

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, May 27, 1971

MR. CHAIRMAN: The item under consideration is Resolution No. 43(1)(a). The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, may I just precede my remarks in response to questions or statements made by honourable members by informing members of the House that Bill 36 will be distributed shortly so that members will have an opportunity to read something while they're on their plane ride or over the weekend. As far as I can recall, members might want to make a note of this, there are three sections which have been changed from the draft bill which has been distributed some time ago that I can recall. Those three are Sections 79 and 80 under The Official Languages Section: Section 155, subsection 5 has been added; and Section 541 has been changed. Those are all I recall. If there are any other substantive changes I'll try to draw them to the House's attention fairly soon. There are, of course, proof reading changes that have been made but as I recall there are no other substantive changes. So that the bill will be distributed this evening.

Now dealing more particularly with the matters that were raised by honourable members, I just want to respond firstly to the note made or the mention made by the Honourable Member for Morris on the question of motive fuel tax. We are aware of the problem he raises; it is one that is a problem because in the past diesel trucks have been used mainly by big operators and by truckers and by commercial firms more than they have been used by individual farmers and there is a trend now as I understand it from gasoline-used vehicles to diesel fuel but they are still smaller vehicles. We are actively studying the problem and I know that the Honourable Member for Morris brought it to the attention of my department.

The problem is to make sure that we don't, by recognizing a trend and wishing to assist the farmer who is not operating on a grand scale, we shouldn't endanger the broadening of the exemption to large scale operation because I don't think that was ever intended, or certainly not intended in recent years. We are looking at that and it may well be a question of whether one should consider limiting it to smaller vehicles. Then I'm told that some even small farmers have very large diesel trucks, so I'm still getting reports on the impact of change and really enforcement because one of the big problems in taxation other than the fact that they are problems -- taxation is a problem in itself and one which people like to avoid as much as possible -- but one of the big problems in taxation is of course enforcement and one has to make sure that in creating exemptions one doesn't make enforcement difficult. But I acknowledge the point made by the Honourable Member from Morris, I assure him that it's a current matter that we are reviewing and one which I would expect we'll come up with a proposal on and then of course we'll want to hear from other honourable members. It's not a question of policy or governmental policy as such, it's a question of effectiveness and anyone's advice is most useful and most important; only I wish we would get some advice from the other side on how we could increase taxation in a palatable way, because dealing with exemptions as we did this afternoon it would have been most helpful to have had some suggestions of where we could find the money to replace those that are proposed to be given up from revenue either by enlarged taxing or new forms of taxation. However, since the proposals have not been made I guess we'll have to struggle along and work on that problem ourselves. But, as I say, one has to always consider that when one removes the tax, one removes a portion of revenue, one must replace it and I'd love to get some help on that.

Now one of the matters, for example, raised by the Honourable Member for Rock Lake is a suggestion that one broaden a principle. Some years ago, I think it was 1968, the former government brought in legislation providing a special exemption for grain storage buildings and it defined it very clearly that it has to be a one-purpose building for grain alone. What was the reason for that? The honourable member was here then and he must recall the reason for that change being brought in is a recognition of all the volume of grain that was sitting and waiting to be sold. The market is of course an international one; the produce from grain farmers was so great that the elevators were overflowing, the storage facilities that farmers had on their own premises were overflowing and it was really in the nature of an emergency situation that had to be dealt with, and in recognition of what was a very important emergency situation the government of the day deemed it advisable to exempt the one-purpose grain storage buildings. Now I'm not aware that potatoes are in that special type of circumstance, or others, because once you go into that area then you go into many other areas. I presume that carrots and any

(MR. CHERNIACK cont'd.) other vegetable would start being asked for for storage and I'm really not aware that the potato situation is comparable to that of grain. If it is I'd like to hear from the member either in the House or outside of the House, by letter or otherwise, indicating the special need and we would certainly look at it.

The question of horses, now that the Member for Souris-Killarney is here, is one that brings up all sorts of intriguing thoughts as to when a horse is new and when he's secondhand and whether you really charge when a horse goes to the glue factory or whatever. I think the real problem is not so much the auction sales of horses but the fact that many horses are sold privately and don't pay sales tax and that may be an unfairness, that when one buys a horse at an auction sale one pays the tax because the auctioneer is a licensed agent and he has to collect it, whereas private sales, on which tax is payable, are just not reported. I recognize that as being a matter for consideration. I can't consider it a major problem, I don't believe it is. By the way when is a horse a horse and not a race horse? That may be a question too because I assume that they both have four legs and I would guess that after a certain stage in the development of a race horse one starts calling him a nag and whether a nag is a horse or not I don't know. But the problem is there and no doubt -- (Interjection) -- I can hear that all sorts of experts are prepared to give advice. However, I would say I don't insist that taxation of horses is something that brings in that much revenue that it's crucial to the revenues of the province and I can assure the honourable member that that is a matter that we have studied long enough where we're pretty close to making a decision about.

Incidentally, the Member for Souris-Killarney asked for particulars of insurance agents - insurance companies, and I haven't had time to check it but I'm under the definite impression that the list appears in the Superintendent of Insurance Annual Report. Now if that's not the case, -- (Interjection) -- Well the member says it isn't, it's my impression that it is, but if it isn't then may I ask the honourable member to just drop me a line or a note and I'll see if I can accommodate him in his request.

Now let's enter some of the -- well the Member for Assiniboia isn't here but he mentioned something of which I'm not aware and that is the problem of pump motors which are attached to the operating use - a well I think he said - in one case is taxable and the other it is not, and he mentioned that it would be useful if the dealer who sold it knew. I think the answer is he must know because there are very extensive instructions sent out to every collection agent so it's really a question of the principle, and again if the honourable member wishes to pursue it, I wish he would direct my attention to it at a time when we can look into it. I'm sure that the department will respond, just as it did to the Member for Morris, on a particular item and if an explanation is needed, he'll get it. As to the principle that we can look at.

I really want to talk more about the larger scale items which are taxed under the sales tax mentioned by various members and the Member for Assiniboia put it that it should not be taxed on the necessities of life. Well the only thing that makes the sales tax not a proportional tax and has less regressive features which makes it somewhat a tax which is based on ability-to-pay is that there are certain exemptions now. There are exemptions in connection with fuel, I mean heating fuel. There are exemptions regarding food which is a major item, a really major item of expenditure for people in low incomes, and one has to survey what one can do to help those people. Because the Honourable Member for Assiniboia gave as an example the cost to him of paying taxation for a nine year old child who's outgrown the children's sizes and I must say that I'm not too concerned with his ability to pay the tax, and I don't think he is too concerned about his ability to pay the tax. But the decision of the former government to exempt children's clothing on the basis of size was one that I'm sure was based firstly on the concept that children's clothing is a sort of necessity which should be exempt. I am prepared to debate that in theory. I'm just not sure. I know that the cost of my children's clothing was much greater than was the cost of clothing of children on the same street of families who are less able to pay, and I don't think really it was that related to ability-to-pay. If you go through the stores and look at some of the clothing that's being offered to and purchased by the affluent people in society then one really questions whether their children should have an exemption for their clothing. So when we're really talking about necessities, and I think we are, then really we should be looking at another avenue of approach to the question of recognition of the burden of taxation on those of lower income people.

