

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Monday, March 24, 1969

MR. CHAIRMAN: Are you ready for the question? The Honourable Minister of Mines and Natural Resources.

MR. ENNS: Well, Mr. Chairman, I didn't intend to trigger a debate on the royalty tax structure in my comments to the Honourable Member for Churchill that the royalty tax itself, you know, is not the end all of economic benefit to this province but I have taken, you know, a further look into the Act itself, and I would ask the honourable members, just for the honourable members' information, which they have or it's available to them in The Mining Royalty and Tax Act, but the royalty tax is a tax on the profits derived from the production of all minerals excepting potash, oil and gas, and they are treated in a different manner also set out in the Act, and the tax is payable irrespective of whether the production is derived from freehold or Crown land. The royalty tax rates are six percent on the first one million dollars of taxable profit and nine percent on the next four million dollars of taxable profit and 11 percent on all taxable profit in excess of five million. The above rates are reduced by one-half for the first 36 months that a new mine is in operation. Obviously this answer implies some knowledge of the profit structure of a mine and with reference to the concern that the Leader of the New Democratic Party voiced because of the nil return that was issued today would appear to be in contradiction with what I just stated.

I should refer the members of the House to The Mining Royalty and Tax Act, and as I suspected earlier but didn't have the Act before me, our definition, terminology of "net profit" should not be construed or accepted as a full and complete financial statement of the corporation or company that's dealing with it. It's set out very succinctly in the Act, Section 3, "Net profit shall be ascertained in the following manner: the amount of gross revenue from the output of a mine for the year shall be ascertained and from that amount there shall be deducted the expenses and payments, allowances essential to the production of the output of the mine set out in subsection (3)"; and it then goes on to list a specific number of deductions that are allowable under the provisions of this Act. I might point out the purpose of the Act is to allow those kinds of deductions that are the legitimate operating expenses of that particular mine and not a mine in Indonesia or somewhere else. And more specifically those used to encourage or the incentives to further exploration or production of the mine, expenditures for actual exploration, and so forth. Now this is information available to the members. I'm sure the members are aware of it.

I would further point out that in the actual - we accept from the mining companies an estimated production figure on which this royalty tax is based on, according to the formula that I just read to you. We don't of course leave it as such. We have provided ourselves in the Act with the means and the authority and the power to pursue this further and I would inform the members that we do. Whether it means pursuing it simply in this province or indeed to the head companies whether they are in New York or wherever they may be, and I refer members to Section 11 of the Act which states that "A mine assessor may enter upon any mine for the purpose of making inquiries, obtaining information and otherwise performing his duties under this Act and for those purposes he may descend all pits and shafts, and use all tackle, machinery, appliances and things belonging to the mine as he deems necessary or expedient; enter, search, examine, all buildings, erections and vessels used in connection with the mine, take from the mine such samples or specimens as he may desire for the purpose of determining the value of the mineral and mineral products being taken therefrom, and he shall have full access, and complete access to all books, letters, papers and documents kept or used for or in connection with the work and business of the mine and may examine them and take copies thereof or extracts therefrom."

Now, point two, Section 2 of this clause, and unfortunately I was not in the House at the time the Order for Return that my colleague there, or friend, the Honourable Leader of the New Democratic Party referred to, or else I would have made a point of this at that time, that (2) of the Act specifically states "a mine assessor shall not communicate or disclose to any persons any information of a private or confidential nature acquired by him under this section." This is understandable I think to most of us. This is a kind of detailed information of the specific operations of a mine that would have to be kept as privileged and confidential. We use it and we have access to it, very definitely have access to it, to make sure that the royalty tax actually applied is full and in keeping with the terms of the Act.

(MR. ENNS Cont'd.)

I may also while I'm on my feet, Mr. Chairman, make some further reference to the situation of San Antonio raised by the Honourable Member from Rhineland. The situation as it stands today is that we have the secured list of creditors and I would name them: Central Mortgage and Housing Corporation and ourselves to the tune of \$87,000; then the preferred creditors are of course, wages, Receiver-General of Canada, representing income tax and unemployment insurance, and the Workmen's Compensation people; and then the other provincial agencies: Manitoba Hospital Commission, Manitoba Hydro, Manitoba Telephone System, Manitoba Treasury Department. Of the amounts affixed here are some \$17,000 owing to the Central Mortgage and Housing Corporation, Canada Permanent Trust Company which represents our investment here of \$87,000; the outstanding wages, some \$26,900; owing to the Federal Government in income tax, some \$39,600; Unemployment Insurance, some \$5,700; Workmen's Compensation, \$35,000; if I read this correctly - I could be in error here. Other provincial agencies: Manitoba Hospital Commission, \$1,200; Manitoba Hydro, \$129,100; Manitoba Telephone System, \$1,200; Manitoba Treasury Department, \$23,500. Now the secured loans have first charge on the assets and they are secured by irrevocable Letters of Credit. Legal and trustees fees and expenses are paid in priority; wages would then be paid in full, \$26,900, less two percent. The Receiver-General would then be paid in full, that is their \$45,300, less two percent. The two percent referred to here is all dividends are subject to a levy of two percent of the net dividends payable to the Superintendent in Bankruptcy in Ottawa.

The actual arrangements that have been arrived at in the repayment of this I might list as being conditional to the sale, a \$10,000 deposit when the sale was accepted, a further \$15,000 on the second day of January, 1969, \$50,000 on the 30th day of June, 1969, a further \$50,000 on the 31st day of December, 1969 and the final \$60,000 on the 30th day of June, 1970. That is how the repayment of \$185,000 will be made to the trustees with respect to the assets of San Antonio Gold Mines. Thank you, gentlemen.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. GUTTORMSON: Mr. Chairman, this is the first opportunity I've had to reply to the Minister with respect to the remarks he made the other evening regarding hunting. I was rather surprised that he would defend the indefensible with respect to the early season on the big game hunting, to suggest that you're getting the optimum amount of hunting by allowing the season to open early in October, before the snow is on the ground, the weather is warmer, contributing to large numbers of deer being wounded and left to die because the hunter is unable to track the animal. The hunter himself has no desire to shoot the animal at that time of the year because the risk of spoilage is much greater. He has no desire to see himself wound and maim an animal which he is unable to track, and for him to suggest that this is a step forward is just not consistent with the facts. Hunters don't want it this way; it's adverse to the farming community, and in light of the situation last fall the Minister should defend the situation after the experience that we had is just beyond comprehension; a situation that we don't want to see happen again. As I pointed out the other evening we have a situation where we have seasons overlapping. Admittedly we got away with the minimum of hunting accidents with respect to the clash of seasons, but we may not be so fortunate if this happens again, and I can't stress strongly enough that the government not repeat the mistake it made last fall again this year.

And while I'm on my feet I'd like to ask the Minister when his department is going to take some steps to do something on the Fairford River. As he knows very well from the experiences he's had as both Minister of Agriculture and Minister of the present department, the farming people in the area around Lake St. Martin and the partridge crop and the Lake Pineimuta have suffered untold losses in the past two years when the dam was opened up and the river was unable to handle the water downstream. The government is committed to building a structure which will handle the water downstream. Unless this is done the Fairford Dam cannot function properly because when the dam is opened to its full capacity the Fairford River cannot carry the water without flooding the farming land in a wide area.

As the Minister well knows the government found themselves in the position of having to find fodder for the farmers in a large area because they flooded them two years ago, and as he knows that even last year some of the farmers in the area found themselves with a hay shortage as a result of the flooding they experienced in 1967. I'd like to know when the Minister plans to take some positive steps to build a structure which will alleviate the flooding problem that

(MR. GUTTORMSON Cont'd.)... is bound to result any time that the government sees it necessary to open the dam to the fullest extent.

