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THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Tuesday, July 14th, 1959

MR. CHAIRMAN: Item 1. (a), Item (b). Resolution 48. Administration - \$81,510.00. Item 2. General Office. (a), (b). Resolution. General Office 49 - \$68,090.00. Item 3. Surveys Branch (a), (b), (c). Resolution 50.

MR. MOLGAT: Mr. Chairman, under Item (c) Field Surveys, I notice last year there was a substantial amount of recoveries from the Government of Canada in particular, and some from the Manitoba Hydro Electric Board. This is not indicated this year under the same item. Could the Minister explain whether this is no longer collected or is it solvent?

MR. EVANS: Mr. Chairman, the arrangements for surveys are being carried on under the same conditions as last year. In the item of Surveys of \$54,900.00 there is a gross expenditure of \$81,900.00 less recoveries from the Government of Canada - \$21,000.00, Manitoba Hydro Electric Board \$6,000.00 or \$27,000.00, leaving a net of \$54,900.00.

MR. HRYHORCZUK: Mr. Chairman, then actually the expenditure in connection with this type of work is considerably greater than what is shown in the estimates.

MR. EVANS: Greater than the net that is shown in the estimates, that is correct.

MR. HRYHORCZUK: That's right, and the spending of that money is under the provincial authority?

MR. EVANS: Yes, it would be said this, that these are the net Manitoba Government expenditures after taking off the recoveries from the other two bodies.

MR. HRYHORCZUK: Would the Minister mind telling us what surveys are covered by this particular item? What type of survey, what is it? Survey of forests or is it survey of wild life or what are the surveys?

MR. EVANS: No, the survey in connection with the Government of Canada is in connection with the Manitoba Northwest Territories boundary; and for the Manitoba Hydro Electric Board is in connection with Grand Rapids, and I take it some additional work at Kelsey.

MR. CHAIRMAN: Item (c). Resolution 50. Surveys Branch - \$182,730.00. Item 4. Mines Branch.

MR. EVANS: Have you got a statement to make, Sir?

MR. HAWRYLUK: I just want to ask you about Mines Branch. Is that under the -- talking about oil and all that?

MR. EVANS: It is just about to be called, I take it, and I propose to make a statement ... (Interjection) if that's agreeable to the House, Mr. Chairman, members of the Committee will be interested to know that for the first time since we began production of oil there has been a slight decrease in production in the year 1958, and this rate of production is continuing into 1959. The reasons for it, as members are well aware, both Alberta and Saskatchewan as well as other areas are having difficulty in marketing their oil. Alberta's wells are capable of producing approximately 750,000 barrels daily, but due to market conditions, the present daily production is limited to an amount of somewhat under 400,000 daily. This fact has had its repercussions in the amount of money which the oil companies are prepared to expend on explorations and new developments, and Manitoba has suffered in this regard along with other areas in the West. Now, it is not a fact that we are producing as much oil as we consume in the province. In fact we are producing something in the neighborhood of 15,000 barrels a day, while the consumption in the province is of the order of 30,000 barrels daily. The fact that we do not produce as much as we consume does not put us under any necessity to ration or pro rate our wells; but nevertheless, the effect that I mentioned on exploration and development by the oil companies themselves is having its effect on Manitoba.

But there is another factor as well, and that is, that although the lack of exploration which normally results in brining in new wells, is the main cause of the slight drop in production, the normal well decline is also having its effect. Some of our wells, particularly in the Daly field, have been producing now for about 8 years, and after that length of time some decline in normal production is to be expected. In other words, some of our wells, particularly the older ones, may be reaching the end of what would be called their primary production period; and we now enter the second phase of what is called secondary recovery from the same wells. Here certain techniques are employed, the most successful of which is water flooding. My understanding is that they

(Mr. Evans, Cont'd.) employ certain holes that have been drilled, pump water into them in order that the remaining wells may be used to recover the oil that is thus flooded to the surface. It's estimated that by secondary recovery methods the production from the north Virden field alone can be increased from a total of 20,000,000 to a total of 36,000,000 barrels by this secondary production method, or an increase of 16,000,000 barrels for the field as a whole. With regard to mining, I would like to give a very brief summary of developments for the year 1958.

MR. W. C. MILLER (Rhineland): Mr. Chairman, before the Minister leaves oil: We used to hear an awful lot about checker-boarding from the First Minister. He used to give us a lot of advice about the efficiency of this type of oil operation. I'd like to hear from the Minister something about that phase.

MR. EVANS: Well, seeing that the discovery and development activity has been very much reduced indeed, there have been no new concessions or leases of the character that we spoke of in the debates before, and consequently the question has not arisen. (Interjection). Well, there's been no opportunity for checker-boarding to be done because there's been none of the leases to which it could possibly apply.

MR. MILLER: Mr. Chairman, is the Minister convinced that this policy of checker-boarding will be beneficial to Manitoba?

MR. EVANS: As and when new leases are to be made that will be given every possible consideration.

MR. GRAY: Mr. Chairman, before you leave the oil. . . .

MR. EVANS: I wonder, Mr. Chairman, if the members would find it convenient for me to complete the statement with respect to mining, after which I would be very glad to answer questions.

MR. GRAY: Before you leave the oil -- okay, I can wait. I want to ask a question on the oil.

MR. EVANS: I wonder, would it suit the convenience of the committee if we allowed the statement to go forward as a whole.

So much publicity attended the International Nickel Company operations at Thompson that it's unnecessary for me at this time to repeat any of it here except to say that that particular development has focused the eyes of the mining world on Manitoba. Operations at Thompson and also the power development at Kelsey are pretty well on schedule and this should result in the International Nickel Company's mine at Thompson going into production about a year from now. The townsite was originally planned for a population of 8,000 and in some quarters indications are that this population may well reach a substantially larger figure than that possibly in the neighborhood of 14,000. The recently announced intention of the International Nickel Company to build its refinery, a \$25,000,000.00 refinery at Thompson and put it into operation, will be a contributing factor to the increased population of the town.

Two developments by the Hudson Bay Mining and Smelting in the vicinity of Snow Lake deserves special attention. These developments are at Chisel Lake which is mainly a zinc mine, and Stall Lake which is mainly copper. A third property at Osborne Lake also in the same vicinity, is, I understand, the next property on the list for development. Chisel and Stall could well be in production ahead of the International Nickel Company mine at Thompson. The ore will be transported to Flin Flon for processing in the Hudson Bay Mining and Smelting's refinery -- smelter at that point. Snow Lake itself was developed by the How Sound Company for the production of gold. The mine operated for approximately ten years and low grade ore plus the rising costs of production and a fixed price for gold, which is tied to the American dollar, forced the shutdown of the mine last fall. Fortunately the Hudson Bay Mining and Smelting Company, a completely separate corporation of course, due to an active exploration program made finds in the same area, and the possibility of a ghost town developing at Snow Lake was thus averted. Hudson Bay Mining and Smelting took over the townsite and this fact enabled them in turn to concentrate on development work and thus bring their properties into production at a much earlier date. During 1959 the number of claims recorded in Manitoba was 7,636, and the number to June 30th of this year to bring the record more up to date, is 3,814, which indicates that staking is proceeding at the same high rate. The number of claims in good standing as of December 31st last was 30,889. Manitoba now has the following operating mines. The Hudson Bay Mining and

(Mr. Evans, Cont'd.) Smelting Company at Flin Flon, copper mainly; the Sherritt-Gordon at Lynn Lake, a nickel operation; San Antonio at Bissett, which is gold; and the "44" mine at Bissett which is also associated with the San Antonio company, a gold operation.

Mineral production in 1957, that's the year prior to the year under review, was \$63,226,855.00, and in 1958 it declined to \$55,942,922.00. The decrease was due in very large measure to the decline in prices of the metals that were sold from these mining operations; but there was also the fact that the Britannia Mine at Snow Lake just referred to closing down its production also mitigated against the value produced.

I would like to mention the steps that the Manitoba Government is taking in connection with exploration and development. In the estimates allowance is made for 7 parties, 7 geological parties in the field which compares with 5 parties in the field last year. A substantial increase in this regard. There will also be found in the estimates an item of \$40,000.00 for an aero-magnetic survey. The role of a government in conducting aero-magnetic surveys is that in my opinion, of more the reconnaissance aero-magnetic survey, to discover anomalies rather than the intensive aero-magnetic survey which would enable an exploration company for example to isolate a particular ore body. And provision is made in the estimates for an aero-magnetic survey for an area of considerable size in the province and it is our hope that that will go ahead.

There are just six pre-cambrian parties out at the moment. Seven parties have been organized but at the last moment the chief of one of the parties was not able to undertake the work. There is a shortage of qualified people in this regard and as at the moment we have only 6 parties in the field. Three of these are in the Thompson area, one in the Oxford-Carrot River area, one at Island Lake, and one in the southern Lynn Lake area.

In addition to that we have one geologist who is specializing on industrial materials, a Mr. Barry Bannatyne, who is engaged in industrial mineral research, a field which has been long neglected and which holds out promise for development within the province.

