction Ltd."

Mr. Trithart's statement reads that in his capacity as Senior Development Officer for the Fund during the month of May, 1973, "I was not responsible for the account of R & M

(MR. JONES Cont'd) Construction and was only remotely aware that a firm of chartered accountants had been employed to ascertain the state of affairs of the company. The paragraph wherein Mr. Allison said that he acted on my instruction regarding information about cheques is completely untrue." This is Mr. Trithart's statement.

Clauses 29, 30 and 31. At all times Mr. Allison was aware of the Fund's financial participation in R & M Construction Ltd. and during his tenure at Wabowden he was informed of the limitations placed upon the company by the Fund's board in their authorization of a commitment of a loan of \$40,000 and a guarantee of \$32,000.00. The only obligations of the company to the Fund's knowledge substantiated by letters from the Fund were those to suppliers, namely Space Wall Distributers Limited and Dominion Lumber Company Limited and were an indication rather than a guarantee that the accounts would be settled without problem because of information supplied through the Fund as to material sales. The suppliers to R & M Construction did to our knowledge invoice the company directly with copies to the Fund in the case of Dominion Lumber and Space Wall Distributers Limited. Mr. Allison again states here that he was employed by the Fund rather than R & M Construction Ltd.

Mr. Trithart's statement reads that "Mr. Allison was familiarized by myself and Mr. Kregeris of the precise extent of the Fund's commitment to R & M Construction, but we would not in fact say, for example, that there was an additional \$100,000 available should a contract of such magnitude be made available, as the Board of Directors of the Fund had to authorize or decline this as the case may be. In my opinion" - (this is Mr. Trithart) - "you do not get substantial amounts of money from any financial institution on the basis that you "may" have large contracts that are in excess of normal operating requirements.

"In a few instances, obligations of the company" - (this is Mr. Trithart's statement continuing) - "were guaranteed by letters from the Fund, but only after consultation with the principal and upon assurance that the materials from these suppliers were needed. In most instances, the Fund's letters were by way of indication rather than outright guarantee. On those occasions where we had given such letters we asked that copies of statements be forwarded to the Fund with the originals going to R & M as we felt that we should have a more precise obligation in these particular instances. Mr. Allison was never employed by the Fund as he states in this section and I admit that there was a degree of direction by the Fund in these instances but it was in a manner to protect the Fund's position and to guide and/or assist the principal and Mr. Allison in the affairs of the company."

Mr. Trithart's final statement states that "my brother Donald Trithart was Sales Manager for Dominion Lumber Limited, did nothing but assist the company inasmuch as they were, in my opinion,"(Mr. Trithart) - "selling to R & M Construction on the same basis that they would sell to any other lumber yard or contractor and in many cases Dominion Lumber went out of their way to obtain better deals, quick service and make credit available to our mutual client, a very important part of any operation."

Mr. Chairman, that is the completion of the first affidavit.

MR. CHAIRMAN: Thank you, Mr. Jones. Mr. Minaker.

MR. MINAKER: Mr. Chairman, could I ask at this point if Mr. Jones could table his written statement so we could have copies of that. It's in more detail than the summary that we have before us. It was a reply to Affidavit No. 1. I would find it very useful personally and I would think the fact that it was read into the meeting minutes that we would have copies of it.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: All of the proceedings will be recorded and members will get them. As to whether Mr. Jones reads from notes or paraphrases or does things of that nature is his concern, but what he has reported to the meeting will be transcribed and made available to all members.

MR. CHAIRMAN: Mr. Minaker on the same point?

MR. MINAKER: Yes, on the same point, Mr. Chairman. My reason for requesting is that we have had a committee meeting last week which we have not received the minutes on and transcribed on - at least I haven't personally received them and I think it would be convenient and it's not difficult to xerox these copies, that it would be convenient to the members to have them right now rather a week or two.

MR. CHAIRMAN: Mr. Minaker, on the case of the last committee meeting of the Economic Development Committee, I made inquiries yesterday, they have been transcribed

(MR. CHAIRMAN Cont'd) and are now in the process of being printed and will be made available I believe before the end of the week. So it was just only last Thursday that the committee met, and they were ready to go to print.

MR. MINAKER: Well, Mr. Chairman, due to the seriousness of what we're dealing with . . .

MR. GREEN: What seriousness?

MR. MINAKER: Well in our opinion it's serious.

MR. GREEN: Yes, okay, in view of your opinion it is serious . . .

MR. MINAKER: We would find it very useful and I can't see any objections to having that particular item tabled and getting copies made available to the committee members as soon as possible.

MR. GREEN: Mr. Chairman, can we ask Hansard to make a special attempt to pull this material out, get it transcribed immediately so that it will be available before the end of the week or the beginning of next week?

MR. CHAIRMAN: I shall make enquiries indicating this material printed as soon as possible. I believe it is - the whole process of printing Hansard has been speeded up; as you are aware in the House that Hansard is made available the very next day, so it's possible that we shall be able to do the same thing with this committee meeting.

MR. CHAIRMAN: Mr. Spivak on a point of order.

MR. SPIVAK: I would formally through you ask Mr. Jones if he would not object to tabling the written submission that he made and copies be made so the members could have it now, notwithstanding the fact that it will be contained in the Hansard to be completed.