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, on listening to the Honourable Minister reply to the question put to him re the question of royalties paid by the mining industry to the Province of Manitoba, it's rather interesting to observe that there's another natural resource which is utilized in northern Manitoba, another resource from which many people attempt to earn a livelihood and yet because they don't operate on as sophisticated a basis as the mining industry, they do not have the lobby groups with a direct pipeline of communication to government offices, to Ministers of the Cabinet and so forth, and they, Mr. Chairman, find themselves paying a much higher royalty than the mining industry does. Now I realize that this other industry accounts for only a small portion of the sum total of natural resources in Manitoba but nevertheless I believe it is significant, significant for this purpose. The fur industry. I note in the Minister's report the value of the pelts taken from the wilds last year, for the year ending in 1968 was one and a half million dollars. And what was the amount of the royalties that they paid? \$97,000.00. Now just making brief calculation that works out to approximately six percent, six percent of the value of the fur pelts taken out of northern Manitoba was repaid to the government in the form of royalty. And you will recall, Mr. Chairman, from our earlier debate on this question with respect to the mining industry the value of the mineral ore extracted from Manitoba's soil was close, to what? - \$200,000,000 - for which the Province of Manitoba received approximately \$2,000,000, one percent of the value of the ore. Now earlier this afternoon, Mr. Chairman, the Minister did attempt to indicate that this is not really his responsibility, it's a very complicated matter, the Minister of Finance is involved in this, and tonight shortly after 8:00 he did attempt to give us an explanation of how the formula for computing royalties was arrived at and so forth, but surely you can see, Mr. Chairman, the wide discrepancy between the formula used for the one group, for the one group who cannot speak for themselves, who cannot speak for themselves as effectively and as vocally as the other can and they are forced to pay a six percent royalty whereas the mining industry, International Nickel, Hudson Bay Mining and Smelting, one percent. Now I ask you, Mr. Chairman, is this fair? And I ask the Minister: does he consider this fair, does he consider this an equitable form of taxing those people who make a living from the use of the natural resources of our province, of our land?

I would wish to ask the Minister a question with respect to our reforestation program. Now I recall from reading Hansard and reading the newspapers a few years ago before I was in this House, in the days when Churchill Forest Products was in the process of establishing itself in the Town of The Pas, and at that time it was stated from our side the significance and the importance of the problem of reforestation, that this is another resource that is being depleted and that steps must be taken to preserve the forest industry in Manitoba by reforestation. Now I note in the Minister's report that the extent of reforestation was what? -- only probably a couple of sections of land, five or six maybe, planting, yes. He gives a fantastic figure. He reports in terms of the number of trees planted -- 2,579,000 trees. Now, Mr. Chairman, I don't know how many acres of land that would reforest. But I would guess -- and I'm merely guessing and if the Minister can correct me I'd appreciate it so -- but I would guess that this amounts to probably no more than five, six thousand acres of land -- about five, six maybe seven square miles of land which is about all. But I'm sure that it's nowhere near the area of forest land that is being depleted by cutting, and certainly nowhere near the area of forest land that is being destroyed by fire to which the Minister refers on the following page where he says that in the year 1967 there were 322,000 acres of forest land burned. Now I realize that this is the total area of land that was burned and some of the forest in there may have been of a commercial value and some may not have been, but nevertheless I am sure that within that 322,000 acres of land there surely was more than a matter of a few thousand acres of forest land of marketable quality.

The other matter that is of even greater concern to me, Mr. Chairman, is the question of oil exploration in the Hudson's Bay. Now I do believe that the day may come when the oil industry within the Hudson's Bay may be one of the greatest resources of this province. Now there is brief reference to oil exploration within the Hudson's Bay. I believe the Minister says that they drilled one hole and they went down 2,700 feet, or something like that, and they stopped there and now they are exploring another area, but what concerns me most, Mr.

(MR. HANUSCHAK Cont'd.) . . . Chairman, is: who will reap the benefits of the oil found within the Hudson's Bay? The Hudson's Bay is bound by two provinces and the Northwest Territories, the Province of Manitoba, Ontario, and the Northwest Territories. Now whatever revenue may accrue to a government authority, will it go strictly to the Federal Government? Will the provinces share in it, and if the provinces will, to what extent? And within what portion of the Hudson's Bay will the province of Manitoba have a claim on oil rights?

Now this I do believe, Mr. Chairman, is an issue that the government should deal with, should settle, and should settle now and not at some time later after an oil industry has established itself on the waters of the Hudson's Bay and is in the process of reaping millions of dollars of profit from that operation and to have the province then come to the oil industry and say, "Now look, fellows, we're entitled to a few dollars out of this enterprise because the resources found in that sub-structure beneath those waters rightfully belongs to us. I believe, Mr. Chairman, that this should be settled now and the government should give some indication as to the position that it is taking in its negotiations with the Federal Government with respect to oil rights, what success it has met with in its negotiations, or what conclusions it has arrived at, if any have been arrived at, in the course of negotiating the royalties or the claims that the province of Manitoba may have to the oil rights there.

Also in connection with that, Mr. Chairman, and on this I intend to close, I do hope that in the process of oil exploration, and if it does appear that there are oil finds beneath the Hudson's Bay, that the Minister of Mines and Natural Resources is keeping contact with other members of the Treasury bench in an attempt to see to it that proper living accommodation is provided for the people going up there, that they enjoy not only satisfactory housing but also all the other amenities of life to which we are entitled and which we wish to enjoy, and I hope, Mr. Chairman, that when the oil industry in the Hudson's Bay does develop, that we will be prepared to establish our operations there and offer the people that to which they are entitled. Now these, Mr. Chairman, are three of the questions that I hope the Minister would answer tonight or when he gets up to reply.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, briefly I would like to follow up what the last speaker has said and go a little further before I delve back into the other matter, and that has to do with the off-shore mineral rights. I know this is a matter of contention, not only with Manitoba. There are other provinces who are interested in this and who certainly are not in agreement with the Federal Government on this very matter.

From what I understand from press reports the Federal Government came out with a statement. However, they indicated that this would be negotiable, and has the Provincial Government of Manitoba had any negotiations with the Federal Government on this? If so, at what stage are they and are there any areas of agreement, or will the matter be taken to the courts to be decided by the courts? I think this is something we should know and hear about from the Honourable Minister.

There was mention made before in connection with the royalty and mineral rights, and I think at one time they made mention of B.C. Well, when the Social Credit Government came into power in B.C., they were not satisfied with the agreements that were made by the former government and they called the companies in and pressed for a revision, and they got a revision in the rates that were charged and therefore they did get a better bargain as a result, and I feel that we in Manitoba could do likewise, that we could press for a revision in this matter and get a better deal for Manitoba.

Now, on the matter of the San Antonio Gold Mines, I thank the honourable minister for the statement that he gave and the information that he produced on this. However, I would have some further questions in connection with the bankruptcy that resulted. First of all, who are the inspectors appointed to this bankruptcy and who do they represent? Does the province of Manitoba have a representative on the board of inspectors that will supervise the bankruptcy proceedings under the trustee? Then, it seems to me that the price received for the mine was ridiculously low. If I remember correctly, the assets at that time were well over a million and I wish the honourable minister would correct me in this matter if I am wrong, or probably it was more than that yet, and that's a total amount received was \$185,000 - is that correct? So that it seems that we got a very low price for the assets of the gold mine. Well, it seems to happen that way so often that when you have to sell under duress that you do get much less than what the assets probably would be worth under normal sale or normal

(MR. FROESE Cont'd.)... conditions, but this seems unreasonably low to me - \$185,000.

Then too, it seems to me from the list of creditors that were read off, like the province and some of the others, they have first priority on this \$185,000 and therefore it would appear to me that the shareholders would stand to lose all or almost all of their assets that they had in the corporation. Then, too, how was the sale advertised? How was it advertised? How did the people know and just what kind of an advertisement was made when the mine was sold, and the number of bids that did come in? Does the government have this information as to the number of bids that were received by the trustee? I think this is information that we would like to hear. Then too, what is the future now that it has been repurchased by some former shareholders or original owners, now that the capitalization has been brought way down? Will it now be a profitable venture for them to proceed and continue operating this mine? And is it the intention of the new owners to keep the mine going? Because after all, when this government borrowed or loaned the money to the gold mine, it was done with the purpose that we are going to help the people in Bissett so that they would not necessarily go on the welfare rolls, but that the mine could be operated and that the people would have employment and that the community could be kept alive. What is the future now? I don't think the minister indicated anything in that regard when he replied to my previous questions.