But we come now to a point with respect to future mineral developments in the province that is of extreme importance, and that is the matter of access. It seemed to the government that it was important indeed to open up the country by the provision of roads so that exploration could go on and other developments could take place. Canada offered to share with the provinces under a 5 to 7 year agreement under which roads will be built into areas with natural resources values and potentials, involving a total expenditure of \$15,000,000.00 on a 50-50 basis. Manitoba has accepted this offer and anticipates that the agreement itself will be signed in a short period of perhaps a few weeks. In the meantime work under this agreement has commenced. Based on the most up-to-date engineering and resources information Manitoba has made the following proposals for all-weather roads within the province: (1) in the central Manitoba area, raising the standards of the existing road -- Manigotogan via Bissett to Beresford Lake in the old central Manitoba mining area; (2) raising the standard of the Cat Lake road and extension to Beresford Lake to join up with the project I have just mentioned; (3) raising the standard of the mining road Bird Lake to the Ontario border. With regard to the Simonhouse-Thompson road, a road from the vicinity of Simonhouse on provincial trunk highway No. 10, to the vicinity of Snow Lake, Wabowden, Soab Lake to Thompson. The International Company will pay one-third of that last mentioned section. The Osborne Lake Road on an equal sharing basis between the two governments and the Hudson's Bay Mining and Smelting Co., a road will be built from Snow Lake to Osborne Lake. Gypsumville - Grand Rapids road - the construction of a road from a point on provincial trunk Highway No. 6, between Lake St. Martin and Gypsumville to Grand Rapids, the outlet of the Saskatchewan River on the west shore of Lake Winnipeg. The section Grand Rapids to Wabowden to complete the length to the north -- there is a feasible route -- that much has been determined - and surveys will be undertaken as soon as possible to locate the actual route of the road.

The approximate mileages in this connection are as follows: Manigotogan to Beresford Lake, 50 miles; Cat Lake to Beresford Lake, 19; the Bird Lake - Ontario Boundary, 7; Simonhouse to Thompson, 200; Snow Lake to Osborne Lake, 14; and Gypsumville to Grand Rapids, 125 -- making a total of the routes that have been laid out approximately of 145. Then there remains to be estimated the length between Grand Rapids and Wabowden which will be added to those figures of 415 miles.

We should pause to consider that the benefits to arise from this road system when it is

(Mr. Evans, Cont'd.) completed or even the sections as they are completed, section by section, will be varied. In the central Manitoba mining area, the Manigotogan to Bissett road will provide an all-weather road to Pine Falls. There will be a reduction in living and mining costs in that area. There will be a further incentive to prospecting. And, forest protection and the actual production of forest products in that area will be facilitated. There are excellent prospects in this area for recreational and tourist development.

The Cat Lake to Beresford Lake road. There will be a scenic route to Pine Falls in a circular tour around to Lac du Bonnet. There are prospects for mining and other developments there including forestry and recreational developments.

The Bird Lake road to the Ontario boundary will give access among other things to Davidson Lake where there is excellent trout fishing in an attraction to tourists. There will be encouragement for prospecters and miners to use Manitoba markets in that case -- the prospecters and miners in that area to use Manitoba markets and labour because of the new road connection.

With regard to the Simonhouse-Thompson road, there will be provided an alternative access to Snow Lake, Wekusko and the Thompson mineralized areas. These are now, of course, served by railroad but there will be an alternative access by this means. There will be important results, if somewhat intangible, in making these centers somewhat more attractive to live in because access by road provides recreation and an outlet to the outside for the people living there and should increase the contentment of the people in their home communities. It will make accessible the known important mineral forestry and recreational values in the regions served.

The eventual Manitoba route to Churchill and the Northwest Territories would follow along the route of this road through Thompson. There will be a substantial assistance to commercial fishing in that area and just as an interesting point in that connection, there are some 90 lakes in northern Manitoba which are being fished commercially and this route will help to serve the fishing industry in that area. This road crosses through the middle of the northern clay belt and studies are being undertaken to determine the agricultural value of those northern clay deposits and formations. This road will be an aid to any possible hydro line which might connect Thompson with the electric network, particularly to serve communities around The Pas and The Pas itself.

Turning now to the Osborne Lake road, it will be an aid to the development of a known mineral deposit in the mineralized area. There are forestry and recreational values as well.

The road from Gypsumville to Grand Rapids -- This will allow the transportation of fish by truck to the American markets and to Winnipeg. Some 90% of the fish that is produced in Manitoba is exported to the American markets and two important things are at stake: One is the reduction of transportation costs and handling; and the second is the shortening of the time for a perishable product like fish to reach the market. This road will allow for adequate forest protection and will be an aid in the production of pulpwood and saw timbers. It will give access to some agricultural values; it will make accessible good sport fishing, duck and goose hunting, and a considerable area of big game country. It will become an access for a power plant and line construction as and when the Manitoba Hydro Electric Board decides or recommends that power be developed at the Grand Rapids site, whenever that might be. The completion of this road link by building from Grand Rapids to Wabowden will provide a most important element and that is, road competition to help in the reduction of transportation costs from the north. I think experience has been that perhaps the most effective, if not the only effective means of reducing freight rate cost in Canada has been the establishment of competition. And the completion of this link to the north -- I see my honourable friend the Leader of the CCF Party is taking note of the remark that I have just made, and I wouldn't at all mind if he conveyed it to his friends and associates in the company in which he is employed. (Interjection by Mr. Paulley) That then is an outline of the road system, the values it hopes to produce and to serve. The progress so far has been as follows: Investigations of quite an extensive character have been carried out; there has been examination by the outside experts of thousands literally, or aerial photographs to determine the approximate locations and costs of the different roads. This is undertaken by Dr. Mullaert who is an expert at this aerial survey science which is growing up now, and it is a complex matter, not only to choose a route which will avoid the largest number of river crossings and thus bridges, but also to locate areas where there is sufficient granular material,

(Mr. Evans, Cont'd) either gravel or sand or something that can be moved to enable the building of a road. And this survey was carried out most expertly and very quickly by Dr. Mullaert, late I believe of the University of Saskatchewan and who operates his own consulting business in Saskatoon.

There has been an examination of the resources and other benefits which would be served by each of the sections of this road. Engineering surveys have been completed on all of the links of this road that I have mentioned with the exception of Gypsumville to Wabowden which is now under way. Under Construction: The Simonhouse-Wekusko Lake road is up to schedule and grading will be completed before freeze up, a distance of approximately 68 miles. The right-of-way has been cleared for 25 miles south of Thompson and grading contracts have been called for. The revised right-of-way on the Manigotogan-Beresford Lake road has been cleared and grading is under way. A clearing contract has been let on the Cat Lake-Beresford Lake road. Work is under way on the Bird Lake-Ontario boundary road. A start on the clearing of the Gypsumville-Grand Rapids road is planned for this winter.

I thought, Mr. Chairman, that I would like to make the statement as to the conditions, as we see them, in summary, of the oil industry at the moment, the mining industry at the moment, and those outlines of the measures that the department is planning and has under way in aid of the mining industry particularly.

MR. PAULLEY: Mr. Chairman, I wonder if I may ask the Honourable the Minister a question? What, in using a phraseology I think this time of my honourable friend the Leader of the Opposition, what is the price tag attached to all this to provide the competition for the facilities of the railroads?

MR. CAMPBELL: Hear! Hear!

MR. EVANS: The roads to resources program is a \$15,000,000.00 five year to seven year operation, to be shared 50-50 with Canada.

MR. PAULLEY: To bring all of these roads Mr. Chairman, might I ask, into such a state or condition that they will be able to provide effective opposition to the railway?

MR. EVANS: It is not expected that the entire northern road system can be completed within the five to seven year agreement. It is proposed to project the road to God's Lake eventually and south from there to Island Lake. I did not mention that in detail because the engineering studies are not complete and we don't know just the mileage of road that can be completed within the terms of this agreement. I might mention that this roads to resources program or agreement is not interfering in any way with the roads that are being provided either in association with Canada or independently, for such things as forest protection and those roads that are built under separate agreements. This does not interfere with the normal program of roads to natural resources that has been carried on in the past.

MR. PAULLEY: What I'm interested in though, Mr. Chairman, is the total cost of building the road system to a degree where it will be able to materially offer competition to the railroads in that particular area. Now apparently, if I got the Minister's statements correctly, on this five-year program, for some, if not all the roads that he mentioned, there is going to be an expenditure of \$15,000,000.00. I suggest that \$15,000,000.00 will not bring this road system up to a degree where it could effectively transport or be used for the transporting of the heavy equipment or the heavy products which are likely to be produced in that particular area.

Mind you, don't get me wrong, Mr. Chairman, I'm not suggesting that we shouldn't go along with the program of the roads because I feel that in many respects they are necessary, particularly for some of the items that the Honourable the Minister mentions such as fire protection in forest areas and the likes of that. But I do suggest that if one of the basic reasons for all of the road expansion in the area is just to provide alternative transportation or to use another phrase the Honourable the Minister used, "to provide competition for freight rates," other methods may be far more economical, if that is the ultimate objective of these roads. I thought I would raise that point.

MR. EVANS: Not by any means the sole objective. I mentioned under the values that were to be produced by this road, such things as mineral exploration and developments; there would be fire protection; assistance to those who were developing the forests and so forth. In addition there are other areas, as you recall, particularly in eastern Manitoba, the central Manitoba mining area, which is not a part of this particular problem that we are discussing now.

(Mr. Evans, Cont'd.) It will be noted that I did not include any detailed comments on the projection of the road toward God's Lake and Island Lake; other values may in the future be developed there. There is the possibility of an Hydro Electric Plant at Whiskey Jack and that was one of the considerations that was taken into account in choosing the route of the road projecting it eastward toward God's Lake. By no means would it be considered exclusively or even in major part an effort to lower freight rates. There are all the other values of access and development and making life easier and less expensive, we hope, for the people living in the north.

MR. CAMPBELL: Mr. Chairman, surely the Minister is not suggesting to us that this \$15,000,000.00 is the whole cost -- that will be Manitoba's share, will it?