The Member for Churchill mentions workmen's clothing as being something to be looked into and at first glance one would; and we certainly looked at that. Of course there again you

(MR. CHERNIACK cont'd.) have a problem. How do you recognize clothing purchased by a person for his work and the same clothing purchased by a sportsman for what he will wear out in the sport area or at home as casual clothing? It's hard to recognize. The same applies of course to a tool; a hammer alone. Who is to recognize that the purchaser needs it to earn a livelihood or whether he's an amateur carpenter in his own home and buys a hammer. So it opens up tremendous areas of lack of enforcement possibility. With children's clothing, I think there are two provinces, Saskatchewan and Newfoundland, that do not exempt children's clothing at all. Some provinces exempt children's clothing on the basis of size and others on the basis of age, and the information I've been given is that where they tax on the basis of age, there is serious trouble. They've practically given up any enforcement opportunities because there is no way of knowing whether the article of clothing is actually being purchased for a child or not. A mother may be purchasing ostensibly for a child but really for herself and this can carry forward, and it's really difficult. It's really an enforcement matter and one where you're damned either way because of that problem. -- (Interjection) -- Yes, in this respect Gurney Evans, the departed Gurney Evans really gave us, I think, some pretty valid explanations for the tax when it was imposed. I think he did a magnificent job. That doesn't mean we agreed with all the proposals he made; but if I sound like Gurney Evans I take that as a compliment and I thank the Honourable Member for Swan River for that.

But really the one area that we are exploring which we think is so much more important is the very field of trying to assist those of low income groups. And for that we are studying, we've launched into a study, we're not ready to report on it but we're looking at the question of the possibility, and we think it's there, of giving a rebate to those who come in a certain category, a low income category. That would be the best way. It's full of problems but it's really the ideal and we don't want to give up our attempt to measure up to that ideal by buying something less acceptable, but would rather try harder to work towards that ability-to-pay principle and I hope that in the not too distant future will be able to bring proposals along those lines.

The same applies in a general way to what was said by the Honourable Member for La Verendrye on the question of used clothing. Now when he talked about used clothing he had my attention and sympathy. When he talked about the problems of the auctioneer, he lost me completely because I am sure that there are valuable articles being purchased, and purchased by people who are not in the low income groups, at auction sales and therefore his suggestion seemed to be, well, just cut out all taxation at auction sales. He's shaking his head. I'm glad he disagrees with my interpretation of what he says because I really thought that that's what he meant. And if he's talking about articles that are being purchased by those who can't really afford to buy retail and come in and buy secondhand goods at a low cost and are bound to pay sales tax, those are the people we are looking at and I assure him that that specific item is a matter that's right at the front of our study on sales taxation and which, I'm sure, will bring about some sort of improvement in the present system. -- (Interjection) --

Well, the member refers to an article sold for the tenth time. There are some articles that are considered antiques that go up in price every time they are sold from year to year and they are sold many many times and -- (Interjection) -- I'd be glad to tax them double. Now at last I had a member of the Opposition give me a suggestion of raising additional revenues, and possibly he and I can meet later on outside the House and discuss just how we can describe the kinds of goods that we should tax double, and I'll be very happy to deal with it and with him on that aspect.

That leaves me, according to my notes, with comments made by the Honourable Member for Rhineland, and I'll try to deal with those. Firstly, he spoke about quarterly financial statements. I told him we would be studying the possibility of doing that. One of the problems that I ran into was the fact that being on a cash basis and producing quarterly statements on that cash basis was really somewhat deceptive unless one had a backing for it to give useful information to go along with it, because seasonally there are changes and one big danger is that if you look at a quarterly statement without having back-up information, it would not really reflect necessarily 25 percent of the revenue planned for the year. I'm sure the honourable member would understand that problem. I might say that I furnished a statement to one of the legislative committees last January, I think it was, of actual revenues for either a nine-month period or a ten-month period, and in looking at it I really didn't think it was that useful because it, too, needed explanation because of the seasonal nature of our income, but what we

(MR. CHERNIACK cont'd.) are doing - and I mentioned that when I presented the Budget - is working towards an accounting system, which is similar to what is known as National Accounts, where we should be able to produce more meaningful information, and when we do that one of the results may well be a more meaningful quarterly statement, and my staff is indeed looking at the possibility of doing exactly what the Honourable Member for Rhineland has suggested, and I admit to him that we haven't reached the stage of actually saying we can do it yet, but I understand we're getting closer to it.

Now, he raised the question earlier about collection of diesel fuel on farm trucks, and I just am not aware that many farmers have been failing to pay the tax on diesel fuel. Now if that's the case, then I'd really like to know about it. As a tax collector, I would want to know about it. But the fact is that diesel fuel has been taxable all along and that the department's responsibility is to collect it. Now if they find somebody who has not paid diesel fuel tax, then that person is liable for it. The honourable member used the word "retroactive". I'm sure he wasn't talking about retroactive taxation because we don't have retroactive taxation, but surely when we collect taxes that are in arrears, we have to go as far back as they are in arrears, which could be four to five years. Now if that means that somebody will go bankrupt, then I'd like to know about it because if there are extenuating circumstances and there's a real reason for giving consideration, then this government, like all governments, want to look at those in special cases, not in a general way; so I would encourage the honourable member that if he knows of cases that are seriously affected, by all means bring it to my attention.

Now he asked a question which I've been asking for a long time: how are equalization grants made up? And I've received answers time and again, and let me tell the honourable member, if ever I saw a confusing formula this is it. It brings in 20 to 30 different forms of taxation and revenue across Canada and relates the average rate and the average income across Canada to establish an average norm, national norm, and then it goes back and looks at each province separately in each of these categories, be it liquor, be it gas, be it auto licences, be it income tax, corporation tax, and all the other forms, and has separate calculations along every line and every form of tax, and its purpose is to raise the level of the provinces in each of these tax areas from where it is below the national average to the national average, and that way the Federal Government is in some way redistributing its federal income to recognize the inequality of the taxabilities in the various provinces.

It is not a matter of great pride for a province to say, "We are getting equalization tax." It just means that that province is not able to generate taxes to the national level. And Quebec was mentioned by the honourable member, and of course it too is a recipient of the equalization tax. So are we, and as our economy improves I would hope that we will work our way out of the need for it but, as long as the need is there, we certainly make every effort to check it and we have people in our department who check very carefully all the calculations, all the formulae used, in order to be able to confirm the amount of tax payable.

Now I must say that the equalization formula is now up for re-negotiation and there have been proposals made for changes, and I must say that the initial proposals received are adverse to Manitoba's position and I can assure the honourable member we're going to do our best to maintain Manitoba's position as strongly as possible to get the largest amount of equalization grants. The honourable member, of course, says we should get more, and I think he will depart, then, from his friends in the Social Credit governments of Canada who really feel that we should get less. They don't really care very much to see Manitoba getting more. They would rather we got less because they are not beneficiaries, so in effect they are contributing because of the great natural resources and wealth in those provinces indigenous to the land on which they sit and what is in and under the land.

Now, the question of Britain's entry into the Common Market. We have a couple of economics professors on this side of the House - I think that I can do something to persuade the Minister of Industry and Commerce to give you gentlemen a lecture. The person sitting in his seat may well be able to make a contribution to the study. The Member for Crescentwood is present and if you prod him enough, he may give you a lecture. All I can say, not being an economist, and trying to learn my way in this field of economics in my present position is, simply enough, that Britain's entry into the Common Market is bound to affect Britain and its suppliers and I assure the Honourable Minister of Highways that I really mean that and I think he believes me, when he questioned whether that was really so. Of course the effects on Canadian exports with Britain's entry into the Common Market, may be a very

(MR. CHERNIACK cont'd.) serious one for us, and this may well apply to our agricultural exports, no question about it, but we're not really aware of the conditions that are now related to the entry into the Common Market, so even then it's probably difficult for the best economist to assess the seriousness of the problem without knowing the conditions.

Now, we're in touch with the Federal Government who are no doubt making the study - I don't think the honourable member was serious that we start making a study in Manitoba of a problem that will affect all of Canada. I can tell him that if he looks through my estimates he'll find that there's a very small research staff in my department, and just to ask them to go into this field alone would be enough to receive demands for tripling, quadrupling the size of the staff, something that the Honourable Member for Rhineland, I'm sure, would not approve of. It's a national problem; it's not a provincial one. It's one that we will be discussing with the federal people who will be dealing with it.

Well, the honourable member also referred to Dominion-Provincial relations and I have to inform him that that does not come within the orbit of my department. The First Minister is the one who is the Minister in Dominion-Provincial relations.