Then, too, as far as the mine itself, is there still potential as far as gold deposits? Have further explorations been made during this time since we did advance them the money? Has any exploration gone on? And what is the future of the San Antonio Gold Mines as they are now?

MR. CHAIRMAN: The Honourable Member for Turtle Mountain.

MR. EDWARD I. DOW (Turtle Mountain): Mr. Chairman, in this department I think we're dealing with one of the major assets of Manitoba in regards to resources, and no mention has been made up to the moment of an organization that I think are doing a terrific job in the Province of Manitoba, the Federated Game and Fish Association and the local game and fish associations throughout the province. These group of people have dedicated themselves to conservation, better understanding in regards to sport, and I think they're worthy of maybe more consideration than they're getting now because I think the recommendations that they come to the various departments with have been very thoroughly discussed and come to a conclusion before they move in on them. And I would like to, at this time, give my wholehearted recommendations and congratulations to this organization because I don't know of any other organization in Manitoba that is trying to do, and is doing, a better job for conservation of our wildlife and fish in the province.

Mr. Chairman, I sometimes wonder how conscious we are in regards to various conservation measures that have been brought forward in other provinces and in Manitoba. I don't know whether any other members in the House do any more hunting than I do, but I do a lot, and I have travelled around in the various provinces and there was one very significant conservation measure that Saskatchewan used in the last year or two that I would like to recommend to the minister to give some consideration to; it's a fact that where the geese do rest at night in the water areas - the lakes - they have a restriction, that you can't go within 500 yards of that water area to hunt geese. You can't carry a gun there. Anything you do has got to be outside of that 500 yards. I think in our diminishing wild fowl life in our province that this would be a good conservation measure to take under consideration because, if you can get close to the water edge and you're a reasonably good shot, wind conditions are such the geese haven't got too good a chance and if you give them that 500 yards, then it's going to test you whether you can shoot or not, and gives the geese a chance, and I would thoroughly like the minister to take this under consideration. Saskatchewan have used it quite successfully for the past two or three years to my knowledge.

I mentioned the other evening, in regards to the estimates of Tourism and Recreation, and this came out of the Game and Fish Association, that they were most anxious to be able to do something to restock the sporting lakes, particularly in the southwestern part of the province, and we have many lakes there - Rock Lake, Pelican Lake, Killarney Lake, Lake Mack, Lake William and so on. Now these are family lakes. These are lakes where people go for a few days and enjoy themselves, spend the money, and they wanted some way to assist and they did make some representations to the department that they would supply a tank and truck and oxygen, and move these fish from the hatcheries. And the outcome of it was that, outside of commercial hatcheries, Manitoba do not have hatcheries that can get sporting fish

(MR. DOW Cont'd.) . . . at any time they want. They were told that the fish that they got to restock these lakes came after the commercial fishermen had figured they had enough. And the suggestion was made that surely we could find some means of either possibly making the hatcheries a little larger so you had a bigger production, or that you could make some deal to buy fish from other hatcheries or a hatchery of our own. And, as I mentioned, this is not a commercial fishing proposition but it's very detrimental to our tourism if today you have a lake than can be fished and next year, because of natural elements, there are no fish. And when we consider that man has destroyed the natural spawning grounds, we have to undertake the fact of restocking these lakes, and I would like the Minister to take into consideration some method whereby the small sporting lake could have a reasonable amount of restocked fish guaranteed each year. I mentioned the perch, the little fish. What a wonderful sight it is to see a number of the younger people enjoying themselves catching two or three or four small perch. And for those of you that can fillet a perch, what is better in the morning for breakfast than a good fillet of perch?

A MEMBER: Pickerel.

MR. DOW: No, I don't agree with you whether pickerel is not -- (Interjections) -- one of the nicest fish there are but when you talk, Mr. Chairman, about the fact that you stock 5,000 fish in the lake or 10,000 perch, the little fellows soon catch that, and surely we can have some means - it isn't a major costly thing - and surely of the one department in this government that I believe has had the record, anyway up to the last year or two, it's the one department that makes money. Their expenses are there and their revenue from various sources keep pace and they make a little money. And I have no hesitation in being a party to this department spending a little more money to preserve our natural assets. Surely the younger people of today have the right to be able to drive, take a look at what our forefathers saw many years ago - the bear, the deer; and Mr. Minister, some mention was made of the fact that you were going to open up a bear season. I warn you, don't overdo it. Let's keep these bear. Let's keep them there. I think it's a wonderful sight -- (Interjection) -- I realize that. I realize that it takes a little revenue from honey but, Mr. Chairman, there are more people driving around wanting to take a look at our natural resources, and I say: give them a chance to keep them there.

MR. CHAIRMAN: The Honourable Member for St. John's. After the Member for St. John's speaks I wonder if it would meet with the approval of all the members if we could have the first vote, on the amendment on the original motion. The Honourable Member for St. John's.

MR. CHERNIACK: Mr. Chairman, we are still debating the salary, and . . .

MR. CHAIRMAN: We're debating the amendment.

MR. CHERNIACK: Well, what do you think the amendment is, Mr. Chairman?

A MEMBER: That's his salary - doing away with his salary.

MR. PAULLEY: No, no, no, no, we didn't do away with it.

MR. CHERNIACK: Oh no. It's just a question of the amount, Mr. Chairman, and one is now addressing oneself to the Minister and his operations and that of his department. Mr. Chairman, I appreciate the fact that in the interval after this afternoon the Minister was able to find out the basis of the formula by which royalties were being assessed, and he has indicated that his department is in receipt of certain statements which revealed the production in Manitoba from the mines, and I would like him, since he says the statements are confidential, to inform us what the impact on the industry or on the economy of Manitoba would be if the royalties which are received would be doubled, and he says that might well be peanuts, or tripled or increased tenfold. Since the Minister is aware of these figures and has this information and we don't, could he just picture for us just what would be the impact if indeed they were doubled, if we only got a mere extra two million-plus dollars out of that source of revenue which is the benefit of resources that belong to the people.

The last honourable member who spoke mentioned the fact that this department makes so little money. Mr. Chairman, this department has in its charge very vast assets of the province and it should not be making money but it should be making sure that the people of Manitoba get a proper return on those assets which are turned over to the enterprisers in the field, and therefore this department is really charged with a very serious trust which it should carry out. The production this last year, well the year reported on recently, is over two thousand million dollars, and that's a lot of money, out of which we get about roughly one

(MR. CHERNIACK Cont'd.)... percent; and I think that we ought to get an accounting from the Minister of what he and his government is doing to bring back to the people a little better than one percent. He did mention the income tax paid by the labourers, that was a return he mentioned. I'd like to know... -- (Interjection) -- ... all right, we'll come to that. I'd like to know what is the amount of the payroll in these mines. Out of two thousand million dollars -- I can't use the word "billion" so readily because I can only deal in millions -- however in over two billion dollars of production, what is the payroll, what is the corporation tax and who pays it? Does the Minister say that International Nickel Company pays corporation tax to the Province of Manitoba? No, he does not say that. Well, possibly he'll clarify for us just what corporation tax we get from the people who use the resources of the province in their mineral exploration, or development rather. Who does pay this corporation tax that we're speaking about?

And incidentally, Mr. Chairman, possibly the Minister can explain this Return which was received today to an Order of the House issued on the motion of my honourable leader where it is a nil return, and indeed the Minister told us this evening they do have statements which they do receive. Now if they wanted to refuse to give the information, they could have done so. If they let it slip by, as apparently they did, because the Minister said he wasn't in the House at the time, if the government let slip by an Order for Return of this House demanding that statements be filed then surely there is some procedure whereby the government can backtrack on its undertaking, because when a motion is passed by this House then I don't believe there's any confidentiality involved any more. I think that if there is something confidential that is requested, it is up to the government to turn it down. I haven't been here so long that I know all the rules, but I think that this House is paramount and when it orders copies of the last financial statement lodged by certain companies, once it is ordered then I believe that confidentiality goes by the wayside; but the least that could have happened is that the reply would have been, "this information is confidential, we refuse to reveal it in spite of what the Order of the House may be." But to say that there's a nil reply is that correct? The Minister said they do have statements; they have statements he said of gross revenue and they have statements of certain allowances, exemptions, certain acceptable reductions, by which they calculate royalties? Now if they have those statements, then why weren't they produced; or why was there a nil reply which would imply that there were no such statements, when indeed the Order reads "copies of the last financial statements lodged with the government covering their operations in Manitoba for the following firms." Now surely the statements which the Minister has do cover operations in Manitoba and they are financial. So I think we'd better get an explanation for this. We'd better understand just what it is that the government has, will reveal or refuses to reveal, but an explanation for a nil reply I think is forthcoming.