MR. EVANS: No, Mr. Chairman, that is a \$15,000,000.00 total project, to be shared 50-50 over a five to seven year period -- Manitoba's expenditure in that period being half of that or \$7,500,000.00.

MR. CAMPBELL: Mr. Chairman, I would say that that is an amazing estimate because having regard to the area that a great many of these roads run through, I would think that they won't build much of a road on that mileage for that amount of money. Would we, can the Minister supply in a little more detail, he perhaps hasn't it with him right now -- but can he give the breakdown as to the different roads, for instance the 50 miles Manigotogan to Bissett, that really isn't 50 miles, is it, that's considerable less, I believe, considerably less than 50. But the Minister spoke of raising the standard of the road from Manigotogan to Pine Falls. My remembrance is that that section is 50 miles approximately, and -- but I would think that the Manigotogan to Bissett is the expensive part just the same, because of the outcropping of rock and other factors that are met with there. Similarly when we get to some of these longer ones like Simonhouse-Thompson, has the Minister the actual estimate on that road by itself, because I would think that that one, a two hundred mile road would take up the bulk of fifteen million dollars. And then Gypsumville to Grand Rapids, and the other part from Grand Rapids to Wabowden, I take it that that one is not in the present fifteen million dollar program, is it?

.....(Continued on next page)

MR. EVANS: I think as indicated earlier the engineering studies are under way and I hesitate for two reasons, to enter into the question of exact totals of cost of the program as laid out. In the first place, my colleague the Minister of Public Works has those matters under his department and he would be in a far better technical position with his staff to give those answers, but I must indicate this, that the road has been plotted only after a reconnaissance survey mostly from the air, and I could not indicate definitely that all of the road, particularly the length from Grand Rapids to Wabowden, can be completed within the fifteen million dollars, seven-year program that we It may be, it may be, but then again it may not, and at this stage I cannot commit myself either for lack of knowledge or I think for lack of information that has so far been developed, but that is the major plan for the northern road system and we do know that a very large part of the useful part of the road can be built within the appropriation.

MR. PAULLEY: Mr. Chairman, my honourable friend won't be able to build the type of roads that his colleague, the Minister of Public Works loves to tell us that he's going to build -- these bigger, better, more --- higher standards and long lasting roads, on an expenditure of fifteen million dollars.

MR. CAMPBELL: Mr. Chairman that the Minister could give at this stage the detailed estimates, but if we just had something, the estimates that exist at the present time with regard to some of the bigger items here -- for instance the Manigotogan to Bissett which will be I would imagine, something in the neighborhood of -- Pine Falls I suppose to Bissett would be the total, because I did understand the Minister to say that the part from Pine Falls to Manigotogan would have the standard raised. Was that not correct? (Yes) So that there'd be something between 80 and 100 miles there I would think; and the 200 mile Simonhouse-Thompson one; a 125 mile Gypsumville to Grand Rapids. If we just had the rough estimates of cost on those I'd be very interested in them.

MR. EVANS: Yes, I'll undertake to get what information we have. I think this would average out at something close to \$40,000. a mile on the 400 miles. That's merely dividing the 415 miles into \$15,000,000. It doesn't come quite to the \$40,000. a mile but it's enough to build a good road.

MR. LEMUEL HARRIS (Logan): Mr. Chairman, will the Honourable Minister tell me, what is the extent of the oil bodies in the new mining sites, and how many years work will it entail? The reason why I'm asking this is that I came from a place that had vast deposits something like this and it was worked completely out, and I'm just wondering we started in there with five hundred people and got up to a quarter of a million people, so with these vast potentialities in here I can see something really well worth working up.

MR. EVANS: I will enquire, Mr. Chairman, but I would hazard a guess that we don't have the information which is after all the property of the mining companies who are developing it; the exact tonnage that they have blocked out or which they have in reserve for their various mines. That would not be government information, but if it's possible for me to discover it from say the records of the mining companies themselves or their published records, I'll be very glad to try for the honourable member.

MR. J. M. HAWRYLUK (Burrows): Mr. Chairman, I was very much intrigued in the survey made by the Honourable Minister in regard to the oil and mining industry in Manitoba. I'm just following up what my honourable leader mentioned this afternoon in regard to the fact that we feel that the companies who have been given the privilege of developing these rich resources of Manitoba, I don't think that we in this province are getting our fair share of return. Now why do I say this, because you've just outlined a very ambitious program for developing the north and you were responsible for a very interesting and intriguing book called the 'Economic Survey of Northern Manitoba' done by Arthur Little Incorporated, and I haven't gone through the whole book but it sounds like a very ambitious program, and on the basis of what you mentioned today I'm just wondering whether we in this House are aware of what we're gaining in return.

I have an interesting Order for Return here which I asked about a month ago, and I think for the information of this House, I asked for the figures of how many barrels of crude oil we received in the past five years, from 1954 to '58, and this is what we have produced in this province. From 1954 to '58, we've produced 23,999,750 barrels of oil. We've received in royalties from the oil companies not even a half a million dollars. All right, I'm telling you right now what it cost, what we got in return. I believe if my figures are correct you get 45 gallons to a barrel,

(Mr. Hawryluk, cont'd.) . . . and if you want me to breakdown the figures into the number of barrels you get for all -- gallons of gasoline from all that --- that's been processed -- but nevertheless, nevertheless, all I'm asking is for information. I'm just wondering, this averages about six and a tenth cents per barrel in royalties from these companies. Now what I'm driving at, are we getting a fair, or is it comparable to other provinces in Canada? Six and one tenth cents royalty per barrel is all we are getting from these oil companies in Manitoba in the past five years.

Now, the second question is that we received since the same time in middle tax royalty, we've only received \$457,724.16 in the past five years; and yet you've outlined a program involving millions and millions of dollars. I'm not questioning the efforts, Sir, on the part of the government - I'm just questioning whether we supply the natural resources to be exploited and to develop the north, or whether it's the oil industry. Are we the taxpayer, the citizens of Manitoba getting a fair share of these royalties. And I'm interested whether the -- it compares favourable with the other provinces -- I'm interested because I would like to know, maybe there's some experts here who think that We know it takes money to develop, but I'm just wondering whether we're not entitled to more. Saskatchewan obviously and so is Ontario, charging 12% mineral royalty. We're charging barely eight. I don't think it's fair and right. We certainly could have charged or should ask for 12% just as well. And I'd like to get -- maybe the experts on the other side can tell me whether our contribution to the treasure of this province is adequate and fair compared to the other provinces across Canada.

MR. EVANS: If the honourable member had attended the legislature this afternoon he would have heard that same question asked twice and answered twice.

MR. PAULLEY: Mr. Chairman, a session or two ago in respect of oil in the Province of Manitoba, I listened to a lengthy discourse from my honourable friend the now House Leader and Premier in respect of checkerboarding of the Virden Oil Fields, and at that time he criticized the former administration because they were not preserving the oil rights on one hand on behalf of the people of Manitoba, and secondly, if I recall his statements correctly, at that time he then was of the opinion that we were not receiving sufficient revenues from the oil industry here in the Province of Manitoba, and I think it would be interesting to know whether his ideas are still somewhat similar to what they were at that time. Possibly he or the Minister of Mines and Natural Resources could give us their ideas in respect of the checkerboarding system which they thought, or should I say, the Honourable the Premier at that time thought, was the only system which we should have in the Province of Manitoba in order to assure greater revenue for the people of Manitoba.

MR. ROBLIN: Mr. Chairman, I'm glad to respond to my honourable friend's invitation to revert to this subject because I must admit that he had -- was under the necessity, if he chose to stay in the House, of listening to two or three or four very long speeches from myself on this point. It's a very complicated point, and it's obvious from what my honourable friend says that what I tried to explain on those occasions didn't register with him or he wouldn't be under the necessity of asking this question now.

The whole question of course involved the conditions under which all leases are issued in the first place. Now the argument at the time had to do with whether or not -- and the converse was stoutly maintained by gentlemen sitting over here -- whether or not it would have been feasible to adopt what is loosely termed the checkerboard system, because it's a descriptive way of referring to it, when we were disposing of our oil leases in Manitoba.

MR. PAULLEY: We're still doing that, are we not?

MR. ROBLIN: No, that's the point of the whole matter, and that's the point that my honourable friend the Minister mentioned when he referred -- when he responded to the question by the Honourable Member for Rhineland a few minutes ago. There has not been any leasing of oil lands in Manitoba in the last year that would lend itself to the checkerboard system. There has been no leases at all as far as I know; if so, they're mighty small ones indeed. So that my opinions haven't changed on the subject, but the facts are that the situation hasn't re-occurred, one doesn't know whether it will or not. The argument at the time however was whether -- was directed to the advisability of checkerboarding at the time the original leases were made mostly to the California Standard Oil Company. But until such time as you get a recurrence of the situation where the province has oil to lease, then the question of checkerboarding does not come into effect. But I can tell my honourable friend that if that should occur, that the government of the present time

(Mr. Roblin, cont'd.) . . . would be disposed to retain the checkerboard principle as being one that best preserves the public interest in the oil industry.