The question of domiciling the Constitution is a matter that comes within his field as well as that of the Honourable the Attorney-General, and I don't even want to start discussing that aspect; I think it's outside of my terms of reference.

The provincial bank is one that we have never rejected and it is being studied, and there are efforts being made to see whether we could have a western bank centred in Manitoba, or a western bank, or indeed a provincial bank, and we are actively involved in sorting out the various problems and the methods with which one can establish a provincial bank, and I am not prepared to talk any more about it except to say yes, several of us are involved in those discussions, and they are ongoing.

Well, finally, the honourable member complains about the interest paid. He says we should pay our way; we shouldn't be borrowing; we should be on a pay-as-you-go basis. Well, either we start printing money or the Bank of Canada starts printing money. In either case it would devalue the money substantially and we wouldn't get any further than Alberta would get if it, too, were printing money. The fact is that Alberta is not printing money. It is currently borrowing money, as the honourable member well knows, and he returned to me, with some protest, the sheet of paper I sent over to him this afternoon which reported that during May of this year Alberta sold \$50 million in debentures. No doubt they had a reason for it and he says he knows the reason, but whatever the reason was, they apparently didn't have the reserves to be able to deal with it themselves but actually went on the market for \$50 million worth.

But that doesn't mean that it wouldn't be nice to go on a pay-as-you-go. I don't know how many people do. I would guess that in 30 years of practising law I've had very few cases where people buy their homes cash-on-the-line. It seems to me that in almost every case there's a mortgage attached to the purchase. Possibly the honourable member is prepared to wipe out all credit-granting powers in the private field. Possibly we just eliminate credit completely and we say, "If you have the dough you pay; if you don't, you do without." I don't know whether the Canadian people or the Manitoba people are prepared to sacrifice the quality of life that they now have, Canada being amongst the high ones as far as standard of living is concerned, in order to go on a pay-as-you-go basis.

Let me tell the honourable member that in my opinion the moneys that have been borrowed and are being used by this province - and I'm talking now about moneys borrowed over many years - are moneys that were extremely important investments in the growth of Manitoba and in the growth of the community, and I wouldn't hesitate for a moment to borrow for schools to educate our children, to be able to equip them to occupy positions in society which will be productive and fruitful for them and for society, and then collect some of that money back by way of taxation. I think that's good investment and I can't think of any capital investment that isn't a good investment, nor can I think of any investment we make today for educating our children, paying teachers, paying students, I think that any investment of that nature is an investment for the future, not for the present, and I would not be one to favour a pay-as-you-go basis even if we could do it, and I know the Honourable Member for Rhineland must recognize that we can't do it. So I make no apology for the fact the previous governments and this government are prepared to borrow in order to build for the future and for the development and growth of Manitoba and its people.

MR. CHAIRMAN: 43, 1. (a)—passed? The Member for Rhineland.

MR. FROESE: Mr. Chairman, I want to thank the Minister for a number of the explanations that he did give. I naturally have to reject others because certainly he knows very well that I am for education, that we have to educate our young people. I've never even mentioned this before — I didn't even bring education into the discussion at all. What I objected to is the large amounts of interest, and he fully knows too that when we build a new school, when we pay for it, we're not paying for one school, we're paying for three schools. The additional interest that is applied to the amount that is being borrowed over the years is twice the amount that was originally borrowed, and this is the objection that I have. I feel that we should be able to do that for much less. Certainly when our Federal Government can make loans to other countries, interest free, for periods of 50 years and more, and millions of dollars, surely they can do the same thing for us as a province. Our economy is such today that we probably need it worse than some other areas do. Our taxpayers are paying taxes to the hilt and yet we don't raise a voice when the Federal Government is making these loans to other countries and not considering us at all. -- (Interjection) -- Yes, but it comes from the Bank of Canada and do you know that the Bank of Canada can issue loans without interest. You know that fully well.

Mr. Chairman, they sometimes say, "Oh yeah, he starts off with his Social Credit fears." Well, Mr. Chairman, before Social Credit ever came into office in Canada, we have record of other investigations, and I'm referring now to the report of the Economic Crisis Committee of Southampton Chamber of Commerce which was made 'way back in 1933, and I read the first part, the first paragraph here: "We were appointed by Chamber minute dated the 5th day of January, 1933, to make a study of the root causes of the calamitous depression in national and international trade, especially focussing attention on the problem as now represented by unemployment and to make a recommendation based on the finding to the Association of British Chambers of Commerce."

This was 'way back in 1933 and they did make an investigation. First they have a general review. They have different parts here: The Purpose of Economic Systems. They mention unemployment here. They mention money and the monetary system; and I would like to read a few paragraphs what they have to say about the monetary system, and I'm quoting: "The monetary system in this country is controlled by the Bank of England. By its control of the note issue and its open market transactions, the Bank of England is able to exercise control over the entire financial structure. As the national central banking institution, the Bank of England is the sole authority for the issue of the notes which form the bulk of our currency. The amount of notes which the Bank can issue is arbitrarily controlled, within narrow limits. The Bank of England is a private institution independent of any form of legal control, save in regard to its powers of issuing bank notes and granting loans to the state. The restrictions, so far as there are restrictions under which the Bank works in its operations, are restrictions which the Bank has imposed upon itself and which of course it has the power to alter. The currency controlled by the Bank of England, however, forms only a small amount of the total money of the country. The bulk of the money is created by the commercial banks. By granting loans, allowing money to be drawn on overdraft and purchasing securities, banks literally create money. This form of money is intangible and consists of figures and bank ledgers which are transferred from one account to another by means of cheques. It is not unnatural to think of the deposits of a bank as being created by the public through the deposit of cash representing either savings or amounts which are not for the time being required to meet expenditure, but the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on overdraft or purchasing securities, the bank creates a credit in its books which is the equivalent to a deposit.

"The commercial banks are limited in the amounts of this financial credit which they can create by the amount of cash in their possession and their deposits with the bank of England."

This is the same, Mr. Chairman, as the way our banks operate here in Canada. By general agreement the banks maintain a ratio of about ten to one between the financial credit they create and their cash and Bank of England deposit holdings; thus it will be seen that the bulk of our money consists of intangible financial credits, created by the commercial banks and lent to the community, the community therefore being in the position of being indebted to the banking system for practically the whole of the money which they have to use. While we have the highest regard for the efficiency and integrity of our banking system, we cannot

(MR. FROESE cont'd.) refrain from commenting upon the fact that we find no indication of the amount of money being dependent upon the ability of the productive system to supply the community with goods and services; rather it seems that an arbitrarily fixed amount of money demands the restriction of production to the quantity of money.

Again, the fact that the authority for the creation of money is vested in private institutions seems an anomaly. It has already been shown that the credit or belief upon which the monetary system is based is inherent in the community, as the creation of money by the banking system can be affected as and for any purpose they consider desirable. It would seem that a power nothing less than control of the entire economic activity of the nation is vested in a private monopoly.

Mr. Chairman, I notice the Minister of Mines just coming in and looking up on high. No doubt he gets messages from on high - to my right. So that here we have the same thing as what we have in Canada, we have a private monopoly and control of credit and we as a people are subjected to it. And certainly as is stated by the people in their findings here, that the money supply is not adjusted to production but rather production has to adjust itself to the money supply, and this is why we see what we have today where we have overproduction as far as farm commodities are concerned. We can't move our wheat, because our money supply isn't there, the countries can't purchase our wheat, and this is the situation. This is also why we find because of the monopoly that we have these enormous amounts of interest on our debt. They came up with various suggestions as to an alternative as to what to do and how to go about rectifying. They also brought out the root causes of the economic crisis. Mr. Chairman, I don't want to read all of these out to you, but certainly I would like to read a few of the recommendations that this particular committee made. They are four in number.

The first one, and I'm quoting: "Money supply should be governed by the real credit of the community as represented by its productive capacity." This appears to involve the abandonment of any arbitrary restrictions of the quantity of money and the limitation of internal money supply by any such instrument as the International Gold Standard.