Now, Mr. Chairman, I've made a casual, fairly quick, review of the latest report, that is for the year ending March, 1968, and under the section dealing with mining -- Mines Branch -- I see no reference to the government having gone into any agreements with explorers to receive a participating interest in the development of a mineral deposit discovered in a mining property in respect of exploration of which a grant is made. A couple of years ago, 1966, three years ago, we passed an Act, the Mineral Explorations Assistance Act, whereby the government is empowered to advance money by way of grants for exploration purposes, and the government then has the right to demand back the advances if minerals are discovered or in the alternative, to enter into a participating agreement. I see no reference to it. I'd certainly like to hear from the Minister whether there are such, and if there are, what are the returns. Because when we debated the Act, the point was made, and I think it was more strenuously made from our party than from other parts of the House, that this would give the government an opportunity to participate in the benefits of our resources on behalf of the people of Manitoba, both so that we could get something out of what belongs to us and also for another reason, and that reason relates to the discussion that was just held dealing with Bissett, because the point was made that companies are permitted for tax purposes to set aside reserves for depletion, to set aside reserves for deterioration of equipment, but nothing for the deterioration that takes place to a mine which has a non-renewable resource and when it is well known that people, Manitobans, will suffer when the mine runs out -- bottoms out is the expression I believe that is used -- whether it's financially or of mineral, and the argument was then presented that by this Act it becomes possible for the

(MR. CHERNIACK Cont'd.) . . . government to be able to set up its own reserve in order to help benefit those people who are uprooted because of the closing down of a mine. And every mine will close down; every mine will find that eventually there will be no more resource left in that particular spot and a town will disappear and people will be moved around and people will suffer, and people whose assets have been built into those towns will lose them; and we warned them, and I say now, that it's the burden of the government to see to it that funds are set aside just for that purpose, and those funds should come out of the same resources. So I'd like to know whether the government has taken into account its right to demand participation in the development of mines.

And finally, Mr. Chairman, I'd like an explanation from the Minister of how and for what purpose he intends to spend a half a million dollars on the mineral investigation of Southern Indian Lake. Now that it's going to be covered over with water what suddenly brings about a half a million dollar expenditure on that Southern Indian Lake insofar as mineral investigations is concerned? What has this item to do with the government's plan to permit Hydro to flood that entire area? How is it related to this half million dollars that's going to be spent for investigation. I'd like the Minister to clarify that.

MR. CHAIRMAN: The Honourable Minister of Mines and Natural Resources.

MR. ENNS: Mr. Chairman, recapitulating some of the remarks that I've already made to the Honourable Member from St. George regarding the hunting season. I indicated to him at that time that as a farmer myself that I'm well aware of some of the concerns that he mentioned that we had with respect to early seasons and some of the unique difficulties that we have in this province as related to weather conditions, conditions of fields and so forth, that these all have to be taken into consideration when we attempt to maximize our recreational opportunities that our wildlife resources offer us. But I will not back down from defending the position that we take in the Wildlife Branch that we should be bold in our experimental programs in this regard, that we should attempt to maximize these opportunities to us, that while it's a somewhat difficult position for me to be in it would be very nice for me to take a very partisan farm approach to this problem and say that, yes I recognize the difficulties presented to the farmers in this instance. I have to in my current responsibilities consider the other residents of this province and attempt to come to a meeting of the minds in this area. I think that with the co-operation of both and the use of ancillary organizations that there are, such as the game and fish people and such as the organized farm people, that we can resolve these difficulties and it would certainly be my intent to do everything we can in this regard. I think there are certain specific legislative things that we can do in the future in this regard to help in this particular instance.

He went on to refer to the particular situation of Lake St. Martin which I am very much aware of. I can only tell him that this particular problem is receiving active consideration. The government is not unaware of the situation there; as he himself pointed out we have been actively engaged in compensating crop loss in that area and we'll continue to do so until the situation is resolved. I would point out to him though that - and something that he should be very much aware of - that the structure itself or the control exercises on Lake Manitoba has to a large extent resolved - again I'm aware that whenever you say "resolved" it's a generalization that you can't afford - but it has brought into far greater discipline the problems associated to the surrounding farmers and ranchers of both his own constituency and that of his Leader, the Honourable the Leader of the Opposition, problems associated with uncontrolled flooding due to high levels on Lake Manitoba. So that in the progression of things we attempt to move forward and solve one problem, one at a time.

The Honourable Member from Burrows, he took it upon himself to impute that we were discriminating against a particular group of our citizens who are engaged in the fur industry vis-a-vis the royalties charged -- (Interjection) -- or the inequity I would hasten to add, I don't want to impute any things that he perhaps didn't say. The question coming to mind again is there has to be some relationship to just what the fur industry generates in terms of economic activity in this province and what the mining industry generates in terms of economic industry in this province. And the other ways open to and available to governments, both federal and provincial, in extracting from that industry the kind of contribution which is equitable and responsible as corporate citizens that they should have. Now whether or not we have arrived at the correct percentage figures, I suppose is a matter of debate, something that the department is open to suggestions and considerations for.

(MR. ENNS Cont'd.)

He made further comments with respect to the reforestation program and what he deemed to be a reduction in our reforestation program. I should point out to him as he is probably aware -- if he isn't aware should be made aware -- that a very ambitious forestation program that we embarked upon in this province was one of those programs that my First Minister has made a case in point in, among so many others, where we had entered into an agreement with the Federal Government to accelerate considerably the reforestation programs in this province and then found ourselves without the partner very shortly after entering into this agreement and have had to reduce it to a scale to fit our fiscal capabilities. I would point out to the honourable member that forestry, while we endeavour to extract the optimum available to us in this province, it is under best circumstances not an area that we can compete with in the same basis that some of our provinces in the east or west coast, our climatic problems that we have are such that our efforts in reforestation are probably as much directed to the aesthetic value of reforestation, that is, our programs that we carry on in our provincial parks, in our camping areas and so forth. We attempt to maximize the commercial aspect of this, but we have to recognize, always have to recognize that it takes just a great deal longer and it takes a great deal more effort for us to grow a commercial tree in this province than it does in British Columbia or Quebec or Ontario.

He made particular reference to the situation developing in the Hudson's Bay with respect to oil and again attaching it to the problem of royalties. I would hope to be very shortly in a position to reply more fully to the House in this matter. I have been in consultation with my colleagues, both in the provinces of Ontario and Quebec. Members of the House are probably aware that there is a jurisdictional or boundary dispute currently waging in this area, quite aside from the national problem as raised by the Member from Rhineland, with respect to jurisdiction on offshore mineral rights. We take a somewhat different attitude, that is, the three provinces bordering on Hudson's Bay. We are hopeful for an extension of provincial boundaries into this area which would have some bearing on some of the questions that he raised. I have tentatively arranged; we've met my predecessor in this portfolio; have had one meeting with his colleagues in Ontario and Quebec on this particular question, and just recently I received -- we are currently setting up a further meeting as a result of some of the statements made by the Prime Minister. We're attempting to, in the first instance, to hopefully extend our provincial boundaries in this area, and resolve a matter of jurisdiction thereby. Failing that we have to, of course, look very hard and consult with the Federal Government in keeping with the offer that the Prime Minister just recently made. The offer runs basically to the fact that 50 percent of the royalties would accrue to the neighbouring province, the other 50 to the nation as a whole when dealing with coastal waters. I regret that I have nothing definitive to tell the House or the Honourable Member from Burrows at this time, but I can tell him that negotiations are under way and that possibly later on, during the course of the Session of this House, I would be in a position to report further to him on that.