Now I want to assure my honourable friends opposite that the question of securing a proper share of the natural resources of the province for the people of Manitoba, is one which we are just as concerned about as anybody else, and it's a question of judgment, it's a question of judgment. You have to realize that while we want to get the most we can -- maybe we should increase our rates to other provinces, who knows -- but while we are trying to decide these matters, we have to make up our mind whether it's better to have nickel or zinc or copper in the ground, un-exploited, or whether it is better to try and get it exploited. Now I suppose in the course of time if we sit tight on the top of our treasure chest, one of these days in the long run -- and Lord C. . . . says in the long run we're all dead, and I suppose that's right -- that that mineral will be valuable to us. But at the present time, we are competing in a very real sense with other people, who have similar assets to dispose of, and our problem is to devise a system of taxation, to devise a system of profit sharing, and that's the way I like to look at it, with people who are willing to exploit our natural resources, that will not discourage them from coming to this province. Because while we have very real assets in our north country, which I am sure we can develop and make use of, we're not the only people in the world with those assets, and there are certain disadvantages in connection with our province which sensible people will face -- transportation and location, geography, being an important one. Our policy is directed to securing the maximum interest on the part of people who have the money, and it comes in very large quantities if it's to be effectively employed. Our policy is directed to securing the maximum interest and activity on the part of those people, while at the same time securing the largest share of the profits that result from the successful exploitation for the people of Manitoba. Now I would make no claim that our policy in this respect at the present time is not capable of being improved. I would make no claim for the fact that we have discovered the optimum balance in this particular matter, because I don't believe we have. But I can assure you that it is something -- and I know you get tired of hearing the phrase "it's under constant study;" of course, it's a tiresome phrase, but everything we do is subject to periodic revision. We are engaged now in efforts to interest people in the northern part of Manitoba -- I'm not at liberty to discuss. And in those matters which we have undertaken we are trying to develop acceptable methods of making the province a partner with the people who are exploiting those riches so that the people as a whole, directly, in the form of contributions to consolidated revenue funds, have the largest possible fair stake. It is a question of judgment; it is a question of negotiation. We are very conscious of that fact indeed. But I don't think that in discussing a matter of this sort we would be wise to overlook the other benefits that accrue to the province, besides the direct ones to the Provincial Treasury. Now as Provincial Treasurer, no one is more conscious of the need for more money in the till than myself. (Interjection) . . . Well I appreciate it, and we are doing our best to make sure that we get the most we can under the circumstances. But I submit that it is of tremendous value to the Province of Manitoba, not only that we should put in half a million dollars, or seven and a half million dollars, in trying to promote the development of our province, but that somebody should put in 120 or 150 million dollars in the development of a town.

Now this government claims no credit whatsoever for that Thompson development. It doesn't belong to us. Things are continuous -- life moves on. We'll probably get some results from the things that we're doing. But the fact that there has been an investment of that magnitude in the Province of Manitoba is a very great thing indeed, because it is going to support on good wages -- highest in the metal industry, as far as I know -- a number of people at the Thompson site and their families. The building of these roads is not just money thrown down the drain as far as we are concerned; it's part of the whole idea of building up the economic fabric of our society and of our province. We can't build up the north if we can't get at it. If somebody puts in a plant for 120 millions, we can build a road to it, because that's going to pay the people who go to live in that place; it's going to pay all the people of Manitoba as we build up those industries. Government must be careful; we musn't do things for big corporations that they could properly be expected to do for themselves. We try to watch that. On the other hand, they're not the only people that are going to benefit from a road into the wilderness. Hundreds -- and if experience in other places is any guide -- thousands of people that we never heard of are going to be in, working up the resources of this province and making something out of them. And people are going to get good

(Mr. Roblin, cont'd.) . . . livings out of them, and communities are going to develop, and we're going to get revenue directly, and a lot of it indirectly, to build up the province.

These -- I didn't expect to say anything on these points, Mr. Chairman, and what I am saying is nothing more than a collection of truisms that everybody here, I think, knows. I don't think that either in the time of this government or in the previous government there was any division of opinion on those particular points. I think we all felt that they were good for Manitoba. And while I think it is quite right and fair for members opposite to say "Are you getting the most out of it?" - that's their job -- we don't object to that kind of comment at all. All I want to say is that so far we have been using our best judgment in this matter; we're well aware of the fact that we may not have the optimum set of conditions; we are continually looking for better ways of securing the equity of the people of Manitoba in the profits of the development of our northern country in all its various respects. If anyone has any workable suggestions as to how we can do a better job at it, we'll be very happy to have them present it to us.

MR. CAMPBELL: Mr. Chairman, the Honourable the First Minister uses good language and expresses himself very capably, but he employs one word there that I think it would be better if he would change -- because the word "exploitation" - when he uses "the exploitation of the natural resources" is the kind of thing that my honourable friends on this side like to fix upon and suggest that this is "exploitation" in a sense other than what the First Minister used it. And if he'd employ the word "development" or something rather than "exploitation," and I know he used it, intending the right construction to be put upon it. My honourable friends on this side always argue that these resources are being "exploited" in another sense, and I find myself in complete agreement with the Honourable the First Minister so far as this matter is concerned. As a matter of fact I am only sorry though that he didn't take that position when he was sitting on this side of the House, because we said -- not in as colourful language as he has used -- but we said exactly the same thing when we were talking about these various developments. We had the same view of the situation with regard to the oil industry as well as the other mining concerns, and my honourable friend says now that this question of checkerboarding is a most complex one, a very complex one -- but it wasn't complex when he was sitting over here. He had all the answers on it. He knew the whole story. And when we tried to say that it was necessary, under the circumstances, to give some inducement -- concessions, my honourable friends here would like to say -- that's what the First Minister of the day thought at that time about the oil leases that we had given; why he at that time was very sure that these were concessions, that the public interest had not been properly protected, and he had a figure of 7, 8 or 9 million that he rolled around in the course of his argument as to the extra amount of money that we could have secured from these various oil developments.

Well now, I'm glad to see that the complexity of the situation is becoming apparent to him because that is the fact and I think that the irresponsible talk of those days about checkerboarding and 7, 8 or 9 million dollars and all that sort of thing, did exactly the kind of thing that our friends are doing here now, of discouraging the investment of people. Sure, sure . . . (Interjection) . . . No, no, no. I'm only commenting on the things that these folks say - that they have the effect of discouraging capital from coming to this province; and the First Minister has said, quite rightly, that we are in serious competition with other places, and I think that part of the decline in the activities in the oil fields in Manitoba no doubt stems directly from the statements that my honourable friend made at that time. Because when you get the kind of competition that we are in with the other provinces in that regard, where the wells produce more in both Saskatchewan and Alberta -- true, they're more expensive -- they produce more, then when you get in addition to that a let-down in the economic activity as far as the oil industry is concerned, then is the time that you find that statements of this kind, which the Honourable the First Minister used to make, that's the time that those irresponsible statements do damage. And far from blaming my honourable friend for getting off on the discussion that he did, I think he was very wise to do so and to slip over the checkerboarding issue pretty quickly. Because the fact is that he shouldn't say, I think, I'm sure he doesn't want to say now any more than that anything of that kind will be given very careful consideration, because we want still to see the oil interests as well continue to be represented in the Province of Manitoba. And that's why the government of that day at that time gave the rights that they did to companies to try and get them to make a start in here, because I would just like to ask my honourable friends here who want to see the government doing all of

(Mr. Campbell, cont'd.) . . . these things, what they would have been saying if the government had gone in and had spent as much money as the private companies did in -- before they got any major returns from oil exploration in the Province of Manitoba. They would be the first ones to be talking about poor administration and wrong principles being applied and government bungling and everything else. It's all very well, once these companies -- whether they be a mining company, hard rock mining or oil -- it's all very well, once they start producing quite spectacular returns, to talk about what the public interest requires that we take from them. But in the developmental and the exploration days, it's a very different thing. And I compliment the Honourable the First Minister on his recent conversion to sounder principles.

MR. ROBLIN: Mr. Chairman, I shall have to tell my honourable friend that I don't deserve his compliments because I haven't changed my mind in the slightest from what I said in those days. He really doesn't understand the problem any better now than he did then, and I don't think he understands it as well as the Leader of the CCF Party does. What he seems to forget is that when these explorations were going on to which this checkerboarding thing might have had reference to, we were on the upward grade -- at a very strong upward movement of oil in Western Canada. What he forgets is that 85% of the oil-bearing land of this province was not in the control of the government. It was in the hands of private individuals to which checkerboarding did not apply. What he has not told the committee is that the discovery wells in Manitoba weren't even made on government property. And that there is absolutely no basis for saying, in my opinion, that we would not have been successful with a checkerboard policy in those days. We would have done the same thing to protect ourselves then as private people did to protect themselves when they had oil on their property, or a proper method of -- some oil-bearing rights on the lands to which they had title. He knows, as well as I do, what was done in other provinces who really had a problem of attracting private industry in because all the land - or almost all of it - was under government ownership. That wasn't the case in the Province of Manitoba. We'll certainly have to agree to continue to disagree on this subject of checkerboarding, because it does not seem to me, Sir, in what I know about the subject, although I don't claim to be any expert on it, I did make quite a thorough investigation of it - 15% only was the land involved, and if anyone tells me that oil exploration in Manitoba was stopped because of the activities on 15%, I find that hard to believe, when the oil companies were out leasing land right, left and centre from private people; when the initial discovery was made on private land; when the whole exploration play in Manitoba was in a tremendous boom, and we didn't have a situation like we have today -- that was the time to cash in. So I am going to have to tell my honourable friend that I haven't changed my mind on that subject, and I still think that the policies that were criticized at that time were subject to the criticism that was given to them.

MR. CAMPBELL: My honourable friend is the one who doesn't understand the situation, I fear, Mr. Chairman, because the very fact that we have the smaller proportion of our land in government hands, and a great bulk in private hands, was the thing that made it more difficult to checkerboard in this province. Where they have the huge amount of government land available, then they can put in a policy of that kind. My honourable friend, in my opinion, is completely wrong in that regard.