MR. CHAIRMAN: Mr. Parasiuk.

MR. JONES: Mr. Chairman, I would prefer that the matter be dealt with as Mr. Green suggested inasmuch as - generally speaking what I've been doing here although I've been reading extracts from affidavits, the material I'm reading to you in the form of speaking notes. This is the way - this is my feeling.

MR. SPIVAK: Well, Mr. Chairman, if I'm correct, I don't think Mr. Jones deviated from the speaking notes at all. I think he just read them into the record.

MR. GREEN: Well, Mr. Chairman, you know there are sometimes things that I will be reading from in an answer, Mr. Speaker - we're dealing with the commercial affairs of a little company in Northern Manitoba and quite often in the House I will read an answer and then feel that this answer is not written as I feel it should be given, that I will give it in a different form than in the writing. I believe that Mr. Jones is entitled to do that as well and that the answer that he has given will be made available to honourable members very shortly.

MR. CHAIRMAN: For the benefit of the members, I was able to follow from the various affidavits the whole statement and it seems that there was no deviation from what was provided in the material. Would you proceed.

MR. GREEN: The next affidavit.

MR. CHAIRMAN: Mr. Jones.

MR. JONES: If I may deal, Mr. Chairman, then with the second affidavit.

MR. CHAIRMAN: Order please. Gentlemen, let's proceed with the report from Mr. Jones. Mr. Turnbull would you restrain yourself please. Mr. Jones, Order. Order please. Mr. Jones proceed.

MR. JONES: Dealing with the second affidavit, Mr. Chairman, we will I am sure be somewhat repetitious but it's the nature of the case contained in the affidavit sworn by Mr. Allison.

Clauses 1 and 2 of the second affidavit sworn on March 14, 1974 basically correct but conflicts with statement in the first affidavit that Mr. Allison was employed by the Fund rather than the company.

Clause 3. Contracts for the construction of two houses in Wabowden were originally undertaken by J. M. K. Construction Ltd. and subsequently completed by R & M Construction Ltd. The inventory of lumber and building supplies at the time of Mr. Allison's arrival in Wabowden was being purchased by R & M Construction from J. M. K. Construction.

Mr. McIvor's affidavit reads that "In answer to these paragraphs on the first page of Mr. Allison's affidavit the Wabowden Community Council ordered from J. M. K. a community hall at a price of approximately \$20,000 and did not order from either J. M. K. or R & M two houses alleged and there are no written contracts by the Community Council of Wabowden with

(MR. JONES cont'd). . .either J.M.K. Construction or R & M Construction for the construction of either of the two houses referred to by Mr. Allison"

Mr. Trithart's statement reads, "Before Mr. Allison commenced his duties House No. 1 had been sold to the Department of Indian Affairs for approximately \$15,000 and House No. 2 was sold to Peter Braun after Mr. Allison arrived on the scene for approximately the same amount with the agreement of the company. Proceeds of sale on House No. 2 were to be prorated because of the fact that J.M.K. and R & M had both done work on building. At the time the responsibility of R & M Construction was transferred to another officer of the Fund, this account had not been paid." This is Mr. Trithart's statement. "All orders for material were made up by Mr. Kregeris and Mr. Allison and I was not aware of anyone other than them ordering materials unless specifically requested by the principal or Mr. Allison. At no time was I ever aware of R & M Construction paying retail costs and if anything Dominion Lumber did their utmost and spent considerable time endeavoring to assist this company."

Clause 4. Prior to Mr. . .

MR. CHAIRMAN: Mr. Asper on a point of order.

MR. ASPER: I wasn't sure whose statement that is.

MR. JONES: I'm sorry, that was Mr. Trithart's statement.

MR. CHAIRMAN: Proceed, Mr. Jones.

MR. JONES: The Fund goes on to say that "prior to Mr. Allison's arrival in Wabowden House No. 1 contracted for \$14,800 was sold to Indian Affairs and House No. 2 was sold for \$15,000 to Mr. Peter Braun of Wabowden, not on the instructions of the Fund but by agreement with the company. Proceeds of sale of this House No. 2 for 15,000 were made payable to R & M Construction Ltd. and credited to that company's account in the Royal Bank of Canada, Portage and Edmonton after discussion with the company's legal counsel, who agreed that the prorated material between J.M.K. and R & M used in this house construction could be adjusted at a later date. The matter of purchase of building materials for government programs related to the major purchase in the Fund's understanding by the Metis Federation referred to in the first document at \$22,575.00."

Mr. McIvor's affidavit reads, "In answer to the fifth paragraph," (that's the first paragraph, top of page 2) "of the affidavit now being dealt with, the Fund did not instruct R & M Construction to sell either one or both of the said houses to Mr. Peter Braun as alleged. To my knowledge" -(this is Mr. McIvor) - "one of the said houses was purchased by the Department of Indian Affairs for their off the Reserve Housing Program for occupancy by one Emma Monias, a school teacher; and the other house was purchased by Mr. Peter Braun from R & M Construction Ltd." Mr. McIvor's statement goes on to say that "To the best of my knowledge the purchase price for both houses was paid directly to the company. During the period of March to June 1973" - Mr. McIvor goes on to say - "I did not instruct Mr. Allison to order very large amounts of building materials for the purposes of government programs as alleged."