"Secondly, in order to insure that money performs its true function of operating as a means of exchange and distribution, it is desirable that it should cease to be traded as a commodity." And this is still the case, it's still being traded as a commodity. We just saw what happened last week, or was it the week before, in Germany and this will continue to go on.

"Thirdly, money being merely a vehicle for the credit of the community, and the power which the control of money carries with it being nothing less than the control of the entire economic life of the nation, it is desirable that the administration of financial policy should be vested in a national authority directly responsible to the sovereign and his people.

"Four, as the existing mechanism for the distribution of incomes fails to provide the purchasing power necessary to distribute the products of industry, or the money equivalent in imports, it is necessary that purchasing power and prices of available goods and services should be equated. As the defect arises from charging the community with certain costs in respect of which the necessary purchasing power is not distributed, two alternatives are available: (a) either prices should be reduced to meet the purchasing power available without involving any loss to the individual or; (b) purchasing power must be increased to meet prices, or both methods could be employed together."

Mr. Chairman, I think these were not social creditors, these were people set up to do a job. They investigated the system and these were the recommendations that they came up with, so certainly when we talk about these matters it's not only social creditors that believe in reform but other people as well. So with the situation as it is, with interest increasing each year and with the income of the people, especially the farm people going down, I can't see how we can continue indefinitely with the policy that this government is carrying on, we have to make cutbacks or provide other means of reducing the cost of money. Certainly I have indicated as to what in my opinion we should do and if the government does not see its way clear to take advice of this type, certainly we will have to carry on and carry the heavy burden. Not only will this figure be the same, the thirty seven and a half million for next year, but when we continue borrowing another 300 million that we can expect probably another 20 million added. Certainly we had a hefty increase from the previous year and we cannot help but expect that further increases will take place.

MR. CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I want to thank the honourable member for his

(MR. CHERNIACK cont'd.) expression of his thoughts.

MR. CHAIRMAN: (Resolution 43 was read and passed) 44, 2(a)(1) and (a)(2)—passed; (b)—passed; (c) . . . The Member for Rhineland.

MR. FROESE: Mr. Chairman, under Refunds \$750,000, where is this money going? Resolution 44.

MR. CHERNIACK: Mr. Chairman, from time to time refunds have to be made to people who have paid in excess of what they were liable to pay and these refunds have to be made and they come under the section called "Refunds".

MR. CHAIRMAN: (c)(1)—passed; (2)—passed; (3)—passed; (c)—passed . . . The Member for Rhineland.

MR. FROESE: I think the Minister was looking for his figures . . .

MR. CHERNIACK: Mr. Chairman, I heard the member say "It couldn't be income tax" and I agreed with him it couldn't be income tax because that is collected by the Federal Government.

MR. CHAIRMAN: (Resolutions 44 and 45 were read and passed) The Member for Rhineland.

MR. FROESE: Mr. Chairman, on Taxation Division, what does it cost the Provincial Government to collect the sales tax? We were given some indication at the time that the bill was presented but I don't think we've received the actual figures as to the cost of collecting that tax. There is a certain base on which the tax is collected, is there not?

MR. CHERNIACK: I don't know what the honourable member means by saying there is a certain base. — (Interjection) — Oh, you mean what commissions are payable to collection agents? I'll attempt to look that up and give him the answer. May I suggest that honourable members may be prepared to proceed. I'll come back to it as soon as I have the information.

MR. CHAIRMAN: (Agreed) (Resolutions 46 and 47 were read and passed) Item 47 completes the Department of Finance.

The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I will have the information available. I wouldn't want to break in on the Honourable the Minister of Mines in connection with his . . . I don't know whether other members are much concerned with the answer; if not, I could just inform the Member for Rhineland - if that will be acceptable to committee. I'll inform anybody else who indicates an interest but other than that I . . . Well I'll inform the Member for Rhineland.

MR. CHAIRMAN: Mines and Natural Resources, on page . . . The matter under consideration is resolution No. 68 Minister's salary 1, (a). The Minister of Mines and Natural Resources.

MR. GREEN: Mr. Chairman, I want to first of all indicate to members that this is really the first occasion on which I will have the full opportunity of delivering departmental estimates in the manner which the House is accustomed to hear them in. During the first session in August of '69 I believe that the estimates of the Department of Health and Public Welfare, or Health and Social Services as it then was, passed through the House in probably less than an hour which was very unusual for a department spending roughly \$130 million, but the circumstances were such that the House was of a mind to pass those estimates, it being the case that they were the second time up that year. Last year the full 80 hours were completed before the Department of Mines and Natural Resources was called. I had been in that department only a few short months and the fact is that again, we did not go through the estimates item by item but I did attempt to deal with questions that were raised by honourable members during the presentation of a bill which permitted some discussion and during the presentation of the motion on concurrences where several members did make contributions to what was a mini estimate debate. So I want to first of all, express my appreciation to all of the members for having given me such an easy time in the past and I would fully expect that they would undertake an intensive review of this department because of the fact that it's coming up for the first time this year.

I would also like to follow the traditional pattern - and if I could make it more than a tradition I would - of expressing my full appreciation to the staff of the department of Mines and Natural Resources for the excellent co-operation that they have given me since I actively assumed my function in that department in January of 1970, some three weeks after I was appointed in December of '69.

I single out only one person in the hope that by doing this I don't underplay the role that

(MR. GREEN cont'd.) has been played by many other civil servants and therefore I am just going to mention the excellent assistance that has been given to me by my Deputy Minister, in this department, Mr. Winston Mair. I have had excellent co-operation from all of the other staff as well but I won't mention any one of them lest it be taken as belittling some of the others. I do feel, however, that the Deputy Minister, Mr. Mair, should come in for special recognition.

I would also indicate, Mr. Chairman, that the staff deserves perhaps more than traditional praise, because I think that there is a rather peculiar situation in this department, in that between the year 1966 and December of 1970, a period of less than four years, the Department went through a series of five Ministers, that is, Mr. Sterling Lyon, then Mr. Gurney Evans, then Mr. Craik, then Mr. Enns, then Mr. Len Evans and then myself, which I would think is probably a record of mortality in the Department of Mines and Resources; and I see no indications, Mr. Chairman, that the string will either continue or not continue. In other words, I make no special point. The fact is that there were, there were a series of six Ministers now, from 1966 until January of 1970, which is a period of less than five years. So I think that the departmental staff have had to carry the brunt of the load and, as a matter of fact, I'm quite certain that in many cases they didn't have a chance to even meet the Minister or know who he was. That is also the fact under present circumstances, but at least there has been a period of one Ministry since December of 1969.

In addition to the changes of Ministers, there have also been significant changes in the department itself, and I would indicate, Mr. Chairman, that one of the most important areas of the department, that is Water Control, has also bounced from department to department. I believe that during the last four years it's been periodically in the Department of Agriculture, the Department of Highways, and the Department of Mines and Natural Resources, and so here is another area, a significant area of provincial activity which has moved from department to department and therefore would of course have to have adjusted to the department itself and to the interlocking of the staffs within the department.

In this year's departmental changes, which I'd like to refer to before getting to the details of what the estimates are intended to do for us, there are, first of all, two significant changes that are made in the Department of Mines, Resources and Environmental Control, and even I, Mr. Speaker, don't know whether I've got this name straight yet - I think people are used to calling it Mines and Resources - but the two significant -- (Interjection) -- Yes, the only name that I can remember very easily is Captain Marvel, which the Honourable Member for River Heights has simplified for me. The fact is, Mr. Chairman, that this year the department's significant organizational changes relate to the adding to the department, a division of Environmental Control, and the Clean Environment Commission and the various administrative changes that are being brought about in those two areas, and also the bringing into the Department of the Commissioner of Northern Affairs. That is not a significant change for myself personally, but it is a significant change in terms of having Northern Affairs relate to the Department of Mines and Resources rather than to the Department of Municipal Affairs which it related to previously, and I will discuss in due course some of the implications of that particular change.