MR. ROBLIN: Mr. Speaker, my honourable friend changes the basis of the argument. The question is checkerboarding on government owned land, and the proof of the pudding, I think, is in the fact that after these things had been pointed to him, my honourable friend started to checkerboard.

MR. CAMPBELL: Not at all. We started to try out a few leases on that basis just to see, after my honourable friend had spent so much time ill-advisedly talking about it, and making such a big story - pretending that he had hit upon something that would be useful or would have been useful. We just tried out his idea to see if we would get any worthwhile interest from the people concerned, and as he knows, there wasn't.

MR. PAULLEY: Mr. Chairman, I don't know whose move is next in this checker game, but it seems to me that we've come a considerable length away from the points which we raised. Now insofar as the reason I asked the Honourable the Leader of the House whether or not he had changed his mind on checkerboarding was in our desire to receive more benefits from the development of our natural resources. And the Minister, the Premier, has informed us that he hasn't changed his ideas of what they were then in respect of checkerboarding, and that if he had the developing

(Mr. Paulley, cont'd.) of the area, or at least the virgin area being developed, he would put into effect somewhat similar to the ideas that he had a few years ago. Now I can't, and I can't see how anybody can agree with my friend the Leader of the Opposition when he says that the reason that the oil development is going down is because of the fact that we in this House had considered or debated the merits or demerits of the system of the government. And I want to say quite conclusively that if I thought for one moment anything which I am saying in respect of the development of our natural resources was going to dissuade anybody from coming to Manitoba, then certainly in the interests of Manitoba I would keep quiet. But I don't think so. I think that it is the duty of us here in the legislature to draw to the attention of the Government, and even belatedly to the former government, that in our opinion we are not getting a fair return of the development of our natural resources.

Now, I believe it was my friend the First Minister who mentioned the fact that we're in a competitive market insofar as our natural resources are concerned; because of geographic situation, it appeared to me from his remarks, that we must make greater concessions than they must make elsewhere. And I suggest, Mr. Chairman, that this is not so. Other provinces who are receiving a greater share of revenue from the development of our natural resources, surely still have the same problems of transportation and distances which we have. It's been necessary in the Province of Quebec, the Province of Ontario, Saskatchewan and British Columbia, to extend transportation facilities into the mining areas; to carve out of wilderness, so as to speak, sites for power development. That's been going on in all of the provinces of Canada.

MR. ROBLIN: What's the point?

MR. PAULLEY: The point is this; that I disagree entirely with your statement that because of the fact that we have to do these things in Manitoba, we should give greater concessions. You said that in effect -- you certainly did. . . (Interjection) . . . You said, Mr. Chairman, and we can reread it tomorrow in Hansard.

MR. ROBLIN: No, no. My honourable friend must just take my word for it that I am not suggesting that we have to make concessions of a nature which are peculiar or unusual in this province. We have to keep reasonably in step with what's going on, but I think, Mr. Chairman, that the proof of the pudding is in the eating. We have to look -- Now here in the Province of Ontario, there is a development of their Precambrian shield on a per mileage basis, per square mile of Precambrian shield which is ten and twelve times the development in the Province of Manitoba for our Precambrian shield, which roughly produces the same kind of goods. In the Province of Quebec, the production of their Precambrian shield is over three or four times per square mile as ours is here in the Province of Manitoba. Well now the proof of the pudding is in the eating. They simply are not exploiting our Precambrian shield so far at a rate similar to the other provinces. So the least we can do is to make this just as attractive as they are some- place else, and until we can get people coming -- if this was a bargain sale, if we had people flocking into this province from all over the world jostling their way around to try and get concessions, perhaps there would be something in what my honourable friend has to say. And when I say "concessions", what I mean is the right to exploit. But that isn't the case. We have to go hunting, and my honourable friend here has been doing a lot of that kind of thing. And when we get that kind of development in Manitoba, then we'll be in a position, perhaps, to act a little differently than what -- we'll be in a position to be on an equal footing with the provinces in the other part of Canada. But until we get that kind of exploitation, I don't see how he can make an argument that we're being too soft on the investors.

MR. PAULLEY: All I'm doing, Mr. Chairman, is attempting to either interpret or remember what the words of the First Minister were in apropos of what he has just finished saying. And I agree with him that in these other areas their development is greater than ours at the present time in Manitoba. I think on that we can agree. But I suggest that those developments came through normal procedure; that there were no attractive offers. I think we've got some illustrations of that right here in the Province of Manitoba, if memory serves me correctly, in the development of our great mining area of Flin Flon. If I recall correctly that at Flin Flon, I believe back in 1932 or thereabouts -- in the early '30's, there was a concession granted insofar as Manitoba was concerned, favourable, or was it the reverse in Saskatchewan -- the point is still the same -- that as a result of concessions and because of the Flin Flon area striking across the boundary, where the concession was that part of the mine was developed to the benefit, I believe,

(Mr. Paulley, cont'd.) . . . of Saskatchewan. I think the benefit was to Saskatchewan. And for years the Province of Manitoba did not receive a fair share of the development at Flin Flon, and is only now beginning to get a little bit of it. . . (Interjection) . . . Well it could be the other way around, I'm not just quite positive of that. But, I'm just using it as an illustration of what concessions can mean.

And I would respectfully suggest, particularly to the new members of the House, that they receive copies of the agreement which was entered into by the previous government, with INCO. There were concessions in it. And I say this, and I think it is true, that if companies are prepared and willing to come here or anywhere else, they're only coming in here not for the benefit of the people of Manitoba as such; they'll only develop the areas if there is a great return to them. And I say that they will come here into Manitoba irrespective of whether or not we charge the similar royalties of the other provinces in the Dominion of Canada. I think that is true, and that's all we are saying, that at least we should be on a parity with a return compatible with the total volume of the production of the natural resources of the Province of Manitoba. There is a difference in our viewpoint on this than that of both my honourable friends and it has been evident, Mr. Chairman, for a long time. We of our party have been accused, we were accused when we sat on this side of the House with our honourable friends of being along with them. I think the other day there was some suggestion because of the fact that we voted along with our honourable friends on this side, that we were with them. But I think it is true, and I say it without hesitation that we of the CCF have stood alone in this legislature on the question of getting fairer returns for our natural resources development. And I suggest this to you, Mr. Chairman, that in the Province of Saskatchewan, where they have a CCF government, the very fact that they have tried to protect the interests of the citizens of Saskatchewan has not in any way detracted from either minerals, oils, or industrial development in the Province of Saskatchewan. And while I agree, I agree most heartily, that at the present moment and it may not be for long, the potentiality of the Province of Saskatchewan is greater or the developed areas are greater and they are receiving more revenues - I think that is true. But I think that if we in Manitoba adopted similar policies of a better or greater share of the return to the Province of Manitoba. . . . It's true as the First Minister says, we might have to wait a little longer. It's true as he said, we may be dead when the development is here but I say that if we are not here at that particular time, our children or our children's children will be here to get the benefits of what God has bestowed on Manitoba.

MR. GRAY: Mr. Chairman, with my great respect to the Leader of the Opposition - I like him personally and he knows it, I think that his platonic war for the CCF is so great that he is even willing and anxious to defend the government so that he could attack our group. I want to remind him. . . . (Interjection) . . . It is. . . . I want to remind him if he'd take the trouble of looking over all the progressive legislation in the last 25 years by the Liberal Government, you will find that the Liberal Government at the time when they held power here -- I will direct the question in a moment.

MR. MILLER: What about checkerboarding?

MR. GRAY: I'm not discussing checkerboarding because I don't know a thing about it. Fair enough? that all the progressive legislation, was originally for years, advocated by our group. However, I rose to direct a question to the Minister. Has he any idea, Mr. Minister, have you any idea as to the amount of oil, crude oil or other products that are being brought in from outside to the Province of Manitoba? The reason for this question is that you claim that we have a great surplus of oil in this province. Wouldn't it be possible -- that's what you said -- I'm sorry I probably misunderstood.

MR. EVANS: You misunderstood in that. I think I said that the consumption of oil in the province is approximately 30,000 barrels a day and the production is about 15. I did indicate that there was a surplus of oil in Canada and in North America - not in Manitoba.

MR. ORLIKOW: Mr. Chairman, with the statement which the First Minister made that our resources are not of much use to us if they are not developed, nobody could disagree. I am interested with his statement that the province should get as much as possible for these resources but should not set the rates, the tariff -- that's not the word he used -- but the taxes at such a rate that it would discourage investors from investing in this province. I think we can also agree in terms of a general principle.

(Mr. Orlikow, cont'd.) I must say however, Mr. Chairman, that I am not completely sold that it is necessary for this province in order to attract capital to set its rates at a lower figure than seem to be set by the other provinces. Before I go into some details -- just a word about checkerboarding. I am no expert and I recognize the fact that whether we checkerboard in Manitoba or not will have very little to do with how much oil is produced in Manitoba as compared to Saskatchewan -- that will be decided on the amount of oil which there is in this province, which they can find in this province. But the fact is, Mr. Chairman, that they did adopt a system of checkerboarding in Saskatchewan and according to the Minister of Mineral Resources in the Province of Saskatchewan, from a Hansard which I have in front of me, in Saskatchewan in the last six years, almost three quarters of a billion dollars has been invested in the oil business in the Province of Saskatchewan. Now the Honourable Leader of the Opposition suggested that the speeches made by the First Minister when he was on this side of the House probably contributed to the decline of the oil industry in this province. Well they had that policy in Saskatchewan, they have done very well for the people of Saskatchewan and they've attracted three quarters of a billion dollars worth of investment in the oil business in that province. . . . (Interjection) . . . I agree, but checkerboarding didn't seem to hurt them and I don't think that it would have hurt us here and I think that had the province used that system on the land which it controlled -- of course on the land which it didn't control it didn't have much say -- but on the land which it controlled had it used it from the first time when they started to dispose of that land for oil I think we would have done much better.