Due to the inability of a company to receive normal supplies credit terms, Mr. Trithart arranged through Dominion Lumber Limited for purchases referred to.

On page 3, paragraph 2 of the affidavit now being dealt with, reference is made to an aggregate value of materials purchased and distributed exceeding \$102,000. This is incorrect, as the total purchases for the period from November to the end of May 1973 amounted to \$64,819 as confirmed by Dunwoody and Company of which just over \$36,000 was purchased from Dominion Lumber Limited.

MR. SPIVAK: Excuse me, how much. . . ?

MR. CHAIRMAN: \$36,000.00.

MR. JONES: Mr. Chairman, may I go back. The total purchases by the company from May to June '73 were \$64,819 of which just over \$36,000 was purchased from Dominion Lumber Limited. Reference to over-shipment under the Federation order is incorrect as materials in excess of requirements were returned to the company's premises and subsequently repurchased by the Federation and the accounts settled, with the exception of that one I referred to in my first statement of \$251.00.

Reference to Winter Warmth and Pensioners Housing Programs is outside the jurisdiction and knowledge of the Fund and materials for such programs were purchased through the assistance of Mr. Thompson and Mr. McIvor, not in their capacities as directors of the Fund or R & M but rather in their respective capacities as representatives of the Manitoba

(MR. JONES cont'd). . .Metis Federation and the Community of Wabowden. Lack of materialization of contract work for the company due to lack of working capital and performance bonding ability influenced the board of directors of the Fund to suggest to the principal that he concentrate upon the performance of supply of building materials in the community pending reasonable resolution of the company's liquid position. While every effort was, I understand, made to utilize the local labour force as long as possible supervisory personnel at least in the person of the foreman, Mr. Smith, I am informed in June.

Mr. Trithart's statement reads that "Mr. Allison claims that over 2,000 square yards of linoleum to the value of over \$7,000 in excess of requirements was ordered and delivered." Mr. Trithart goes on to say that "I do not recall the exact discrepancy between the Federation and the company but I had understood that the Federation subsequently accepted the alleged over-shipment. The signing of the February 15, 1973 order was by Mr. Thompson and Mr. Kregeris on behalf of the Federation and the company respectively." Mr. Trithart goes on to say, "At that time I was taken off the administration of the account of R & M Construction some of the materials had been returned and I cannot draw any conclusions as to what happened thereafter."

Mr. Trithart goes on to say, "Each time it was recognized by the company that a contract may be available, they were unable to complete such arrangements either due to the availability and/or costs of materials, the Fund's reluctance to finance projects of that magnitude, or the state of repair of equipment needed by the company. There were occasions when experienced personnel were employed" - Mr. Trithart goes on to say - "and the matter was discussed at some length by himself with both Mr. Kregeris and Mr. Allison, as well as the fact that work in progress was not being completed even though they appeared to be over-staffed."

Mr. McIvor's affidavit reads that "I did not instruct Mr. Allison not to disclose the cost of materials as alleged or at all and I gave him no specific instructions to ship specific orders in groups of materials to persons or families in Wabowden or to persons or families in Cross Lake or Norway House in Manitoba, with the exception of direction to send material under the Pensioners Renovation Program to five pensioners in Cross Lake." Mr. McIvor's affidavit goes on to say that "In answer to the ninth paragraph -(That's the last paragraph on page 3 and the top of page 4) - I did not represent to Mr. Allison or to the company that the company would be receiving contracts for local works in northern communities, nor did I require Mr. Allison or the company to maintain on the payroll of the company supervisory personnel skilled or unskilled labour."

Mr. McIvor goes on to say that "I did not instruct the government (either provincial or federal) or any other agency to pay the accounts owing to the company very slowly, in part or not at all." He goes on to say also that "I did some time in the month of June introduce to Mr. Allison a representative of the Department of Indian Affairs. In my presence, Mr. Allison asked the said representative if there were any on the job grant moneys available for the training of native people. The representative said that there were certain programs available but the company would have to submit a written proposal to the Department of Indian Affairs." Mr. McIvor goes on to say that "I did not instruct Mr. Allison or the company to commence a small dwelling or any dwelling to assist in the training and employment of native persons and I did not advise Mr. Allison or the company that a formal purchase order for the said house would be forthcoming."

Mr. Thompson's affidavit reads that "In answer to the seventh paragraph (it's commencing on the 8th of the 3rd page of this affidavit) the reference to the transactions by the Manitoba Metis Federation are dealt with in Mr. Thompson's earlier affidavit tabled before the committee. At no time or any material time were any materials belonging to the company given away to any person in any community in any place in the Province of Manitoba on my instructions." This is Mr. Thompson. "All material purchased by the Federation from the company including materials in excess of the amounts actually ordered by the Federation from the company were paid for in full by the Manitoba Metis Federation."

Mr. Thompson goes on to say that "All of the material purchased by the Federation through R & M Construction was suitable for its purposes and that Mr. Allison had no means of knowing for what purposes the Federation purchased these materials or to what ultimate use the Federation intended to put these materials. All such materials purchased by the company for the Federation were purchased in accordance with the specifications supplied by the Federation."