The Member from Rhineland reminded me of the fact that in that fair province of British Columbia, the governments of the day were such that they were able to bring industry or mines to reconsider the arrangements or royalty arrangements, taxing arrangements in that province. I can't speak from personal experience. I remind him, of course, that there is perhaps a slight difference. They are somewhat closer to Japan than we are, and a few other specific items; somewhat closer to the shipping routes of the world; somewhat closer to access to the markets of the international world that they deal in, that they well account for whatever -- if any differential exists. I'm not personally aware of them, but from just a layman's point of view, I can accept the fact that their situation, their physical situation is different to ours.

With respect to the specific questions that he raised regarding San Antonio. Yes, the trustees appointed were appointed by us and Mr. Chris Flintoft and Mr. S. J. Down appointed joint trustees in the bankruptcy. There were five inspectors appointed. These five inspectors were Mr. Gurzon Harvey, Mr. William Kennedy and a Mr. Murray Campbell, Mr. McPherson, and Mr. Gobert of our Department of Mines and Natural Resources represented the government on this advisory, on this board of inspectors represented the government.

He makes mention as to the price, and thought the price was rather low relative to the assets. I should point out to him that the sale was well advertised. People and concerns from distant points, such as Vancouver, did come down and look at the assets, as well as others. I can't give them the actual number who did. It was not a question of receiving bids, it was --

(MR. ENNS Cont'd.)... the sales were -- it was an open auction, a public auction where the assets of the mine were sold. The highest bid received was that of the group that eventually purchased it for \$185,000. I should point out to the Honourable Member for Rhineland that this same group, while former shareholders or principals of San Antonio, were also the major holders of non-secured liabilities. Of the total of some 900,000-odd dollars of liabilities, these gentlemen, Messrs. Dickson and Bowland, held some 730,000-odd dollars themselves which they, of course, stand to lose in this regard.

The Honourable Member from Turtle Mountain paid recognition to the game and fish people and let me echo his comments with respect to this organization. In the relatively short time that I've had the privilege of being the Minister of Mines and Natural Resources I have very rapidly come to appreciate the assistance and the significance of this organization. I can report to the Honourable Member from Turtle Mountain that I think that it is a fair statement to make that, particularly in recent years, the degree of co-operation between this department and that organization has improved tremendously, that we have had more than just perform at meetings with each others in our annual meetings when we meet this organization and their executive directors, that they are in fact influential in helping us arrive at specific regulations and policies with regard to the management of our wildlife in this province. I think that there is developing a mutual respect for each other; that is, that they are accepting the fact that the professional people on my staff do know their business, and that it's a question of marrying up the professional know-how with the public demand, if I can put it that way, of the members that they represent, and have to a large extent been able to arrive at what I would have to call a real working relationship. I refer specifically to their brief this year. Certainly, as all other organizations that present briefs to government, not all of the demands are met or not all their requests are met, but I think a fair number of their requests were met. For instance, this particular year an indication was given and reasons were given why some could not be met and again, in other areas, we are prepared, and we indicated so to this organization, to work with them in developing the kind of policies and programs that would improve our utilization of our wildlife from a resource point of view.

He mentioned further that the expansion of our hatcheries perhaps could improve some of the small lakes, some of the fishing, not necessarily of a commercial nature. I would ask him to take note of the booklet that I passed around this afternoon, even though it had a commercial connotation to it in the sense that it was a booklet prepared for our commercial fishermen, but there were chapters in that book that I thought touched pretty close on some of the suggestions that he was making in his remarks to me; that is, that the department is very actively considering, not just the large commercial type considerations that we have for some of our major lakes, but how we can improve, enhance both for tourist and the individual benefit, the smaller lakes, the smaller bodies of water that have freeze-out problems, have winter kill problems and so forth, that there is in fact, even from a commercial point of view, an opportunity of utilizing and getting a return from these smaller lakes that would have a two-fold effect. It would increase the importance or the financial significance of these lakes, thereby releasing or decreasing the pressure to have these drained for other uses - agricultural uses for instance - if we could encourage fishing, both sporting and commercial, in some of these bodies of waters. I would hope that the honourable member would note that in our estimates we are moving forward hopefully to bring our hatcheries into fuller and fuller production. I refer specifically to the latest edition to our hatcheries at Grand Rapids and perhaps this is an area where we should be expending more dollars on because, as he so aptly points out, this dollar returns, and in most instances returns many fold to this province.

The question of bears that he raised, of course I have to agree with him and this is part of the problem that I have with, not only the Member from Ethelbert Plains, but with my own colleague here, the Member from Roblin. I do not believe in being pressured into a slaughter program here. We hope to judiciously use the hunting seasons that we have opened and expanded in this area to bring the bears into reasonable control. Certainly I reject the idea of extermination or indiscriminate predator control in these areas, if this is our answer to resolving this way. Now of course the Member for St. George would criticize this department for experimenting in this area as we have maybe experimented with some of the opening seasons. I come back to my original position on this, that we will make our share of mistakes. We may not resolve certain problems as fast as certain members or certain districts feel we should in meeting what they deem an emergency situation. However, we do try to

(MR. ENNS Cont'd.) . . . keep in mind that the resources of our problems, the wildlife resources are there for the benefit of all Manitobans and, if they do cause depredation in specific areas, I have a tendency, or at least my personal philosophy is to attempt to correct that through some other remedial means other than simply getting on the band wagon to exterminate a particular species because it's causing a problem to us. So I really have no difference of point of view with the honourable member there.

The Honourable Member for St. John's brought us back to the matter of royalty taxes and I would want to correct the record, Mr. Chairman, that the reference to \$2 or \$3 million as being peanuts is not my description; it was the description used by the Honourable Member for Churchill. I'd find it somewhat difficult to refer to a million dollars as being peanuts under the best of circumstances, particularly when my salary at the moment is in such a state, or such a . . .

MR. CHERNIACK: You said you might think it peanuts . . .

MR. ENNS: . . . significant state. I . . .

MR. CHERNIACK: You said you too might think it peanuts.

MR. ENNS: Well, I was suggesting to him that it be changed from two to three or four -- you know, if he would make the same charge again the next month, and I could possibly agree with him . . . being in that area.

MR. CHERNIACK: Right.

MR. ENNS: I think the specific question that the Honourable Member for St. John's was particularly concerned was to get some reply with respect -- or compatibility between the Order of Return that was returned to his Leader, the Leader of the New Democratic Party, and the statement that I made when I rose initially this evening regarding the fact that we do have and obviously have to have financial information and we have the authority and power under the Act to derive this information.

I attempted, or I thought I made it reasonably plain to the House that, while this information is specific and detailed, as he indicated with the deductions listed and so forth, that we require for our purposes in determining a royalty tax, it really cannot be construed in any way as representing a full and complete financial statement of any company or corporation, and as such, this was the correction that I would have made and I have to accept the responsibility for not having been in the House to make that statement, but the Order for Return calls for financial statements. There's nothing in the -- we don't have them. There's nothing in the legislation that calls for the tabling with us of these financial statements but we generally accept as of the kind that we generally accept when we say financial statements, and that is the reason for the nil return. The Act places the onus on us, on my mine assessors, to verify an estimated royalty tax. I'm not that familiar with the Act, but to the best of my recollection the Act calls for an estimated royalty tax to be paid on or near a certain date. We then have the powers written into the Act to verify that, and of course we do verify that. But this access to or this information that we gather, I'm sure my honourable colleague from St. John's who is well-versed in the business world as he is in politics, will recognize that this is a vast difference between that and a formal financial statement on the part of the company or corporation. These are not available to us and that is the reason for the nil return.

He wanted specific further information with regard to the mineral investigation at Southern Indian Lake. We have, as I indicated to the House at the introduction of my estimates, entered upon a three-year program to make it possible for us to have the most complete and full date - mineralwise - available to us. It's a program that the mining people in the province welcome. It's significant that they are not among those that are expressing concern about potential mineral loss as a result of this impoundment. They merely suggest, and we accept, as a proper responsibility of Mines and Natural Resources, to have all pertinent data and information before us. Mining technology is such that 35 feet of water hardly precludes utilization at some future date, if we have the information available to us, and if it's made available to us, and if we take advantage of the time to make it available to us, under most, you know, circumstances most favourable to us. And this is precisely what we're doing.