Now I am concerned, Mr. Chairman, to get back to the question of minerals -- I am concerned with the question of whether it is necessary for this province to make the concessions which we seem to do. From what I can gather we are charging less in the way of mineral royalties than the provinces of Ontario, of Saskatchewan, of British Columbia and of Quebec. Now it's true that oil has gone ahead in Saskatchewan because they had it in large quantities. Now at the last session I think it was, I'm sorry I didn't bring it into the House here, the Honourable Member for River Heights suggested in a very strong statement that they hadn't had much in the way of mineral development in the Province of Saskatchewan than we have had here, and of course they haven't had the amount which we've had here, mainly because while they were fortunate in the field of oil -- much more fortunate than we have been so far, at least -- they weren't as fortunate that there has been a discovery of the size of Thompson so far. But they are going ahead, yes they have uranium, and their figures are very interesting; although they are charging as I understand it, 12% like the Province of Ontario, compared to our 8%.

Now here is what - here is the picture there. In 1943 Saskatchewan had attained the highest record of mineral production in its history up to that time. In 1958 the value of minerals produced was 8 times as much as that produced in 1943. And here are some of the details: The value of the production of coal doubled; the value of sodium sulphate is two and a half times as great; of clay and cement 15 times as great; of sand and gravel 6 times as great; salt went from no production at all to one million in a year; metal four times as great in 1943. Oil and gas of course we know, and I won't say it's because of the government but -- and the Honourable Leader of the Opposition would probably say in spite of the government -- but the fact is that the rates gone up two thousand times as much as was produced in 1943. In 1944/45 the revenue was less than a quarter of a million from mineral resources in Saskatchewan, and in 1957 the revenue was nearly twenty-five million dollars from mineral resources. I raise this, Mr. Chairman, not because I think there's any magic figure in their 12% -- and it may be that there is special reasons why our 8% is sufficient

MR. SCARTH: Mr. Chairman, on a point of order if I may, the Honourable member is giving the wrong figure as did the Member for Burrows. The Province of Manitoba charges a royalty of 12 1/2% or one eighth of the oil recovered. The same as Saskatchewan You're talking about oil.

MR. ORLIKOW: No. No. I said. Mr. Chairman, I didn't say anything about oil. I tried to be very careful to say that I wouldn't compare oil in Manitoba with oil in Saskatchewan because they had found so much more oil in Saskatchewan. I said that the Honourable Leader of the Opposition, and I'll repeat it again, would say that it was in spite of the Saskatchewan Government and in spite of the checkerboard policy which they follow and which apparently the First Minister thought was a good idea before I came to this House -- I didn't say anything

(Mr. Orlikow, cont'd.) . . . about what they were charging. When I talk about 8% and 12% I'm talking about mineral production. I'm not saying that I'm certain that 12% is the right amount for this province, I'm just wondering and I'll be glad to be convinced that it's necessary and that I'm wrong -- I'm wondering why it's necessary to charge 8% in this province and not more when the other provinces are charging 12%. It's true of Saskatchewan -- it's true of Ontario to the east of us.

MR. CHAIRMAN: 4 (a)

MR. ROBLIN: Mr. Chairman, enlightenment on one point that the honourable gentleman just made. He talked about the revenue from minerals in Saskatchewan rising from a quarter of a million to 25 million. I don't think he means to say that that 25 million has anything to do with minerals, meaning hard rock. The most of it, practically all of it comes from either uranium, which we haven't got, or much more from a point of view of magnitude, from oil and coal and commercial minerals of that sort which are not mined in this province. I think if he were to pick the figure on hard rock it would be a very small fraction of the total.

MR. ORLIKOW: Mr. Chairman, I read the figures from the Hansard -- I don't doubt that the First Minister is right in what he said and it may be that this may be a reason why it's necessary for us to charge less. I'm merely suggesting Mr. Chairman, that I am not convinced that it is necessary for this province to set a lower rate than the province to the west of us or the province to the east of us.

MR. GUTTORMSON: Mr. Chairman, is it not a fact that the oil companies drilling for oil in Manitoba have a long way to go before they recover all the money that they have invested in Manitoba?

MR. CORBETT: I have listened to all these theoretical hard rock miners and oil men for some time but I would like to draw to the attention of this House

MR. CHAIRMAN: The Minister is answering.

MR. EVANS: Mr. Chairman, I have no information on that subject. It would have to come from the operating statements of the companies themselves -- their investments in the different fields, and I feel quite certain that that information isn't available to us.

MR. CORBETT: The honourable members on my right here have -- claiming more or less that Manitoba sold her birthrate down the river for. . . . (Interjection) and I'd like to give you a few facts of which I am fully cognizant of, about the first real mining development in Manitoba. It was discovered some time I believe around 1914, and for 12 long years the best representatives they could get tried to sell some of the monied interests an interest in this mine. The late Jack Hammel peddled that Flin Flon property from one end of Canada to the other and down into the United States with no success. It was only a matter of a new discovery in the refining of this particular rock that interested the Whitney interests in that about 1926 I believe it was. Extensive developments went on there between the Whitney Company -- they put up a pilot plant there to try and develop the property there, but it was only after great concessions were made by the Province of Manitoba under the leadership I believe of Premier John Bracken towards giving concessions on a railroad; concessions on mining royalties; that they were able to more or less coax that money in there to create the great development which is at Flin Flon at the present time. And when you say that private capital is falling over themselves to get into this country -- they have never done so and are not doing so now. They did not do it with Inco -- Inco had to be persuaded a little bit. So when you talk about us not getting the best out of our natural resources from private enterprise I think the district of Flin Flon, the development up in that country, the great development of the Hudson Bay Mining Company, has more than warranted any concessions which the government, any government has made at any time, and the chances are if the government had not been prepared to make concessions to that Mining Company there would be no development up in that country yet. (Hear Hear)

MR. MOLGAT: Mr. Chairman, I would just like to make one observation first of all on the statement the Minister gave us -- first of all on Mines. This is a small correction. He mentioned that there were four mines operating in Manitoba at the present time. I would like to mention a fifth one, the one at Amaranth which has been operating for many years. I will admit in a different type of product but it is one of the important mines in Manitoba in that particular field. Coming back to the road question which we were discussing. What is

(Mr. Molgat, cont'd.) . . . exactly the mileage of the roads mentioned by the Minister -- did I get correctly 420?

MR. EVANS: 415 plus the section from Gypsumville to Wabowden.

MR. MOLGAT: What is the total mileage of the roads to which he is referring under the fifteen million, 5-year program. Could he give us that figure?

MR. EVANS: We'll have to find just what your asking for. Do you intend to include the projection of the road towards God's Lake and then down to Island Lake. If so I don't know that mileage but the items that I did mention totalled 415 miles; to be added to that is a section between Gypsumville and Wabowden. I'm sorry I haven't that figure.

MR. MOLGAT: This I understood from the Minister, was separate from the roads to resources plan which was instituted a little over a year ago?

MR. EVANS: No this is the roads to resources plan. I think what I said was this does not interfere with other joint agreements with Canada for the development of forest access roads and a number of other roads of that character.

MR. GUTTORMSON: Mr. Chairman, was that road from The Pas to Gypsumville included in that 15 million dollar program?

MR. EVANS: Well I dealt with that as well as I could by saying this that until the engineering is completed we won't know how much of it can be completed either within five years -- five to seven years -- or within the fifteen million dollars. It's our hope that the road can be completed within the agreement -- but we won't know until the engineering data is completed.

MR. GUTTORMSON: The reason I asked Mr. Chairman, was because an announcement made by a government official that the road leading north from Gypsumville would cost fifteen million dollars.

MR. EVANS: Who made that announcement, Mr. Chairman?

MR. GUTTORMSON: It was in the Press release. (Mr. Roblin -- speculation) Mr. Chairman, I'll get the clipping for the Honourable the First Minister if he thinks it was made from speculation. It was made by a government official and it was announced about this program. (Mr. Roblin -- you get it and show it to me.) I will.

MR. CAMPBELL: Mr. Chairman, I too was particularly interested in this mileage of roads because I realize that the Honourable the Minister can't give detailed estimates, but I was trying to make some rough calculations. I have added the 50 miles from Pine Falls to Manigotogan because I understand that he's including that stretch of road, and I've made a rough guess at the distance from Grand Rapids to Wabowden as 175 miles. I don't know how close that would be. But if that were the fact there would be close to 700 miles in the program that he's mentioned, and that in turn would reduce that figure considerably from the forty thousand dollars a mile that the honourable gentleman mentioned as a very very rough estimate. I'm not going to get into a situation of betting such as the Honourable Member for Flin Flon of a year ago did with regard to the road up north, and I don't know how that one has turned out, but I don't know -- I'd like to get a report on that situation -- but without hazarding any bets at all I would say that that's a very very optimistic estimate of the cost of those roads.