Now, Mr. Chairman, coming to the estimates themselves, the members will note that the year ending March 1, 1972, there's an indicated \$22 million-odd having been spent in the department last year, with a requested \$26 million this year, a difference of roughly \$4 million, and the manner in which this increase is brought about should register to honourable members, or give honourable members an idea of the pattern that the department has tried to follow in dealing with its activities.

I note that it has been suggested by members from time to time that the departments have not had any particular direction. I'm not going to deal with that criticism qualitatively; I'm merely going to indicate the direction that this department has taken and then it will be for honourable members to judge for themselves, or to make whatever criticisms they feel are warranted as a result of the explanations that I'm going to be giving. -- (Interjection) -- Well, I would think, Mr. Chairman, that it should be general, it should be a general pattern in any Legislative Assembly that stress is laid on those areas that are weak and not on those areas that are strong, and I accept that. I don't see how you can get things done better if you don't do those things, so I look for members and I would expect members to seek out the weaknesses so that they put the pressure on the department to do a better job. I think that's the process.

(MR. GREEN cont'd.)

But the first thing, the first step the department set for itself in defining what its 1971-72 expenditures would be, was to determine that program which we had supplied in the past, which was a valuable program, which we considered a worthwhile program, and to make sure that the program maintained itself at least at its existing level. So the first expenditures are designed to keep those things that are worthwhile, to keep them at the level that they were proceeded with in the past, and to make sure that enough money is provided to deal with inflationary changes that have crept into our economy, and which means that for the same money you get less and therefore, in order to get the same activity, you have to pay more money - and in order to do that, Mr. Chairman, I think that there is a natural increment of roughly - and I say roughly - seven percent, in order to merely maintain existing departmental expenses with the normal rate of acceleration that these expenses themselves imply.

Our second step, Mr. Chairman, in dealing with these departmental estimates, was to eliminate from last year's estimates all of those areas which were put into the estimates as a "one shot" activity; that is, if there was to be a major waterworks such as the Portage Diversion, and that was included in last year's estimates, let's say at some expenditure of three or four million dollars, whatever part of it was included in last year's estimates, (that wasn't the figure; I'm just throwing that out as an example), then what we made sure that we did before we proceeded any further is to take out what we considered to be last year's completed program, so we would not be doing the usual thing and that is proceeding to say, "Well, last year we spent a million; this year we need a million plus accelerated costs." We looked at last year's million, found out what was supposed to be a one year project, deducted that from the estimates, and then proceeded from last year's figure at the reduced level, and I can tell honourable members that we reduced last year's level by roughly \$1,200,000 before we proceeded with the next step in determining what the estimates should be.

The third step that we followed in determining what these estimates would be is to determine what direction the department was to take in new thrust activities this year. I think this is something that the Member for River Heights referred to. He said that he can't find any direction in the Budget. I would want to say at this moment the fact that he could not find any direction doesn't necessarily mean that there wasn't a direction; it could be attributable to his inability to find things, but I merely make that indication from the point of view of the total budget, which I thought spelled out very clearly that the government was this year going to use whatever elbow room it had in order to provide for municipal taxation and for relief from municipal taxation and municipal reorganization, but that's going to the total and that's of course not my job. In terms of the Department of Mines and Natural Resources, we said that "this is the direction that we would like to move in;" we took that direction to the Treasury Board and to the Cabinet level and, as honourable members will know from their own experience, we fought like hell to get as much as we could and we were successful in achieving some things and we were unsuccessful in achieving others, because the normal restraints that are exercisable on any Cabinet Minister are exercisable on our department as well.

Now, Mr. Chairman, as a result of the three steps that I have referred to, we came to the general position, Mr. Chairman, that our voted amount last year was \$22,492,000; that our completed projects was \$1.2 million which I've indicated previously, which took 1.2 million out of that vote; our continuing requirement was therefore \$21,261,000; our request this year is \$26 million; the increase over last year's request is \$4,753,000, and that is broken down as follows, Mr. Chairman: we find that roughly five to seven percent of it is made up of normal inflationary costs that would be required in order to maintain the existing level of services within the department, those services we wish to maintain, and the balance of roughly 3,100,000-odd and I don't want those figures to be taken as exact figures - are made up of programs which were determined to be our thrust for this year. Some of them are directional thrusts; some of them are thrusts that involve specific programs that we feel should be proceeded with this year, and I will list that roughly \$3 million.

The first new program that is being proceeded with this year which falls into the category that I've just mentioned, is the Pleasant Valley Dam, and the amount of money that is being spent for the Pleasant Valley Dam this year, which includes land purchases and other engineering works and other preparatory work for the construction of the dam, is \$117,000.

The second item, Mr. Chairman, relates to the watershed authority policy that the department is attempting to implement, with its first definable project being the Whitemud River

(MR. GREEN cont'd.) Watershed Authority, and, Mr. Chairman, I consider this to be a significant change in policy direction for the department and I'll come back to it in a few minutes. I'll give you the figures and then I'll come back to what the intentions are where they are not immediately obvious, such as the Pleasant Valley Dam.

The third significant thrust in expenditure is a study which we are attempting to negotiate with the federal authorities, which will be 50 percent cost-shared, in order to deal with making the best possible benefits flow from the Lake Winnipeg Regulation program which is being undertaken by Manitoba Hydro as a result of the Hydro project which was announced by the Manitoba Government, and the amount of that is \$650,000.

The next item, Mr. Chairman, and again I'll come back to this one - I'll come back to the Lake Winnipeg Regulation one, of course - but the next one is the new program which the department is undertaking with regard to Environmental Management and which involves increased expenditures from the previous Clean Environment Commission type of program to the extent of \$230,000.

The next program, the fifth program, relates to fishermen's income and, although it deals with only a small portion of what was done in the winter of 1971, I consider this to be one of the new thrust areas because of the particular situation that has arisen with regard to Lake Winnipeg fishermen; and the amount that is included in last year's budget, in this year's budget from the winter program is \$141,000. I've indicated to honourable members that there will be no doubt a request for additional funds to handle the fishermen's income maintenance program which is being planned for this summer, details of which or partial details of which I announced in the House on Friday. However, there's \$141, that is definitely in as part of the winter program and that of course is also 50 percent cost-shared.

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(MR. GREEN cont'd)

The next item where we have a significant change in expenditures which we felt was very necessary - and the Honourable Member for Rhineland will be particularly interested in this although other honourable members will be interested as well - is an increase in the expenditures on survey by \$169,000. Mr. Chairman, I again don't wish to become provocative; this is something that apparently has been a hangover from government after government, that there are people who are waiting for final payments on land that has been taken years and years ago. I think one of the cases that I heard of recently went back to the middle 1950's whereby the people whose land was taken for drainage works and other water control projects were not paid because final surveys had not been done on their land, and there was a considerable backlog each year; moneys were requested in the estimates and then thrown out because it wasn't a high priority. We have felt that it is a high priority. Despite the fact that it's a few people, the fact that the government has taken their land and has paid them 80 percent of it and is holding the last 20 percent, even though they get interest we think it's not fair that we don't do something with these surveys. One of the original thoughts was that this should be hired on an outside house, out-house (that's not a good word) an outside House basis, and we looked at the situation, Management Committee looked at the situation; it would cost more that way, and we're just going to need it and there's \$169,000 in the estimates for that.

The next significant change, Mr. Speaker, is in the Department of Northern Affairs. I think last year I announced to the House the changes that we were making in that department by the setting up of a Community Development Branch as well as an Operations Branch, the additional grants that we were going to be giving to northern communities out of the Northern Affairs budget. The Community Development Program being in the Branch has required many different types of programs, which I'll refer to in due course, but this is an additional expenditure in that area of \$75,000 for grants and \$192,000 for additional programs.