(MR. JONES cont'd)

Mr. Thompson goes on to say, "I did at no time represent to Mr. Allison or to the company that the company would be receiving contracts for local work in northern communities nor was Mr. Allison or R & M Construction instructed by me to maintain supervisory and skilled and unskilled personnel on the payroll of the company."

Mr. Thompson goes on to say, "I did not at any time instruct the government, either of Manitoba or Canada, or other agencies to pay the account of R & M Construction Ltd. very slowly or in part or not at all."

The Fund goes on to say that there is no substantiation to the Fund's knowledge of instructions being given to government as to method of payment of accounts to the company.

On page 5 of Mr. Allison's affidavit, it would appear to be the case that an agreement was entered into by Mr. Larry McIvor and the company through the assistance of Mr. Allison for the construction of a small house - prior to the arrangement of appropriate financing by the intended purchaser. After considerable negotiations by the company and after discussion with the General Manager of the Communities Economic Development Fund, not under instructions from the said General Manager, the house was purchased through the remote housing program for \$4,000.00. The resultant loss to the company in this sale of approximately \$800.00 was understood to be incurable, understood by the principal in this transaction, but the decision was left to Mr. Kregeris.

In dealing with the Larry McIvor house, Mr. McIvor's affidavit states that "I was informed in a meeting of the Wabowden Council of which I am Mayor and at that time was building inspector, that R & M was constructing a small house on property owned by one Larry McIvor and that R & M Construction had not taken out a building permit for this purpose. I communicated with Mr. Allison and was advised by him that the dwelling under construction by R & M Construction on the property of Larry McIvor was not a permanent structure and was built in such a manner that the same could be moved and therefore no building permit had been applied for. I did not" - (this is McIvor) - "I did not nor did the representatives of the Department of Indian Affairs in my presence ever advise Mr. Allison or the company that Mr. Larry McIvor had been approved for any housing assistance by Indian Affairs or by any other department. I did not enter into any written agreement with the company" - (this is Mr. McIvor) - "for the construction of the said house and I have no knowledge as to whether or not Mr. McIvor entered into a construction contract in writing with the company with respect to the said Scott house." Mr. McIvor goes on to say that "To my knowledge a partially completed house constructed by the company on the property owned by Larry McIvor was inspected by representatives of Manitoba Remote Housing." Mr. McIvor goes on to say that, "I did not instruct the company to sell the said dwelling house to the Remote Housing or to any other group whatsoever."

Mr. McIvor finally comments that, "I did not give instructions or directions to Mr. Allison or to the company in connection with the purchase or distribution of materials and supplies by the company or the placing of contracts by that company." That was McIvor's statement.

Mr. Allison was not employed by the Fund and received advice rather than instructions from Mr. Trithart as the Loans Officer then directly involved in the company's affairs. At all times the Fund's offices were available for consultation and by no means only in regard to matters involving government programs.

Mr. Trithart's statement reads, "Again, Mr. Allison states that he was employed by the Fund but he was receiving advice rather than instructions from myself" (Mr. Trithart) "and at all times, including evenings, Saturdays and Sundays, I made myself available for such consultation and discussion on any matter pertaining to the company's business and never restricted my advice to any government programs."

Cheques required counter signatures by the Fund up to the end of April 1973 by Mr. Gordon Trithart who was then dealing with the accounts, and after May 1, 1973 by myself as General Manager of the Fund and these cheques with the company's vouchers were mailed or delivered to the Fund's offices, and when funds were available in the company's bank account in the Royal Bank of Canada, they were countersigned and sent back to R & M Construction Ltd. for mailing to creditors. If there were cases of error on the part of the principal and/or Mr. Allison cheques were cancelled in the Fund's offices and returned to the company's premises. And to the Fund's knowledge on no occasions were such cheques received by the Fund with the amounts or payee blank, except when these were brought into

(MR. JONES cont'd). . . the Fund's offices by the principal and/or Mr. Allison for discussion and completion thereof. And at no time whatsoever were cheques drawn in payment of the company's creditors upon the Communities Economic Development Fund's account.

There is no record, no substantiation of. . .

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Is that the Fund's statement?

MR. JONES: That was the Fund statement.

MR. SPIVAK: Could you just repeat that again please.

MR. JONES: Should I go back.

MR. SPIVAK: No, just the last. . .

MR. JONES: At no times whatsoever were cheques drawn upon the account of the Communities Economic Development Fund to pay creditors of R & M Construction Ltd.

MR. SPIVAK: Thank you.

MR. JONES: There is no substantiation of a tendering of resignation by Mr. Allison, that he was dismissed verbally by the General Manager of the Fund, myself, as confirmed to the Board of Directors of the Fund by memorandum and confirmed by letter, dated July 30, 1973, from the principal of the company to the Fund.

Mr. Chairman, that's the affidavits.

MR. CHAIRMAN: Thank you, Mr. Jones. Mr. Spivak. Mr. Parasiuk, would you. . .

MR. SPIVAK: Mr. Chairman, my question will be really to Mr. Jones.