MR. PAULLEY: Well you are going to go for 35 . . .

MR. ENNS: Well that's a question whether it's 32 or 35 -- (Interjection) -- we'll see what happens in that regard. But anyway this is the specific reason. We have had already a full year of investigation -- or a full summer -- I think the honourable member probably appreciates most of this work takes place during the summer season. One year has been behind us. As I indicated at the outset of my remarks that this is a million dollar program and there will be amounts somewhat lower than this in the subsequent year, two years, in my estimates.

MR. PAULLEY: Mr. Chairman, might I ask my honourable friend a question? Do I understand from your last statement then that the half a million dollars that you're asking for in next year's estimates has already been expended?

MR. ENNS: No, Mr. Chairman, I'm obviously getting tripped up in my own estimates here. The \$400,000 is to be expended in the coming year. There was an amount . . .

MR. PAULLEY: Not according to the estimates.

MR. ENNS: There was an amount that was expended this year. I should go on to clarify that this is being funded through Hydro, because this is a project that we are being called upon to do in advance of our regular program and funding for this has been and is being arranged through Manitoba Hydro.

MR. PAULLEY: Well, Mr. Chairman, if I may. I certainly don't want my honourable friend to get tripped up any further and that was the reason I asked the question.

MR. CHERNIACK: Mr. Chairman, if I may. Do you mean that Manitoba Hydro has been going into mineral investigation on your behalf? And while I'm on my feet - and I expect will get an answer on that - I also asked about participating agreements in mineral explorations.

MR. ENNS: Mr. Chairman, unfortunately I don't have the information at my fingertips with respect to the participating agreements. I speak very briefly off the top of my head and of course this is always when I get into difficulty. Essentially we take the position in the department that we should be doing all we can to provide the technical data that's required for a modern mining industry in this province. We have as you gentleman, members of the committee are well aware, been involved in a program called Pioneer. We have some questions with respect to this program as to its results to date. There is a consideration by our mining people that we should be concentrating or focusing our efforts into providing the first rate geological and technical mining data with respect to mapping, with respect to over-all information gathering service that we can make available to any or all mining operators in this province or those that wish to come into this province, that this should be the area that we should be putting most of our efforts into. I suspect that this hardly the answer that my honourable friend from St. John's requires. Obviously I'm not as well versed as I should be on that particular program. I make it my duty to become so.

MR. CHERNIACK: Well, Mr. Chairman, I don't want to press the Minister for information that's not at his fingertips. Possibly he can give us the information, say tomorrow on what grants have been made under the Mineral Explorations Act and what agreements have been signed, if any, and an explanation as to, if there weren't any as to why there weren't any; what grants have been given and what repayment has been received. And I still didn't get an answer to my question whether the Hydro has been doing the mineral investigations in Southern Indian Lake.

MR. ENNS: I'll accept those questions as notice if the honourable member will accept that answer from me. No, Manitoba Hydro is not in the business of mineral exploration. I particularly used the word as helping us fund this program at this time with the obvious implication that this is repayable by the province at such time.

MR. CHAIRMAN: Are you ready for the question.

MR. HANUSCHAK: A comment made by the Minister brings me to my feet again. Do I understand that our government merely guesstimates at the mining production of the mining industry in Manitoba? Could the Minister explain to the House on what basis the government estimates or determines the mining production of the industry for the purpose of determining the amount of royalty tax.

MR. ENNS: By sending our capable mine assessors in to search out all corners of the particular company's operation, its mines, its books, its offices, its operation and ascertaining that the estimate was high or low and affixing the royalty tax, as I read out earlier, on the percentage figures that are fixed in the regulations.

MR. HANUSCHAK: Do we examine their books?

MR. ENNS: Certainly.

MR. HANUSCHAK: In other words you do have a knowledge of their financial position, of their operations, of their expenditures, of their profits? You know that? I take it that the Minister is nodding the affirmative. Thank you.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I didn't get a precise and clear answer to the questions I put forward before both in connection with the offshore mineral rights. Did the Honourable

(MR. FROESE cont'd) . . . Minister say that they had not accepted the First Minister's statement in Ottawa that he made on offshore mineral rights? I don't think he made a clear statement on this. Then . . .

MR. CHAIRMAN: The Minister answered that question about 15 or 20 minutes ago - the honourable member. Could it be possible to read it in Hansard so we can get on with the business of the House? He answered that, that they're going to meet again, the three provinces are going to have another meeting dealing with this. Is that not right, Mr. Minister?

MR. ENNS: Mr. Chairman, I don't mind. Just one further brief explanation. I just point out that there is a difference between the offshore mineral right dispute that is currently involving the nation and the specific problem of Hudson's Bay. We're not quite prepared to accept the fact that they should be included in the general concern about offshore mineral rights. In other words both Manitoba, Ontario and Quebec are at this point attempting to lay some claim as provincial waters to large portions of the Hudson's Bay and these are matters that are currently under discussion. I am not in a position to make any -- in fact we've only agreed to setting up a further meeting with the two other provinces involved and hopefully will be in a position to report later on to the House.

MR. FROESE: The other question, Mr. Chairman, was about the potential of San Antonio Gold Mines and the Bissett area. Is there any potential? What is the situation? Will we be putting these people on welfare? Is the mine going out of action completely or not?

MR. ENNS: Mr. Chairman, what the potential of San Antonio is I don't know. I have to say that very honestly. I'm aware that the current owners have moved some equipment, namely a hoist into position, whether it is simply to redeem some salvage ore that of course is always there, that could be. The important thing I think from our position is that every available assistance was made to the miners or the community itself. There are specific plans that the Minister of Municipal Affairs has well in hand with respect to the future of the community of Bissett. It involves possible recreational emphasis in that area. We are maintaining the sewer, the regular municipal services in that area that formerly were supplied by the company. We'll continue to do so. I'm given to understand that through Canada Manpower and others most of the miners who at best -- this was a rather a transient group that have attained job opportunities elsewhere. We're hopeful that this need not spell an end to the community of Bissett. We are taking the necessary steps to rehabilitate, if I can use that word, the community at Bissett and do all in our power to see that that community has in fact a future.

MR. CHAIRMAN: Are you ready for the question? The Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Chairman, there's two unrelated subjects I'd like to ask the Minister a few questions on, and one he has just been talking on about the San Antonio Gold Mine bankruptcy. I notice in the figures that he gave to the House just after we came back from the supper hour, I totalled up \$366,000 of debts owing mostly to the Province of Manitoba, either to Crown corporations or agencies. I believe some of that 366,000 may have been federal money owing through royalty tax and so on. But I'm rather disturbed to find that in the figures owing to Manitoba Government or agencies the figure of \$129,000 -- I think it was the largest one -- which was overdue money coming to the Manitoba Hydro. So my question is, and it would relate to every department that is a Manitoba Government offshoot: did any of these agencies or crown corporations raise the matter of overdue monies with you or with any of your predecessors? I realize that in the last three or four years the portfolio of Mines and Natural Resources has been used as a way station and the Ministers have not been in the department very long. I realize that, but still the newest Minister must take the responsibility for supplying the information. So my question is: did the Manitoba Hydro or the Manitoba Telephone System or the Workmen's Compensation Board, did any of these people come to the government, meaning your department, saying "look here these people are delinquent in paying us, are you going to take some responsibility in this matter." Because I find it unbelievable the Manitoba Hydro, a well run business organization such as -- the name that they have -- would allow a bill to go to \$129,000 knowing that the Government of Manitoba had lent them money to keep them going on a temporary basis. So I would like the Minister to reply to that.