MR. PAULLEY: I'd just like to ask one question. It's getting back to oil. I understand, Mr. Chairman, that at the present time, I know that there is at the present time, a commission set up -- I believe it is called the Manitoba Mineral Transactions Enquiry Commission -- which is investigating the question of oil leases and the methods by which they were obtained in the Virden area. I wonder whether the Minister -- I understand the commission is still sitting. I think it would be improper possibly at this time to make any comment on it as it is sitting and some of the information has come my way, but I'm wondering whether the Minister can give us any indication when that commission may be reporting?

HON. STERLING R. LYON (Attorney-General) (Fort Garry): Mr. Chairman, perhaps I could endeavour to attempt to answer that enquiry of the Leader of the C. C. F. Party. To the best of my information the Commissioner was holding a hearing on the 13th of July which was yesterday. I'm informed that that will be either the last or one of the last hearings. I made an enquiry of him some five or six days ago as to when he would be able to present a report to us and it was my impression at the time that he stated he hoped there might be a report down some time this fall. Of course he is only now in the position of considering all of the data which he had gathered -- I wouldn't want to place any time limitation on him but that was

(Mr. Lyon, cont'd.) . . . the hope verbally that he expressed to me at the time.

MR. PAULLEY: Mr. Chairman, following that with a supplemental question. There is the possibility then that the commission's report may be tabled at the regular session of the legislature next year?

MR. LYON: I certainly hope so.

MR. MOLGAT: Mr. Chairman, coming back once again to this roads matter. The roads will be built by which department, at least under whose jurisdiction -- Public Works or Mines and Resources?

MR. EVANS: I would expect that all the contract work would be handled through the Department of Public Works.

MR. MOLGAT: There's no item here, Mr. Chairman, for the money to be spent. I presume it will be in Capital Supply. Is that right?

MR. EVANS: Yes, Manitoba's share is in Capital Supply.

MR. MOLGAT: Would the Minister undertake, Mr. Chairman, to give us the full breakdown of mileage on the various sections -- I don't need it right now but possibly before the end of the estimates -- that is included in this -- I believe this is rather important. I noticed in the paper yesterday that in the House of Commons in Ottawa on Saturday the Resources Minister, the Honourable H. . . . Hamilton speaking of roads to resources mentioned that Manitoba would have 688 miles built under that plan, and that since I think May of last year when it was first entered into, something like a million, five hundred thousand had been spent. Could the Minister indicate whether any of these are included under that or is this a separate thing altogether?

MR. EVANS: I take it the Minister at Ottawa was referring to his expenditures and of course I haven't the data that he was dealing with.

MR. MOLGAT: That's correct. I believe that that was the Federal expenditure which would indicate a similar provincial investment would it not?

MR. EVANS: I will undertake to get the information as to Manitoba's expenditures and if it's agreeable I will report that under Capital Supply when we're dealing with that item.

MR. MOLGAT: And the actual mileage?

MR. EVANS: I would hope to be able to get the actual mileages rather more quickly than that.

MR. HAWRYLUK: Mr. Chairman, could I get the information which we received last year but I don't think it was mentioned by the Minister this afternoon. How many oil wells have been drilled to date and how many are in production at the present time? I think those two figures are important.

MR. EVANS: Mr. Chairman, there have been wells drilled and wells abandoned and I have the figures here of wells drilled. From 1951 to 1953 185; 1954 - 307; 1955 - 359; 1956 - 262; 1957 - 224; 1958 - 92; and in 1959 to the end of June -- 21. Now as at May 31st, 1959, there were wells capable of production of 883. I would say the difference between the sum of those other figures that I gave you and the 883 would be those abandoned.

MR. HAWRYLUK: What about the closed off, capped off for future use? I think that was customary in previous years by the oil company.

MR. EVANS: I do not believe there has been any general practice of closing off wells and waiting for a later period to open them and use them. It would seem to me that those that have been abandoned are those that have failed to produce.

MR. CAMPBELL: Mr. Chairman, in the Minister's general statement regarding mines he mentioned that in the last year there had been smaller return from the mines in total than the proceeding year. Is not -- and he mentioned some reasons for the decline -- is not another reason for the decline the fact that in Flin Flon area the mining is now taking place to a considerable extent on the Saskatchewan side of the boundary?

MR. EVANS: That is my impression of the amount of minerals there. There was one other mine owned by the Hudson's Bay Mining and Smelting Company that closed production for a time in order to deepen the production shaft. It was a necessary development on their part but they had to stop producing during that period, and so the tonnage developed at that subsidiary mine was also reduced for that period.

MR. MOLGAT: Mr. Chairman, there's a brief mention by the Minister of the road on

(Mr. Molgat, cont'd.) . . . the east side of Lake Winnipeg up to God's Lake. As I recall it last year, or some time in the past year, the Honourable the First Minister made an announcement with regard to this road and it was to be changed from the previous location which had been, I think, under discussion by the previous government. I wonder if the Minister could give us some statement at this time on the progress that has been made on that new location and what the present position is?

MR. EVANS: The question was the reasons for substituting the present route that I have described for the one on the east side of Lake Winnipeg. I think a glance at the map is perhaps the best answer to that. With a very large number of rivers running from east to west across the route of the proposed road on the east side of the Lake. Another reason is that the land close to the lake is very marshy indeed and about the only practicable route at all, whether an economic route or not, but about the only practical route would be just about at the Ontario border. They would have to go that far away from the lake in order to find a place where it would be practical to build a road at all, and so some of the benefits that were hoped for in building the road east of the lake would be denied, namely, to serve the communities that are on the east side of that lake and serve the fishing industry on the east side of the lake. The road would be too far removed from them. It was thought that any access into that part of the country close to the Manitoba-Ontario border would probably be provided at some later date by roads within Ontario and that a connection across from Wabowden to God's Lake to Island Lake and then into Ontario might be the eventual outcome; but considering all the values to be served the route on the west side of the lake was very much to be preferred.

MR. MOLGAT: Mr. Chairman, as I recall it though, the First Minister had made quite an announcement in this regard, and there was quite a lot of fanfare and publicity on this matter of the road on the east side. Do I understand now from the Minister that this is now dropped and it will not be proceeded with?

MR. EVANS: Within the foreseeable future it is not proposed to proceed with that road east. The first sketch maps of the route east of the lake were in being when this administration came into office. The idea did not originate with this administration of placing it there -- it arose, I understand, in the early days of discussion with Canada about the development of this roads to resources program. It might very well be that before engineering studies could be made the attractions of the east side would appear to be quite considerable, but when the engineering studies were proceeded with it was found to be impractical. That road was to proceed up to Matheson Island; there was to be a ferry then across to Princess Harbour where it would connect with the present road system and go up the east side of the lake; and for various reasons including the fact that it would require a ferry to operate there and there would be a fair period in each year -- fall and spring -- when that ferry could not operate -- that was also one of the factors that decided against the road on the east side.

MR. MOLGAT: Mr. Chairman, could the Minister indicate if there have been any changes in the fees or licenses or taxes levied on mining corporations or any of the phases since the change. Has there been any change by the government.

MR. EVANS: Those considerations of course are in charge of the Treasury department. Those would be matters that should be revealed in the budget speech and not under my jurisdiction.

MR. MOLGAT: Oh I wasn't asking for forward commitments as to whether the change would be made, I was asking whether changes had been made to date.

MR. EVANS: There are no changes that I know of, that's why I answer this from memory. I don't believe there are any changes. (Passed)

MR. CHAIRMAN: (b) Passed. (c) Passed. Resolution No. 51. Mines Branch -\$424,770.00
Passed. Item 5. Forestry Branch (a)

MR. EVANS: Mr. Chairman, at this point I undertook to give some statement of developments in southeastern Manitoba. When matters concerning the Forestry Branch came under my administration I learned quite quickly that the area of southeast Manitoba was in some difficulty, largely because of the over-exploitation of the forest resources and that we were in fact drawing upon forest capital in that area. I found that an inter-departmental committee had made a very careful, in my opinion, excellent study of the conditions to be found in that district and I made a tour of the district myself to examine conditions there in the light of this report.

In southeastern Manitoba through loss through by fire and over-cutting, aided by unwise land use, the forests have been over-utilized and we have been for some years using up forest capital. If the forests only were involved, it would not be difficult to correct this situation by increased protection and reduction of the annual cut. To do this, and this alone, would seriously upset other aspects of the economy of the region, and therefore we plan to find out what the economic values of the region are now; how these may be developed, expanded or rehabilitated without causing undue hardship for the people living there. The forests of southeastern Manitoba are very important to those who live there, but they are also important to the provincial economy. The forests of southeastern Manitoba have a value in primary forest production of about \$2,000,000.00. One-fifth of the total volume produced in the province is produced in that area. The percentages of total provincial production are as follows: in lumber 13%; pulpwood 27%; railway ties 26%; fence posts 50%; line poles 69%; boxwood 36%; and Christmas trees 79%.

Depletion from cutting and fire is 65% greater than the computed allowable cut of spruce and jackpine, the principal species to be found in that area. Depletion from fire makes up 22% of the total depletion. If the forest soils of southeastern Manitoba were fully stocked with an all-aged forest, the sustained yield annual cut would be 315,000 cords compared with 54,000 cords today. In other words if the resource were fully utilized the production could be multiplied nearly by 6.

Under an inter-departmental committee, the government has commenced a study and action program for the maximum economic development and rehabilitation of southeastern Manitoba based on a period of 25 years. Progress on the study portion of the program thus far is; (1) Completion of the basic organization plan; a master plan for non-agricultural soils; soil surveys commencing this spring; a 25-year road, trail and fire guard plan; arrangements for increased tree planting, 600,000 trees increase each year. The present program is between 1 1/2 and 2 million trees.