MR. CHAIRMAN: The Chairman will deal with the questions and he wishes to direct them to Mr. Jones, . . .

MR. SPIVAK: Well mine's concerning the affidavit - well it's concerning really the affidavit to the statement, Mr. Jones, and I want to put a question to you directly to say it is important. . .

MR. GREEN: Mr. Chairman, I don't anticipate any problem but I do think that we have for the record that it's the chairman who is reporting, that the chairman who is answering and that the chairman will call upon Mr. Jones. Now I don't think that there is a problem in what Mr. Spivak wishes to do, but I do wish to maintain what has always been maintained as the precedent, that it is the Chairman who responds and that he calls upon people to reply. I expect that if Mr. Spivak puts it that way there will be no problem. Let's see whether we get the reply.

MR. CHAIRMAN: I believe that will be the easiest procedure. You can ask your question Mr. Spivak, of Mr. Parasiuk. If he wants to call upon Mr. Jones to answer it that will be up to the Chairman of the Communities Economic Development Fund. Mr. Parasiuk. Mr. Spivak. You're on first for a question.

MR. SPIVAK: I have more than one question, Mr. Chairman. Dealing with the first question, and this is to Mr. Jones. He's made a very lengthy statement of the situation referring to statements of Mr. Kregeris which is not sworn, statements of Mr. McIvor and Mr. Thompson which are sworn bringing in the Fund's position and in the course of doing it he's presented a position. I now have to ask Mr. Jones, I'm not. . .

. . . . Continued on next page.

MR. CHAIRMAN: Mr. Spivak. . .

MR. SPIVAK: Mr. Parasiuk through Mr. Jones, I have to ask him notwithstanding the fact that others may have made certain representations even by affidavit, does he believe in total the story that he's just presented?

MR. CHAIRMAN: Mr. Parasiuk.

MR. SPIVAK: I'm asking through you Mr. Parasiuk to Mr. Jones whether he believes the story that he has just told notwithstanding the fact that there is supporting evidence by some affidavits, does he believe that the information he's presented is entirely accurate?

MR. PARASIUK: I will answer on behalf of the Fund because in overall terms I am responsible for the Fund and the statement that we presented to the best of our ability in bringing forward the documentation and corroboration and looking at the evidence is the true statement.

MR. SPIVAK: Well I wonder if Mr. Parasiuk can inform me and inform Mr. Jones whether he is aware of a memo sent to Mr. Jones on a confidential report on the Community of Wabowden, dated May 23, 1973, and without dealing with the memo, just to quote one sentence: "Specifically R & M Construction has incurred unnecessary financial losses due to incorrect information about government programs provided to the company by the mayor?" And referring to the mayor, he's referring to Don McIvor. Now I'd like to know how the government dealt with this memo and this report undertaken by the person who was instructed by the government to examine the affairs of R & M Construction.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: I'm not directly acquainted with that memo. . .

MR. CHAIRMAN: Mr. Jones.

MR. JONES: That is a memorandum, I believe, which was addressed to the Fund supporting the report prepared by the Department of Industry and Commerce and it was made known to these directors of the Fund.

MR. SPIVAK: Well again, I wonder how you can reconcile the information that's been provided with the report undertaken independently, which says, "Specifically R & M Construction has incurred unnecessary financial losses due to incorrect information about government programs provided to the company by the mayor."

MR. PARASIUK: We had no documentation to substantiate that. I am sure that a mayor, either of Wabowden or of Winnipeg or anywhere, might in fact discuss possibilities of government programming related to - oh, Northern Manpower Corps, other such types of activity. How it's interpreted in a place like Wabowden we really don't have that much control over. We have in fact stated that people like McIvor or Thompson in that area would offer that advice. Whether in fact that advice was wrongly given, they said that it wasn't; whether in fact it was misinterpreted is something that we really can't define and know.

MR. SPIVAK: Can I ask something, Mr. Parasiuk? When were you made aware of this memo as chairman? When were you made aware of it?

MR. PARASIUK: I can't remember the exact date. I did see the memo covering this report when it was brought forward. We discussed such matters as. . .

MR. SPIVAK: Just let's try and pin this down. Were you aware of this memo in the month of May?

MR. PARASIUK: I can't recall exactly. I'll have to check through my files on that.

MR. SPIVAK: Or in the month of June?

MR. PARASIUK: Well I think there's a mistake that I think should be clarified. In the House you implied that there was a certain period over which I was responsible for these Fund's activities. I resigned from the government on May 29th.

MR. SPIVAK: Yes, I understand that, so therefore. . .

MR. PARASIUK: So I wouldn't have been aware in June and I can't check whether. . .

MR. SPIVAK: So the likelihood is that you weren't aware of this in the month of May or June. You've just indicated that the board dealt with this matter and I want to sort of just pinpoint that. You yourself, as Chairman of the Board having resigned, for the period of time of the election were not aware of this memo then.

MR. PARASIUK: I can't recall it at this time. I'll have to check through my files, though, to see when I received it.

MR. SPIVAK: I wonder if you can inform the committee whether you were aware of the

(MR. SPIVAK cont'd). . . fact that there were 10 chartered flights through Cross Lake Airways by Don McIvor for the delivery of materials to Wa'bowden prior to the election.