The next significant directional thrust which honourable members should be made aware of, and this again was previewed by legislation which we brought into the House last year and which received considerable debate. It dealt with Bill No. 17 and the type of Crown corporations that could be set up under Bill No. 17 to involve northern people in corporations designed for the purpose of enabling them to obtain the greatest possible benefit out of resources in their areas which were being developed, and there is \$300,000 which is put into the estimates this year for the purpose of enabling us to set up Crown corporations in areas such as tourism, in areas such as paddy rice developments, in areas such as logging which is, one of them is the Moose Lake Logging Company which was referred to previously in the Capital Estimates.

The next significant new directional change, Mr. Chairman, which the department is undertaking is in the area of mineral exploration where the department is asking for the sum of \$500,000 for the purpose of setting up of a mineral exploration company. Again, Mr. Chairman, I'll have some words to say about this. After having given the amount, I'll be coming back to some of these items to deal with the rationale for them but there is \$500,000 in the budget for a mineral exploration company.

The next significant change in thrust from what has been done in the past relates to increased initiative in attempting to deal with the Grand Rapids Forebay situation which had more or less slowed down as a result of the Forebay fund having been completely used, and \$265,000 is included in the Forebay fund amount to deal with legitimate claims of the people who have been required to relocate themselves as a result of previous hydro programming.

The last significant change in direction, although you won't see it reflected in moneys spent, relates to government air services. There are additional moneys spent in government air services; I don't think that it would be that noticeable in terms of a directional change, but the government is trying to do much more with government air services in making it a transportation network for Northern Manitoba in terms of increased and improved airstrip program but, more than that, a much greater use of government air services, particularly by government itself, whereby the government will be requiring all travel in Manitoba to be booked through government air services. It may be that it won't be booked in with government air services' planes, but it's designed to make sure that government air services planes are used if they are available, whereas in the past each department could book with whatever company it wished to, and we found that our planes were being under-utilized. We hope through this procedure to get the best value possible, from the government at least, out of the air service's

(MR. GREEN cont'd) capacity that we have, and we hope, Mr. Chairman, to go further, to see to it that the government air services becomes a significant public service in Northern Manitoba through facilitating the ambulance program that will be dealt with by my colleague, the Honourable the Minister of Health and Social Development.

So those are the -- excuse me? -- (Interjection) -- I haven't -- I think that if you look at the government air service figures, I have indicated that you won't see significant changes in the expenditure patterns on the air service figures. They're in there, but I felt. . .

MR. HARRY J. ENNS (Lakeside): . . . In the listing of amounts, which we appreciate, he didn't indicate an amount for the Whitemud Watershed Authority. Is there any specific amount?

MR. GREEN: Yes, the amount was \$200,000.

So those, Mr. Chairman, constitute the areas in which this government hopes to make a thrust through this department.

I note that the Member for River Heights, in discussing the estimates, singled my department out, this department out, for having devoted \$1,200,000 or somewhere in that range - I can't remember the actual figure - to give, I think his words were: "to give more staff to the Minister of Mines and Natural Resources." That was our direction, and really I don't feel that the complaint was that serious, coming from my honourable friend, that I would have to answer it but I did consider it serious that I had to answer to my colleagues because they sort of think that I was holding the line as hard as I could, and I assure you that I exhorted everybody to hold the line; and for the Minister to have announced that I was getting some kind of a bonanza in new staff didn't really bother me in terms of what anybody else thought, but I'm really worried about my colleagues around me because they will think that I have gotten away with murder, and I can't let them think that, whatever the honourable member wishes to think.

So we went back and tried to find out what was the staff situation, and it would appear, Mr. Chairman, from what we have been able to ascertain - and I think that our figures are reliable - that there'll be a total of 70 more man years in the department and that only roughly 20 of those man years, 20 civil servants over a total staff of 1,352 people, that 20 of those are additions to existing program thrust. The balance of the 70, that 20 of the new employees are really to handle what would be normal acceleration of existing programs, and that 50 of them deal with things where we have actually caused the department to move in a new direction, which is a far cry from the amounts that my honourable friend mentioned, and I give these as the figure. That's 20 over 1,352, or if you want to take it at its longest figure, which my honourable friend, of course, it puts him in a better position, so wishing to put my honourable friend in the best position that he can be in, because he's in a pretty weak position, I'll say 70 people, 70 people over 1,300 and I would ask my honourable friend -- (Interjection) -- pardon me? How many remain vacant? Mr. Chairman, I am referring to the new additions and my honourable friend was referring to the new additions, and I would ask him to go back into his years in government and find any department that had less of an increase than this for a continuing program, and I will particularly bring out the figures of the member's own department during those years and see whether the ratio of 20 over 1,300 could be fulfilled by his department. We will have the figures tomorrow and we will deal with them, and we will deal with the thrust where these new expenditures were made at that time; but nevertheless I am indicating these, not really to satisfy the Minister for River Heights, because I indicate I'm not that worried about it, but the Minister of Transportation will clobber me if he thinks that I got the number of staff that you say. Oh yes he will. That's right. I'm afraid of him. He's the one that I'm afraid of, that's right.

But the fact is that that appears to be, Mr. Chairman, the situation as it relates to staff. That appears to be the situation as it relates to thrust - and I don't ask my honourable friends to agree with me that the thrust is in the right direction, because if they could agree that the thrust was in the right direction, then I would have to question where the hell we're going. So I realize that there will be arguments about where the thrust is but I do think that we have taken the department and we have said that these are the areas that we want to move in. And where the change is significant, Mr. Chairman, I'm going to go back over these items and indicate why I think this is a significant change, or not self-explanatory. I would like to think that they are all significant but if it's not self-explanatory I'll go back over the list.

The first one is the watershed conservation authority and anybody who has had to deal

(MR. GREEN cont'd) with drainage, any Minister of this administration or previous administration who has had to deal with drainage, will know that there is never going to be an answer to this problem, but that doesn't mean that you don't keep on trying to do a better job. I believe that the previous system, previous even to the former administration, was to try to share the cost of drainage between the provincial government and the municipal government on the basis of whatever drainage had to be done and there was continual arguments as to what drainage the provincial government should be doing and what drainage the municipal government should be doing and what share should be involved or what have? As a result of this, the previous administration developed a third order drain provincial responsibility policy; that is, if a drain could be identified as a third order drain -- that's right isn't it, third order? The previous minister may help me out, third order drain -- that if it could be established that it was a third order drain, then the provincial government had full responsibility for the development, the maintenance, and the cleaning of that drain, they had to pay 100%. This policy has been in existence for some years, whereby the provincial government within its drainage expenditure capacity, says well here are the third order drains that are the priorities, here are the ones that we are going to spend money on, we are going to spend 100% of the dollar. And then what has happened is that the drainage in the area may or may not keep pace with the drainage which is conducted by the provincial government; because although the provincial government may do a third order drain 100%, because the municipality doesn't do the first and second to the extent that they should be done, the third order drain doesn't do its job, and you just don't have a good drainage program.

So what the administration has devised is a program whereby we go into a watershed rather than into a municipality and we say that we try to identify an area as being an area where drainage should be coordinated and dovetailed with one another, that drains should be dovetailed with one another or integrated with one another, and in that area, whatever municipalities exist, we tried to get them together for the purpose of creating a watershed authority, and when that watershed authority is created, then the provincial government will have the power to enter into a watershed authority agreement or program with the area, which the provincial government would then try to be more generous with than they even are with only third order drains, provided it becomes a program and not merely a program for the development of a third order drain. That is the other area has to undertake to do their share of what is being suggested in order to establish themselves for a watershed authority grant. So this is what is being attempted and this is what has been discussed with the Whitemud Watershed group of people and I look forward to establishing such authorities and such drainage programs, in due course.