The second point I raise, and it has been raised in part by the Member for Churchill and one of the other members, and that is with respect to the reduction in flow on the Churchill River when the Missi Dam is built. I understood the Minister to say that the flow would

(MR. JOHNSTON cont'd) . . . fluctuate between 1,500 and 4,000 c.f.s. cubic feet per second, downstream flow. If I've heard correctly would he talk for a moment on the following points. Will this affect the fish in the river? I'm talking now about wintertime when, as I understand it, the flow will be at its minimum. Will there be a flow of water the year round or will this 1,500 c.f.s. minimum will it be so reduced that the estuary is liable to be frozen up or will there be no flow whatsoever. If so, has there been any studies carried out by your wildlife people to see if this is the case or if it is near enough to damage the fish in the river. As you know the baluga whale industry is centred around the estuary of the Churchill River at Churchill and if there's a serious disturbance in freshwater fish being available well then the baluga whale industry is finished for that area. Whether they would move to somewhere else or not I do not know. But I ask you this question. Has this been studied, has it been investigated? Also, has the matter of the breeding grounds for the geese in that area — I'm talking downstream now from Missi Falls to the mouth of the Churchill River. Will there be any deleterious effect on that breeding ground of the Canada geese and other species? Also, will there be any effect on the barren land feeding ground for the caribou in this general area. I would like the Minister to tell us what has been done in regard to anticipating problems in these areas and what are the plans for the future.

MR. SHOEMAKER: Mr. Chairman, before the Honourable Minister replies to that series of questions I wonder if he could inform the House that if it is a fact that San Antonio Gold Mines, now defunct, owes the Manitoba Hydro something like \$129,000, does this represent one month, two months, or one year's hydro bill?

MR. ENNS: Mr. Chairman, with respect to the Honourable Member from Portage's question re the loans outstanding or the monies outstanding particularly by government agencies, I am not in a position to tell him how this accumulated deficit arose. I would assume that it probably accumulated over some time. I want to make this statement and I'm hardly in a position to speak for Manitoba Hydro who, as he indicated, is being run by capable and efficient management. By the same token though Hydro, despite what some people are being led to believe in this House as being a cold and heartless corporation, have I believe in this instance exercised the kind of concern that too few of us are prepared to acknowledge to Hydro. That is they were well aware that a sudden demand of this outstanding account or bringing this account into order would undoubtedly foreclose the mine or hasten the bankruptcy of this mine. It would be my suggestion, and I'm not in a position to speak for Hydro, that they probably made the decision to hold off doing this until such time as we approached spring or got through the winter at any rate, in the interest of the community; in other words that they were exercising or were accepting a responsibility over and above what one normally would expect a business or corporation to accept. I should indicate to you that they are among the preferred creditors and that they will receive, following the secured creditors, preferential treatment. Just what that amounts to I'm not in a position to report at this time. I'm sure the honourable member can make this a matter of an Order for Return at some later date, when in fact the financial aspects of this are concluded.

He makes further specific questions to the flow of the Churchill River and again, Mr. Chairman, I have, in attempting to illustrate by example to the Honourable Member for Churchill, you know, I used figures that were not factual and I should correct him to this point, that the questions that he raised are very much in mind by those responsible for the operation and regulation of the structures contemplated; that is, that there will be minimum flows and maximum flows, and maximum flows will be augmented during the winter time to cover precisely the situation that he raises, the fact that will the stream freeze to the point where little or no water is available to the community of Churchill. It's estimated that in the neighbourhood of 4,000 cubic feet will be available at Churchill. This is not what is being released at Missi Falls. The actual regulation at Missi Falls — and this is a correction from earlier today — is a minimum of 500 to a maximum of 1,500 cubic feet per second. The fact though remains that at Churchill we're talking about in the area of 4,000 cubic feet per second because of the flows that are picked up en route. Maximum flows could well equal former maximums recorded. There are additional tributaries to the Churchill below the Missi structure and these, of course, have to be taken into account when you're speaking about the actual conditions of the Churchill after the structure is in place.

On the matter of our concern about the geese and other wildlife in that area, I think that when the Honourable Member for Portage sees the Bill and the continuing concern that this

(MR. ENNS cont'd) department will have for the wildlife management in that general area, that we have every intention of retaining for us the kind of control, from a resource point of view, that will do everything possible to create the optimum situations that we can, with respect to geese and other wildlife in that area. He makes specific mention to caribou. I should report to him that the last time caribou have been sighted in that area was some time in 1954. They may come back but I make only this statement that they are certainly not of economic significance to the communities or those residents in that general area. We would certainly keep this in mind with the general wildlife surveys and biological studies that we anticipate in this area and will be attaching to the project.

MR. JOHNSTON: Mr. Chairman, I'm sorry but the Minister didn't answer my first question at all. I asked him if any of the government agencies had overdue monies - I don't mean after the bankruptcy, I mean before that - had approached his department for some advice or guidance. I still find it hard to believe that a corporation like Manitoba Hydro would just let a bill go indefinitely without consulting someone who had something to do with the original agreement to keep the mine open. So I'm asking the question again. Did any of the Crown agencies or any of the departments of government who had trouble in obtaining current monies due, did they contact the government - and I would believe it would be the Department of Mines and Natural Resources because that Minister had the responsibility? Was a previous or prior contact made for advice as to whether or not to let a bill run on indefinitely, or to their credit departments to take action? And I haven't heard a reply to that question.

And did I understand the Minister to say, when he was speaking about the Churchill River Diversion, that protections for wildlife would be incorporated in the Act, in the Bill that's going to come before us? Is this the meaning I take from what he has just said, that the Department of Mines and Natural Resources are separate from this particular operation, namely the Southern Indian Lake question? Are all guarantees and protection for wildlife going to be incorporated in the Bill?

MR. ENNS: Mr. Chairman, obviously we can't -- when you undertake a project or contemplate a project of this kind, there will be wildlife loss. All I suggested to the honourable member that we will do our utmost to ameliorate this loss; through various forms of control and management that we will retain for ourselves as managers, as the wildlife managers and resource managers in this area. And I'm referring to such specific matters such as having some degree of control and knowledge of the kind of releases, the establishment of minimums and maximums, releases to be released at certain times, that could be detrimental to the resources in that area once they re-establish themselves after this project has become a fact.

His specific question as to whether these agencies contacted this department with respect to the mounting difficulties of San Antonio, I point out to the member that the department throughout this was in a difficult position. Members of my staff were in a difficult position. Government agencies are by no means the only ones who have found themselves entrapped by this bankruptcy and there were numerous calls to the department requesting inside information, if you like, as to the operations of this particular firm. It is a very difficult position for us to be in, in a sense that as custodians of certain privileged and confidential information, on the one hand to honour this confidence, and at the same time not to convey any wrong impressions or wrong information to those creditors who were doing business with this firm. We attempted to do our utmost and certainly made it very plain to them at all contacts that they had with us, that they had access to them, or available to them, the regular channels of credit rating and so forth which I am sure, in this particular instance, would have given them the information required. Specifically as to whether Manitoba Hydro and the Workmens Compensation Board and other government agencies made direct inquiries to this department - none that I can personally say I'm aware of. I'm no doubt aware that they were involved earlier when the sale took place, back in 1966, to these people. They were apprised of some of the potential at that time of the mine; members may recall that Hydro was being asked at that time by San Antonio to invest considerable more monies in bringing new line facilities to that mine. This subsequently was not done. I assume from information that Hydro satisfied themselves that the longevity of this mine was indeed in question. I remind the Honourable Member from Portage that, unless I stand to be corrected, but it was eventually Hydro that did foreclose, if I can use the term, or create conditions which led to the bankruptcy. I would suggest that the actions in this regard, or the actions of Hydro in this regard cannot be properly answered by myself; it would have to be asked or answered to by Hydro in this case. I'm not aware of any specific

(MR. ENNS cont'd) . . . requests made to my department with regard to the operation of San Antonio by Manitoba Hydro.

MR. CHAIRMAN: The Member for Gladstone.

MR. SHOEMAKER: Mr. Chairman, earlier this afternoon my honourable friend apparently was informing me, and I was at the telephone briefly, that the Riding Mountain Whitemud River Watershed was not - never in fact - declared an authority. Well, if this is so, then how does he account for this letter that was sent out - not only sent out, Mr. Chairman, but read by the late Errick F. Willis to the meeting in Gladstone - saying that we were in fact an authority? Now, how does he account for that letter going out? And, Mr. Chairman, if he wants to have a look at this letter, he's quite welcome to do so.