MR. PARASIUK: No, that's outside the Fund's jurisdiction.

MR. SPIVAK: So you're not aware that that took place.

MR. PARASIUK: No.

MR. SPIVAK: You're not aware who paid for those charters? Are you aware of any potential candidates that may have been involved in the assistance of the delivery of the materials?

MR. PARASIUK: Obviously not.

MR. SPIVAK: I wonder if you can indicate whether you were aware of any meetings being held between party officials of the New Democratic Party at Thompson, Mr. McIvor and Mr. Ben Thompson, dealing with the distribution of the program both called the Winter Warmth Program and the Pensioners Program. Are you aware of that?

MR. PARASIUK: No I am not. At the same time I don't know if this pertains to the Communities Economic Development Fund.

MR. SPIVAK: No, I don't think it does. I'm just simply asking you. . .

MR. PARASIUK: Well, is this to review the Communities Economic Development Fund or is to review the last election? I'm not sure.

MR. SPIVAK: Well, as a director of the Fund, as a director of the Fund, did Mr. Don McIvor inform the Fund board of directors that there had been meetings held in connection with New Democratic Party officials to discuss the delivery of materials under these programs prior to the election?

MR. PARASIUK: We don't discuss those matters at board meetings, and I would see no reason why he would--I can't say whether Mr. McIvor had or didn't have meetings. This is something that really wouldn't be discussed at a board meeting.

MR. SPIVAK: Well then, through you to the chairman, through you as chairman to Mr. Jones, I wonder if you can inform the committee what action he took when he received the memo dated May 23rd, indicating that in fact there had been unnecessary financial losses due to incorrect information about government programs provided to the company by the mayor.

MR. CHAIRMAN: Mr. Jones.

MR. JONES: Well, Mr. Chairman, the first action that was taken was to read this memorandum in conjunction with a report prepared for the Fund by the Department of Industry and Commerce, which was presented to the board of directors, I can't recall the date - we have it here with the secretary - the date of the June board meeting. The report was studied in conjunction with the report of Dunwoody and Company, and in my opinion the memorandum and the two reports had to be considered together, but the June board meeting I believe was the first time it was drawn to the attention of the directors.

MR. SPIVAK: Well, can you tell me when the report of Dunwoody, Saul and Smith was completed?

MR. JONES: Dunwoody's report was received in the Fund's offices on July 19th.

MR. SPIVAK: So that in effect this report was read in connection with a report from the auditors that was completed in July, so that from the period of about two months after the report was delivered and after the memo was delivered, really no action took place with respect to the concerns expressed both in the original memo that the Communities Economic Development Fund was acting as the godfather, and further - and I'm quoting the actual words used: "and further, that there in fact had been unnecessary financial losses incurred by the company due to the information supplied by the mayor." Are you suggesting that the Fund, the Economic Development Fund board did not deal with this matter for two months? Is that right?

MR. PARASIUK: Well, I'd like to answer that. You know--perhaps I should relay this over because I was not at that particular board meeting.

MR. CHAIRMAN: Mr. Jones.

MR. JONES: I would like to check on the dates, Mr. Chairman, of the June board meeting, because to my recollection that report was considered at the June board meeting though we did not get the Dunwoody report, as Mr. Spivak says, until July -- as I said to Mr. Spivak, until July.

MR. PARASIUK: Normally such questions arise because occasionally board members will ask about training programs or something like that. We then try and refer them directly to the appropriate government agency involved, be it federal or provincial, and often the staff check that up with the relevant agencies to try and ensure that the best and most straight-forward information is relayed to a particular client.

MR. ASPER: Mr. Chairman, I just want a preliminary question while you're waiting for Mr. Jones to look up the information, because I'm struck by the unusual procedure we're following, the presentation by a chairman of affidavits from his board, and my question is: Whose idea was the preparation of these affidavits that you've tabled today?

MR. PARASIUK: The board members came in, they had been accused of many wrongdoings in the House, and they wanted to make a factual statement giving their side of the story.

MR. SPIVAK: Which board members are you referring to?

MR. PARASIUK: The two board members in connection, Don McIvor and . . .

MR. SPIVAK: Mr. Thompson is a board member then?

MR. PARASIUK: No, he was a board member in the past, and the accusations. . .

MR. ASPER: How. . . came in if he wasn't a board member?

MR. SPIVAK: When was he a board member as well?

MR. PARASIUK: He was a board member from the inception of the Fund in January of 1972 to December of 1973.

MR. ASPER: At the time these affidavits were filed in the House that prompted this discussion, he wasn't a board member, was he?

MR. PARASIUK: No he wasn't.

MR. ASPER: Well then, to where did he come in? From whence?

MR. PARASIUK: He came in to Winnipeg, I assume he might have come in from Thompson. He came in to the offices of the Fund saying that he would like to put the record clear in response to the accusations made against him when he was a director of the Fund, and that's why he came to the Fund.

MR. ASPER: And did he come in with Mr. McIvor or did they come in separately? Was the idea spontaneous or did they both jointly come in, say, together?

MR. PARASIUK: They came in separately.