With regard to the next item which is not self-explanatory, that which relates to the Lake Winnipeg regulation study, the program that has been devised by the Manitoba Hydro involved a change in the ecological conditions that will affect Lake Winnipeg and beyond Lake Winnipeg. Any change in water patterns from their natural courses involves changes in the ecology and could have effect one way or the other in different directions, and the study that is being suggested by the provincial government and the federal government, and which we hope to get 50 percent sharing in, but if we don't we hope to proceed by ourselves, is a study which will make sure that we find out what is the maximum benefit that can be achieved as a result of the Lake Winnipeg regulation program. We have what we consider to be sufficient evidence -- and the honourable members of the opposition as well have received this in the Crippen Report, in the Underwood McLellan Diversion reports, in the Task Force report. The Underwood McLellan doesn't refer to Lake Winnipeg regulation but it compares the three -- (Interjection) -- Well, it may refer, but it is essentially on the three alternative diversions of the Churchill River. Well, you know my honourable friend can't wait to get into the argument. If you don't consider this briefing before the estimates to be of importance, then just tell me you want to get up and make your usual speech - it will be repeated - and we'll then proceed afterwards. I am telling you what is the government's intention. I would think that that would be of value to you, because then you could show that we are stating a bad intention or that we're wrong or otherwise, but this is what I'm trying to do.

So this is the purpose of the Lake Winnipeg regulation study, and we'll have some remarks to make in this connection as the debate progresses, that the Lake Winnipeg regulations we can be satisfied will produce net benefits, but that we can maximize the benefits by the type of study that we are doing and combining with the Federal Government on with regard to Lake

(MR. GREEN, cont'd.) Winnipeg. There is also attempts, Mr. Chairman, to enter into the same type of agreement to make the best possible result come from whatever diversion there has to be of the Churchill into the Nelson as a result of the continuing Hydro program.

With regard to the change from the previous system of dealing with environmental management, there is a new philosophy that is motivating our department in terms of environmental management, which I regret to say can't at this point be translated into action, other than intended action. What we are trying to do is to separate the Clean Environment Commission which will be the tolerance setting authority and the overview of what is happening to the environment, from a director of the environment whose responsibility it will be to take such steps as are necessary both as they relate to land, air and water, and now many people say as it relates to noise, and I suppose other forms of pollutants will be brought to our attention as time progresses - that there will be a director of the environmental management in addition to the director of the clean environment commission. We have had the situation over the past three years where the Clean Environment Commission has been looked to as being the administrative authority for cleaning up the environment. We don't think that that is going to work as well as the new situation can work and therefore we are suggesting that the Clean Environment Commission act more as the evaluator as to the results that have been obtained rather than the implementor of those measures which are designed to achieve results.

So this change, Mr. Chairman, is one which I hope - and other governments have been grappling with this, and I expect that we will be grappling with it for some time - but this change is one which I hope will result in us achieving a more satisfactory administration in terms of environmental control than we have had up until the present time.

I've spoken briefly on Northern Affairs; I would like to indicate that the Department of Northern Affairs has taken on a new complexion since the Act that we passed last year and this has been something that has been participated in by all sides of the House. The changes in the department were created as a result of the recommendations of the Northern Task Force, which saw a new addition to the department, the addition of the community development program and the hiring of a community development director in addition to the operational people. We have put much much more power into the hands of local communities. We have not done this with any mistaken assumption that this will in some way reduce criticism from local communities; as a matter of fact we expect quite the contrary. We expect that the addition of a community development branch plus a new sense of power on the part of the local people themselves, will result in much more demands, much more criticism, much more vociferous and open criticism than has happened in the past. So if members on the other side will indicate to me from time to time that we are getting hell from people in northern communities and try to indicate that this is an indication we are not doing our job, I tell you in advance that we expect what we are doing to create a lot of stir in northern communities and for them to be making a lot of new demands as a result of awakening to new aspirations.

We have given more money to the community councils. They were getting the \$8.00 per capita unconditional grant; we've taken money from the Northern Affairs Department and added \$2.00 more to the unconditional grant, not as a special thing but merely to take part of the Northern Affairs budget and have it administered by the local community rather than by the Commissioner himself.

We have also set up a Northern Association of Community Councils which I had the pleasure of attending their convention in Thompson - I believe it was in the month of February. At that convention there were representatives from many many communities in northern Manitoba. They discussed their common problems; they passed resolutions urging the government to do various things; they came to know their communities other than as spots on the map or isolated places; they came to know them as people; they could identify community with leadership. In a short year we haven't accomplished all we would like to accomplish but we believe that we have set the seeds for good things which are to come.

The Resource Extension Corporations - I've indicated what they are basically intended for. They are intended to enable us to set up Crown Corporations to try to make sure that the people in the community themselves develop the resources that are available to them.

The Mineral Exploration Company. This is a program, Mr. Speaker, which this government has indicated that it will go into. It does so for the purpose of giving the government another capacity. I regret that the Member for Portage la Prairie is not here; I think that both he and the Member for Rhineland have indicated from time to time that if you are interested

(MR. GREEN; cont'd.) in getting more money from the mining companies all you have to do is tax them more, increase their royalties. The Member for Portage la Prairie who spoke in this light confounded me by trying to indicate that we could tax them whatever they want to. I have never indicated, Mr. Speaker, that you can tax people whatever they want to, that it has no effect whatsoever. So that you can only expect mining development to proceed on a private basis on grounds which are competitive with it proceeding in other areas and you are completely at the hands of the private mining companies if you are to tell them that you wish to tax them more and give them the option of leaving with nothing in its place. So the Manitoba Government is merely setting up another capacity so that if it's intended -- and I don't think that it is - if it's intended that all of the mining companies are going to get up and walk out of Manitoba, the only people that have really suggested that are people perhaps not even in this House but who are in the habit - not people in the House but I've heard it suggested that the New Democratic Party will provide a very bad climate for mining companies, that they will not explore in Manitoba and what have you -- the Manitoba Government wishes to have a capacity to do those things that mineral exploration companies do. We don't think that the way of getting money from the mining companies is merely to say that we're going to take money from you. We feel that the people of Manitoba are quite prepared to be quite as courageous as the mining companies and to develop a capacity to do these things on our own. I would like to say that we are pioneers in this area but unfortunately it's been done by so many countries and in so many places before us, that I really feel like a real Conservative in doing this at this late stage. You know, I've often heard that the motto of the Conservatives, "never do anything first", which is not a bad motto, and we are not doing it first so we could fall into a very conservative category.

The honourable member again says we are not doing it. I advise the honourable member that we intend to set up a mineral exploration company; we are now negotiating with people who are going to fill the positions on this company; we have negotiated with private mining interests for the purpose of moving with them in exploring points in Manitoba. They don't seem to have the same fear of moving along with the public that the Honourable Member for River Heights has. They are very receptive to doing it; we are very receptive to doing it; everybody is congenial about it, you know. --(Interjection) --

MR. CHAIRMAN: I would ask all honourable members to enter the debate at the proper time and ask their questions at the proper time.

MR. GREEN: Will staff be included in that money? Yes, definitely.

MR. CHAIRMAN: I would ask the Minister to direct his remarks to the Chair. Order, please. I would ask the Minister to direct his remarks to the Chair and I would repeat my admonition to enter the debate at the proper time.

MR. GREEN: . . . through you to the Member for River Heights. We have laid claim to many many things I suppose in his eyes, but we have not yet found a way of doing things without people and therefore it will be necessary to have people to be involved in this corporation.

MR. SPIVAK: I wonder if the honourable member would permit a question?

MR. CHAIRMAN: The Member for River Heights.

MR. SPIVAK: He indicated there would be a rise of 20 new appointments. The Crown corporation he's referring to, will they be in addition to the 20?

MR. GREEN: Yes. Mr. Chairman, the people that will be hired in relation to the Crown corporation are not in the 20, no. I've indicated that the 20 are merely to maintain existing programs. I would like to indicate, Mr. Speaker, that the Crown has done much exploration work in the past. This is not something new. The only difference is that the previous exploration work is money that we've spent for the benefit of private companies, and it's been in the Budget every year. We are now going to do exploration work which we will spend for the benefit of the people of the Province of Manitoba as the owners of a corporation. We will also continue to do the kind of exploration work that we did for the purpose of giving information to private companies. We are just adding a new capacity to the capacities that the people of the Province of Manitoba have. So that is a thrust that we are making . . .