Now I said that I was reserving my decision on this motion that you're so anxious to dispose of -- namely, whether my honourable friend is entitled to 98 cents or \$15,600.00. That's the question that's been before us now for about three days, and I can understand that it's some concern of the Minister's because there's a slight difference in the amount of pay here. But I said that I was reserving my decision as to how I would vote based on his proposed program for the Riding Mountain Whitemud River Watershed, and if he could come forward with some kind of a program, that I might condescend to saying, well after all, I believe he's worth his \$15,600. But up to now he has not come forward and told us what he's going to do.

Mr. Chairman, about four years ago, when the department came out and said, as of May 1st the Government of Manitoba are taking over all of these major drains of three and over -- three in order, I think that's the term they used -- then the municipalities thought, gee whiz, at long last they're assuming some responsibility in the field of drainage, and they thought that the government would then be responsible for any big flooding problems that took place within their areas. And on this same subject matter, I want to read to my honourable friend, who apparently was not in the House at that particular time, what Mr. Hutton had to say on May 5, 1965, and I refer you to page 2366 of Hansard of that day, and I'm quoting now; Mr. Hutton is saying this: "In respect to the -- I'm not going to talk about coloured gasoline -- in respect to the point raised by the Member for Gladstone on the watershed districts, under the new policy of provincial waterways there is really no necessity for the establishment of a watershed district. The provincial government is taking over all of the major streams in that watershed. The drains and streams that are left with the municipalities are of a very local nature. All the inter-municipal drains that is -- where more than two municipalities might be involved, are pretty well taken over by the province and are now our responsibility." This isn't me that's talking, it's Hutton. "So, in the future, if your farmers want to know where to go, your municipalities will have maps on the drainage areas which delineate the provincial portion of the drains or creeks or rivers in the municipality, and delineate also the municipal responsibility." Well, that's quite clear, isn't it, Mr. Chairman? He is saying that if you have any problems at all in the Riding Mountain Whitemud River Watershed area, come to us because it's our responsibility from now on. Here's what Mr. Hutton is saying. So we are still looking towards the government, and I haven't heard that they have abandoned this program that was enunciated that day, and we are still looking forward to my honourable friend and his government for that new jet-aged program that was introduced four years ago.

Now, on page 2378 of the same Hansard, and my honourable friend Mr. Hutton is still talking - it's 10 pages later, but he and I have had a few conversations in between; in fact it's about 12 pages later, but we're still carrying on our debate. So on page 2378, I'm quoting again: "I think that if there is any place in Manitoba where the provincial waterways policy has a very beneficial application for the people, it is in the Whitemud Watershed. In fact, the whole eastern escarpment will gain because they have had some rather unique problems." We have indeed, but we're still looking forward to the government to do something about it and we had high hopes, in light of what the then Minister had to say back four years ago, that the government had taken full responsibility. Now, has there been any backtracking on this policy in the last four years? This is what I'm saying. The people that were so active in the "For Riding Mountain Whitemud River Watershed" movement, believe that the next move is the government's move and not theirs. And so I ask my honourable friend: on this checkerboard game of ours, whose move does he think that it is next? We think it's his move, so we will await to see what my honourable friend says. I know that in chess and in checkers some people play the game rather slowly, and there's the old adage that the wheels of government grind kind of slowly, but we think that it's their move.

MR. CHAIRMAN: The Honourable Member for Hamiota.

MR. DAWSON: Mr. Chairman, I wanted to ask a couple of questions. The first one was, I wondered if the Minister could give us the breakdown on ARDA - on the number of roads that have been built under that, that is. And the dollar costs.

Then the second one I wondered about was, what royalties have the Provincial Government received from Churchill Forest Products - in the past 12 months, that is?

And then I wonder if the Minister would be good enough to explain to me: I notice in the 1967 report, and we almost have the same thing appear in the 1968 or the latest report, about the Manitoba ARDA blueberry project. I realize that this is in the realm of the Member for Neepawa. However, when one reads it it's almost exactly the same report as what appeared in 1967. And I wondered if the Minister could tell me why the report pretty well reads the same in the 1968 book. I think if you look on page 38 - this is the 1967 one that I have in my hads here - you could in all probability agree with me and tell me if we are accomplishing anything, and what does this project cost under ARDA.

MR. ENNS: Mr. Chairman, it's with a heavy heart that I have to inform the House that the blueberry project is in fact coming to a close. I will inform the members of the House of the full ramifications of that program. I shouldn't speak facetiously of it. It was a fringe program that, as my honourable colleague the Minister of Government Services says, involved blueberries and we'll attempt to report on that more fully.

I want to suggest to the Honourable Member from Hamiota that I am not the Minister responsible for ARDA and as such can't make the further report that he requests with respect to roads. I should point out to him that the only area of the province that roads are built under ARDA-FRED are in the Interlake as part of a development program and I think that's the one that you're referring to. My colleague the Honourable the Minister of Transportation could detail that for you. I used to know that information -- or indeed the Minister of Agriculture who is the responsible Minister for FRED.

I regret also that as to the actual royalties, and I think perhaps "stumpage fees" is the word that more accurately describes whatever fees that we would be getting from Churchill Forest Industries, perhaps if the member would make that a matter of an Order for Return or ask me that question a day or two from now I would have that information for him.

The Honourable Member from Gladstone referred back to the problems of the Whitemud River and I did read to him some specific information which he might wish to refer back to Hansard. Perhaps he has -- no, the answer would not be available to him. But it will be available to him tomorrow. Essentially, of course, the difficulty is that while you have the subsequent problems of drainage, drainage is not the major problem in that area. It is a question of land use which is the core of the problem and, as I indicated this afternoon, hopefully with the legislation that my colleague the Minister of Agriculture is introducing, we can tackle this land use problem and bring the problem in the Whitemud back into smaller, more manageable size. Obviously this was the difficulty with the situation that he keeps referring to, the greater area where we had some 18 municipalities involved where agreement couldn't be arrived at, and so I accept the fact that in the checker game the next move is up to us. I want to assure him, if the assurance will do any good, that we will be making that move.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. GUTTORMSON: Mr. Chairman, the Minister in his reply described this hunting experiment last year as a "bold venture". Does he still consider it a bold venture in the light of the experience which we had last year, with all these deer being wounded and maimed and lost because the hunter was unable to track the animal? Does he still feel this is a bold successful venture? Surely he can't think it was a good move on the part of the department to advance the hunting season into October during the warmer weather when so many animals were lost. On top of that, we have a situation where we have the seasons clashing, whereby we've got hunters going after upland game wearing the brown hunting garb, and doing so legally, and in the same area clashing with hunters who are ordered by law to dress in white. Surely he doesn't think this is a -- does he feel that the experiment was a success? Would he please let the House know.

MR. ENNS: Mr. Chairman, I don't think I can add anything more to this remark. I think we've covered it several times. I've never stood here and said that it was a confirmed success. I think that I merely indicated to the honourable member that I will support and look for new and vigorous programs of utilizing our wildlife resources from the recreational point of view.

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(MR. ENNS cont'd) In doing so we'll make our share of mistakes. We possibly have made some mistakes with respect to the specific hunting seasons that he refers to last year. I am not prepared to accept verbatim statements that he makes about the great deal of animal loss. Undoubtedly there was some loss. Some responsibility lies on those hunters who shoot without the knowledge that there is a reasonable good chance of shooting to kill. Or indeed some hunters can be questioned whether they're shooting and whether they know what they're shooting at. So there's a great deal of hunter education involved here too. I'm not prepared to put all the onus on the fact of depending on snow cover to track that wounded deer. There are other areas to explore, that's all. I'm well aware of the specific problems caused to the ranchers, to the farmers, with this kind of an early hunting season. The member himself has said there is a degree of compatibility with respect to the overlapping of seasons. This presents certain problems. I wish the member would give our branch, you know, the recognition at least of attempting to seek out new and better ways of maximizing our resource in this respect.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker, the Committee of Supply wishes to report progress and asks leave to sit again.

IN SESSION

MR. M. E. MCKELLAR (Souris-Lansdowne): Mr. Speaker, I beg to move, seconded by the Honourable Member for Winnipeg Centre, that the report of the Committee be received.

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

MR. LYON: Mr. Speaker, I beg to move, seconded by the Provincial Treasurer, that the House do now adjourn.

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