MR. ASPER: And who suggested that affidavits be signed? They, or you, or anyone else?

MR. PARASIUK: On that, I think they wanted to know what was the best way of stating their position in factual terms. I don't know whether it was suggested by anyone relating to the Fund or by themselves that they should sign an affidavit. I think it might have been just something that arose during the meeting on a spontaneous basis. I do not know who raised it.

MR. ASPER: Were there any consultations between you or other members of the Fund and the Minister on this issue?

MR. PARASIUK: I discussed the issue with the Minister in terms of receiving the affidavits and in terms of they receiving instructions to proceed with a factual--with a determination as to whether these affidavits were factually correct. I then tried to get the substantiation of a documentary and corroborating form, and some of the items raised in Mr. Allison's accusations--or affidavits, dealt directly with things that we did not have any substantiation for, and could only come directly from the mouths of Mr. McIvor and Mr. Thompson.

MR. ASPER: I just wanted to isolate that point. Whose idea was the preparation of affidavits? Do you remember whether the idea was suggested by the Minister or by yourself?

MR. PARASIUK: Certainly not by the Minister.

MR. ASPER: All right. So then it's somebody in the Fund, yourself or the other people?

MR. PARASIUK: Yes, and I can't recall whether I--you know, I don't recall whether in fact it was my suggestion or whether in fact it was their suggestion, in that they had come in and wanted to in fact--Oh, I have a note here. It said that the suggestion for the sworn affidavit in terms of putting the record straight was by our legal counsel, Mr. Weinberg.

MR. SPIVAK: Mr. Thompson is not listed as a director of the Communities Economic Development Fund on the Annual Report, which is for the year ending 1973. I don't know how that jibes with the information that you supplied that he was a director.

MR. PARASIUK: Well I think that when that was--Yes, there is a mistake then on that because for the period of time that that annual report deals with, he was a member of the Fund.

(MR. PARASIUK cont'd). . .When the material was discussed at the Fund and the Auditor's Report looked at by the Fund, he was not a member and he was replaced by another person, and that's why perhaps the mix-up took place on listing the directors, so in real terms he should have been listed as relating to that particular annual report.

MR. SPIVAK: So he was a director of the Fund although not shown there.

MR. PARASIUK: He was a director of the Fund for the period of that Annual Report.

MR. ASPER: Now, who prepared the affidavits?

MR. PARASIUK: The affidavits were prepared by McIvor and Thompson in consultation with legal counsel, Mr. Weinberg.

MR. ASPER: Was that legal counsel paid for by the public or by them personally?

MR. PARASIUK: On this matter by the Fund.

MR. ASPER: Where were the affidavits sworn, do you remember?

MR. PARASIUK: They were sworn in his office, in Mr. Weinberg's office.

MR. ASPER: You say the affidavits were prepared by the people who have sworn them or were they prepared by Mr. Weinberg?

MR. PARASIUK: Well I think that they were probably prepared in consultation. The exact legal wording, I think, might have been done by Mr. Weinberg but the case was presented. . .

MR. GREEN: Mr. Chairman, on a point of order, the honourable member knows full well how affidavits are prepared in his office or anybody else's office. There is a discussion with a client and the wording is usually then, it becomes the wording of the client as close as possible, put into formal language such as I'm sure the affidavit of Mr. Allison was prepared. It is then typed out by a secretary who can do shorthand and typing or . . .

MR. ASPER: Do you know that?

MR. GREEN: Well, Mr. Chairman, I am suggesting that is the normal way in which affidavits are prepared, and I really think, Mr. Chairman, it's unusual. I really think it unusual that the Honourable the Member for Wolseley did not ask how Mr. Allison's affidavits were prepared, at which law firm--They were laid on the table in the Manitoba Legislature. They were before you at the same time that they were before me.

MR. ASPER: Well, Mr. Chairman, on that point, we'll get to Mr. Allison's affidavits, believe me.

MR. GREEN: Oh, I'm sure you will. You had lots of time.

MR. ASPER: The only question was, I find it surprising that public counsel is used to prepare affidavits for people who don't work for. . .

MR. GREEN: Mr. Speaker, that is entirely on my responsibility.

MR. ASPER: I'm sure it is.

MR. GREEN: Mr. Speaker, I accept full responsibility. I accept full responsibility for the Fund using its lawyer and its staff, its manager, its chairman, to deal with the allegations which were made against the firm. Now how all of a sudden--when Manitoba Hydro had to defend against the Liberal accusations on Grand Rapids, did each of the people who appeared have to hire a lawyer and appear or did Manitoba Hydro hire a lawyer?

MR. ASPER: Are we debating? Because they were public servants. Mr. Thompson is not a public servant. You've gone into something else entirely.

MR. GREEN: These affidavits were not prepared for Mr. Thompson, they were prepared for the Fund.

MR. ASPER: Well that's my final question. Are these affidavits then the statements of the Fund?

MR. GREEN: No, Mr. Speaker, the affidavits are the affidavits of the people who wrote they are being presented by the Fund.

MR. ASPER: They're not the affidavits of the Fund then?

MR. GREEN: Mr. Speaker, obviously the honourable member, who is a lawyer, knows that an affidavit is personal to the person who alleges it. It is being put forward by the Fund.