MR. SPIVAK: I wonder if the honourable member would permit a question on that one item?

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: The 500, 000 that's allocated for the mineral exploration will be used to

(MR. SPIVAK, cont'd.) pay staff of the Crown corporation? Is that correct? Which are not included in the additional 20 or 70 that you referred to?

MR. GREEN: I can't at this point say whether they are included in the 70 but the \$500, 000 will not be used to pay only staff. Staff will be included in the corporation. The corporation will not be able to operate without staff, that's right. It will be like the International Inn; it will have staff to help it operate, that's right. It will have people who are expert in the field; it will have people who are expert in the field, who see no objection to working for the public, who do not find that this is a denegration of their principles, who have previously worked for private concerns and did a good job, and being given an opportunity to work for public concerns, they will do an equally good job. But it does include some staff, yes. I hope that we will get the best value for whatever staff we hire.

So, Mr. Chairman, I believe that I have dealt with all of those areas in which I have indicated the department will be registering a new thrust. I also think I dealt with the Government Air Services.

I do want to say, Mr. Speaker, one word because the question was raised last year about the attempt to get Manitoba a Pre-Cambrian Centre. This is something that my predecessor, the Member for Lakeside, attempted when he was head of this Department; it's something that we have also worked on, sometimes with optimism but lately with a more heavy degree of pessimism. What we did is that as soon as we came into government we arranged to have a meeting with all of the mining industry in the Province of Manitoba and all of the academics who are involved with mining. We got these people together, explained to them the concept of a Pre-Cambrian Centre, that is to have a centre of excellence for the purpose of people involved in the geological studies relative to the Pre-Cambrian field, that these would involve geologists now working for the Federal Government, geologists now working with the University of Manitoba, geologists now working with the Province of Manitoba, and we sought to include geologists who would be also working in private industry.

We indicated to them that we thought that the best attack that we could make with regard to this program would be to have a united attack involving all of these groups, on the Federal Government with the hope that we could convince them as to the benefits to Canada as a whole, to have these people working together under the same roof for the purpose of getting the most out of their research results.

After this group was formed we had very good co-operation amongst the people concerned, and we received after some time a very good support from the Mining Association and from all of the Mines who do work in Manitoba, in that they put their support behind the concept of a Pre-Cambrian Centre. We then met last year with the Minister in Ottawa, Mr. Greene, my counterpart, and it appeared to us that he was very favourable to the idea and indicated words of encouragement. Subsequent to that meeting we arranged to have the whole group meet with the Minister from Manitoba, Mr. Richardson. We met with Mr. Richardson in Winnipeg; he was very encouraged by what we sought to do, and finally arranged a meeting not for the Government of Manitoba but arranged a meeting for the Government of Manitoba, the mining industry, the University of Manitoba, all to go to Ottawa to see the Honourable J. J. Greene with the hope that he could give us a commitment for the immediate establishment of a Pre-Cambrian Centre in Manitoba. That trip was made within the last two months I believe but when we got to Ottawa, I found that the results were less than encouraging. I got the impression that the federal minister had previously given us encouraging remarks without really having had good consultation as to just what the Federal Government was prepared to do, with the result that I can't be encouraged as to where we stand at this point, but I am satisfied, Mr. Speaker, that no previous effort has been quite as strong as what we did. We had the Minister, Mr. Richardson with us; we had the Mining Association with us, we had the University with us, we had our own Department with us, we descended on Ottawa with what we thought was an excellent case, support from all of these areas, but I can't indicate that we were encouraged.

Now, Mr. Speaker, I am going to close my remarks. I hope that I will have put honourable members in a position whereby they can get a general pattern of what the Department is doing. As I said before, I repeat, I don't expect them to agree with all of the things that we have suggested but at least I believe that I have put them in a position to discuss the issue.

MR. CHAIRMAN: 68 1 (a) . . . The Member for Lakeside.

MR. ENNS: Mr. Chairman, we can't allow the Honourable House Leader to get his salary that quickly. Mr. Chairman, there is hardly time to indicate in any great depth some of the comments that I would like to make, but while they are fresh in my mind I would like to say

(MR. ENNS, cont'd.) a few things. Firstly, offer my congratulations to the Minister for carrying on the stewardship of that department, which in my judgment is one of the more important departments in government service - a department that I certainly have a great affection for.

I compliment the Minister on setting out his estimates the way he did this evening and in perhaps making it somewhat easier for us in the Opposition by pinpointing those departures from past programs for us. He called them the "new thrust" of his department and I've come to appreciate the fact that when the Minister, and particularly this Minister, hasn't a great deal to talk about, he is very eloquent in finding the right descriptive passages, the right words to camouflage that fact, so we had a detailed listing of the new thrust within this department and when the sad fact comes clearer, you know even a cursory glance at the estimates, that that department, as in fact, all other departments of government in this day and age, such as the Minister of Transportation's, any physical department that does things in a physical way, builds physical plants, builds, you know, physical infrastructure in our provinces, are competing and losing the competition with the demands that are being made within the social services departments.

This is not unique here in Manitoba, it's a problem I think that's across the country and certainly those who dabble in the business of forecasts, you can pick up different forecasts that tell us that by the year 2,000 we will be using all our resources, simply to keep the Honourable Minister of Education happy for instance, or all of our resources simply to keep the Minister of Health and Social Services happy. So without getting into all of that, really what we have heard today, Mr. Chairman, is a rather astute attempt to cover up this fact that the Department of Mines and Natural Resources far from having any new thrust, has lost out in this competitive battle for the dollar to his colleague. Partly because I'm prepared to acknowledge the natural escalating costs of those services, but more so because of the particular philosophy of this government which accelerates that tendency. So that as a former minister who would have liked to have done many of the minor, though major to those persons involved, improvements in drainage and in conservation, in the development of watersheds and so forth, I always had hoped that I would have been in office long enough that we had gotten some of those massive capital projects that we undertook courageously, such as \$64 million for flood protection for the city, or \$18 million for the Portage diversion, the \$14 million for the Shellmouth, all at a time that we kept a massive or a regular program, which the Minister described fairly accurately, the third order drain program going.

He indicated to us that he was subtracting these amounts from his estimates and while we were spending, particularly in the area of water control, pretty substantial amounts of money in the past for capital projects, I had hoped that areas of our province that have long been on the waiting list, long been on our waiting list when we were government, would now finally see some action. Instead, Mr. Chairman, the fact of the matter is, and I don't know yet who to blame most, but the Honourable Minister of Health and Social Services, the Honourable Minister of Education, they have gobbled up your money to do some of these things. But more important even is the utter lack of a new thrust that really should have been taken and that has to be taken by your department Mr. Minister, and that is in the area of conservation generally. We find listed as the new program the Pleasant Valley Dam, and I know that speaking for the Member for Roblin, and the people in that part of the province, it's a long awaited project that they're very happy to see come into being; but there is a whole series of programs that the Minister and the Department is well aware of. In fact there has to be a change from, you know, the problems that we initially encountered in our first 100 years of development in this province, of getting rid and draining our water to conserving our water; from an environmental point of view, from an aesthetic point of view, from a recreational point of view. I rather regret that the Minister has indicated nothing of a new thrust; at least among the seven or eight new thrusts of the department that was thrusting off to, like thrusting off to make the study on Lake Winnipeg after we've granted the licence. Didn't the Minister have something to say to me about that on another lake, on another flooding problem? Now we are going to study Lake Winnipeg. Thank you, Mr. Chairman.

MR. CHAIRMAN: It nears the hour of adjournment. Committee rise.

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

IN SESSION

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

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

MR. SPEAKER: The hour being 10:00 o'clock, the House is now adjourned until 2:30 Monday afternoon.