MR. ASPER: Mr. Chairman, that's my point. Whose affidavits are they? Because if they're the affidavits of the people who made them, I find the proceedings peculiar that they're being presented. . .

MR. CHAIRMAN: Mr. Asper, I think it was stated. . .

MR. GREEN: Why should they not be presented by the Fund?

MR. CHAIRMAN: Order please. It was stated that they were affidavits signed by the

(MR. CHAIRMAN cont'd). . . individuals under the advice of a legal counsel of the Communities Economic Development Fund. Mr. Asper proceed.

MR. ASPER: My question then to the chairman, and perhaps through him to Mr. Jones: Do these affidavits represent the position the Fund takes? Do you subscribe to the information in these affidavits?

MR. GREEN: Mr. Chairman, this is not a court of law.

MR. ASPER: It's not even a committee.

MR. GREEN: It is a committee, it is not a court of law. The Fund came to give you the information of which they have knowledge. In doing so, they gave their own information and they gave information which was given to them by certain people and it is not then--you know, the honourable member wishes to have it in the form of pleading that this is on an examination for discovery. The answer becomes the answer of the Fund. --(Interjection)-- Yes, the committee? Mr. Speaker, the honourable member who continually says that he wants information, in this case the Fund has gone back, Mr. Speaker, because of--and what I consider a peculiar procedure, to refer to what the honourable member says is peculiar, and they have with regard to a small company that has borrowed money from the Manitoba Development Corporation, practically had to deal with each individual order, invoice and transaction, because they wanted to deal with the honourable member's allegations. In order to do that, they put all that information on the record and, Mr. Chairman, I say that this is a very unusual procedure; that if this type of committee has to be held on the basis of every person who feels that some manager in some--or every manager who feels that. . .

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

MR. CHAIRMAN: Mr. Spivak on a point of privilege.

MR. GREEN: What is the point of privilege?

MR. SPIVAK: The point of privilege is a very simple one.

MR. ASPER: Let the Chairman ask.

MR. CHAIRMAN: Order please.

MR. SPIVAK: The point of privilege, Mr. Chairman, is this. You know, the Honourable Minister has referred to the proceedings which in this case have been initiated by him or through him and in which he in making remarks and debating on that proceeding. The proceeding. . .

MR. CHAIRMAN: Mr. Spivak, that's not a point of privilege.

MR. GREEN: That's not a point of privilege.

MR. SPIVAK: It is a privilege of this committee.

MR. GREEN: Mr. Chairman, that is not a point of privilege. Mr. Chairman, I was speaking on a point of order. The member has interrupted. . .

MR. SPIVAK: Well I'm sorry. . .

MR. GREEN: The member has interrupted me. He does not have a point of privilege and I wish to continue with the point of order. You do not have a point of privilege.

A MEMBER: When does the execution take place?

MR. CHAIRMAN: Order please.

MR. SPIVAK: Mr. Chairman, there is a point of privilege before this committee.

MR. GREEN: No.

MR. SPIVAK: Yes.

MR. CHAIRMAN: Order please. Mr. Green, would you please restrain yourself.

MR. SPIVAK: The Minister made this presentation in his way. That's his decision.

The proceedings, if it's unusual, is the way in which he's handled it. He could have answered the question in the House.

MR. CHAIRMAN: Mr. Spivak, that is not a point of privilege. You're just debating the same point of order.

MR. GREEN: Mr. Chairman, I wish to proceed with the same point of order. Well I am on a point of order and the honourable member should not be interrupting.

MR. ASPER: Mr. Chairman, on a point of order.

MR. GREEN: No, I am on a point of order, Mr. Chairman, and I wish to continue on the point of order.

MR. CHAIRMAN: Mr. Asper, would you restrain yourself. We'll soon get to the end of this.

MR. ASPER: I'm sure we will.

MR. CHAIRMAN: It is now 12:30.

MR. ASPER: Yes, Mr. Chairman. . .

MR. SPIVAK: Mr. Chairman, I would move that the committee remain in session for one hour to be able to give us an opportunity to deal with this matter a little bit more fully.

MR. CHAIRMAN: We have a motion that the committee continue sitting. All those in favor?

MR. SPIVAK: Well I wish to talk on the motion, if I may, Mr. Speaker. I think that it is in the public interest.

MR. GREEN: Mr. Chairman, on a point of order. At 12:30 the rules are that the committee adjourns, and unless there is unanimous consent for the honourable member to speak, the Chairman has to call the meeting adjourned at 12:30.

MR. CHAIRMAN: Thank you. I call that the committee rise.

MR. SPIVAK: On the same point of order, Mr. Chairman, we are already 10 minutes overdue, we should have ten minutes ago; and Mr. Chairman, to the House. . .

MR. CHAIRMAN: It was my oversight; it was my oversight that we have gone beyond the time. . .

MR. GREEN: . . .called it ten minutes ago; let's go.

MR. CHAIRMAN: Committee rise.

MR. ASPER: Mr. Chairman, when are we meeting again for another entertaining session?

MR. CHAIRMAN: The meeting of the Economic Development Committee will be set in the House at the call of the House Leader.