The Department of Agriculture is undertaking establishment of test plots for cereal, porridge, fertilizer trials and tobacco. Progress on the action portion of the program thus far is as follows: First of all acquisition of staff; A chief forest ranger; two assistant forest rangers; two engineering aides; 1 foreman of works. The Department of Agriculture as described by my honourable friend the other day has appointed a regional agricultural co-ordinator.

Stand improvements -- that is improvement to existing stands of timber by sanitation cutting and operations of a like character, \$10,000.00 has been expended since the commencement of the program. Roads, trails and fireguard construction commenced in the winter of 1958. There have been cleared 41 miles of road, graded 36 miles, gravelled 7 miles. The approximate cost to date has been out of capital supplies some \$25,000.00 and in current forestry account \$10,000.00 making a total of \$35,000.00.

Anticipated expenditures in 1959-60 - \$75,000.00 plus the federal contribution under the winter works program and the Canada Forestry Act. Since these programs started between 50 and 80 men have been employed on them. As quickly as studies determine their feasibility every effort will be made to implement programs for the expanded use and rehabilitation of the resources of the area with early emphasis on forestry and agriculture. Experience gained here will be applied to other problem areas in the province. It's too early to determine what the cost of this undertaking will be but the full implementation may involve annual expenditures approaching \$400,000.00 a year. This program is of course one of long range mostly because it takes a long time for a tree to grow, but the rewards, the economic rewards by multiplying revenue by 5 or 6 times will turn the investment in this way into a very profitable one.

MR. GRAY: Mr. Chairman, may I ask a question please? On page 62 of the last report-- annual report of the department, indicates that the disbursements of 1957-58 and the revenue of

(Mr. Gray, Cont'd.) 1957-58 leaves very little revenue to the province. In other words we are spending just as much as we take out. Would it be possible to make some improvement on this? After all we talk about exploitation -- this is also exploitation where the industry like the pulp mills and the lumber mills are utilizing the natural resources of the province, but the province itself has very little revenue out of it.

MR. EVANS: Mr. Chairman, here again I think there are one or two points that are worth comment. In the first place I think I am correct in saying that the forest inventory which covers the entire province, was by way of being an investment in the entire future and management plan of the forest resource, and expenditures in that regard were made under one year or during the period during which the inventory was taken. In the second place there have been expenditures in the protection of under-utilized forest resources in the north protecting them against the time when it appears certain that some time in the future, and we hope it may be soon, that other forest industries will come in here. If we did not protect the forests in the meantime or do our best to fight the fires when they start those forests would not be there to support the industry when they came in. So to a very considerable extent these expenditures on current account year by year have been an investment in the future, which will pay off of course when the forests come to be utilized.

MR. HRYHORCZUK: Mr. Chairman, the Minister mentioned the winter works program. Does that come under the Canada-Manitoba unemployment assistance agreement, apart from works under that agreement?

MR. EVANS: No, my understanding is that there are two separate -- the ones that I refer to are the agreements with Ottawa under two heads: One is a shared program in connection with forest protection roads; and the second the one I referred to as the winter works program, has to do with the establishment of picnic sites and other facilities connected with the tourist trade under the agreement with Ottawa.

MR. HRYHORCZUK: What I am interested in, Mr. Chairman, is this: Is there any of this work that the Minister has been talking about financed under this particular unemployment assistance agreement, or is none of the work in your department under this agreement?

MR. EVANS: No, none of those particular projects I think. I think, however, the winter works program has been of considerable assistance in providing employment in an area where it has been necessary to restrict the amount of earnings that the people could make from cutting wood in that particular area; so it is a valuable asset to have, although it does not provide the finances for the particular items I was discussing a few minutes ago.

MR. HRYHORCZUK: Mr. Chairman, there is another point I would like to raise at this time. If my information is correct there are two types of licenses or permits issued for cutting timber in the Province of Manitoba. That's not talking about the old carry over from the Dominion Government. One of them is the timber sale, and the other is licenses or permits to individuals for cutting pulpwood and jackpine for commercial purposes. Now in order to hold the allowable cutting and maintain your sustained yield program you apportion the allowable cut to these two forms of permits; and I am very seriously interested in the permits issued to private individuals, because up in my constituency as well as in other constituencies in this province, the settlers or farmers depend a great deal on revenues or incomes outside of their farm revenues, and one of the major sources of revenue is the permit to the individual to cut pulpwood for resale. Now what I was going to ask the Minister is this, I am in complete agreement with the sustained yield program and naturally you have to have the allowable cut measured and cut according to your program, I would like to see the apportionment as between the timber sale and the individual permits somewhat changed to give a little more preference to the private holder of permits; that is reduce the allowable cut to the sale areas and increase by the same amount the timber available to persons who get private permits to cut pulpwood.

MR. EVANS: Here again it is necessary to balance two sets of interests really. I think the settlers have their rights to be considered and their way of life and their opportunity to make a living. Nevertheless a timber sale results in better utilization of the forests. They are large enough in the beginning to be supervised by the forest conservation officers and it's a requirement that saw logs shall be taken where the trees are of sufficient size and the right variety, because a greater value can be recovered in that way -- saw logs or poles or ties as the case may be -- It's possible on a large sale of this kind which can be supervised, than to specify

(Mr. Evans, Cont'd.) which type of lumber or pulpwood can be produced practically speaking from which tree. There is another practice that is very much hoped that we can continue and expand, and that is the practice of marking trees in any sales, so that the conservation officer will mark the trees that are to be taken leaving those that are not yet mature. In a pulpwood cutting operation they are instructed to cut just pulpwood and very often trees which could yield a higher value are necessarily taken for pulp instead of being converted into lumber or telephone poles or something of higher economic value. So we have two interests and must find the proper point in the middle to come down on. I'll take note of the honourable member from Ethelbert-Plains remarks, to see whether indeed there is any deprivation in that area that could possibly be avoided under the sound forest management policy.

MR. P. WAGNER (Fisher): I was listening carefully to the answer that the Minister gave to the honourable member for Ethelbert, because I am very much concerned about this bush work. Once the contractor or the man that buys the bush, he doesn't care whether the value of the timber whether it's lumber, or could be used for poles or ties, he is just interested in pulpwood and he destroys a lot of good material. Furthermore, I was happy to hear the honourable member from Ethelbert raise the question because the farmers have been deprived of additional lumber cutting - since 1930 only 15,000 board feet - and the Act still stands at the same level, and I believe that it's about high time that it should be reviewed. 15,000 board feet per farmer, that means very little. You cannot build a big barn even. It would build you a barn about approximately 35 feet long and 30 feet wide with a gabled roof. That's all. Then the farmer is forced to go and buy lumber which these people have to sell, at a high price. At the same time we are told by the forestry department that the farmers should get together and buy a timber sale. Not often does he get an opportunity to buy that timber sale. If there is a timber sale, I would say a bluff of bush which actually would cost the farmer or anybody that is interested \$500.00 to buy that bluff, or \$1,000.00; generally our authorities grouped those bluffs together and sell them for as high as \$3,000.00, \$5,000.00, as high as \$10,000.00. Well no individual farmer or group of farmers can afford to go and buy that bluff of bush.

Now as far as pulpwood is concerned a lot of farmers are interested only in lumber. A lot of farmers make their livelihood of pulpwood cutting and they would be just too glad to see that the farmer would get a permit to go and cut the material for lumber and leave for pulpwood cutting because they would have less work to do on their. But many farmers prefer to cut their own lumber, take the tree tops for pulpwood or whatever use they can make. But we as farmers feel that we are deprived from the private contractors or in other words from the higher -- I'm not going to use the word corporation -- but higher salaried or higher paid men, that they can afford to go and buy that bush or they can go ahead and bid for a pulpwood contract, 50, 100, 200 cords and the farmer is limited only to 10, 12 cords that's all. And if the honourable Minister will recall, the Farmer's Union presented a brief on June 26th stating that 15,000 board feet for one farmer is not adequate; at least it should be extended to 30,000. The argument is, I was given once in the forestry branch, the argument is that a man, the farmer destroys bush, because the farmer hasn't got such a large equipment, he goes with the small equipment. The man that destroys the bush that he only there to make the profits, make large amounts. He does not care what happens he's got large equipment, he goes through the bush with the bulldozer and bulldozing his way. Yes there was a lot of argument. The forest rangers went out looking and trying to stop that, but to what amount did they stop that. And as far as the farmer is concerned I was one time a bush worker too. For many years, for 20 years I was in the bush and the forest ranger from time to time would come down through the bush checking the stumps, checking the treetops, checking whether we burnt the branches, and no bush was destroyed. Today we seem to think that the farmers are the destruction of the bush. I call upon this government to give a real close concentration, because this is in my own language. Penalizing the farmer, the settler that could help himself to get additional lumber - he is forced to go and buy or borrow the money to buy that lumber on the high priced market.

MR. MOLGAT: Mr. Chairman, with reference to the Riding Mountain National Park, and I realize it is not in the jurisdiction of this department, nevertheless there is there a large tract of forest land right in the Province of Manitoba and asset to us if it was properly used. I want to repeat again that this is no criticism whatever of the Minister, I realize it is not his responsibility. I would suggest however that in his conversation with the officials at Ottawa if

(Mr. Molgat, Cont'd.)something could be done to get more use out of the forest resources in the Riding Mountain. It appears to me at this time that they are not being used; I can see no projects there of establishing under sustained yield basis, as I know is the intention and has been the intention for some time in the remainder of the province, and I suspect that there is there a very large territory which is not yielding to the province what it should in the way of forest products. True, the federal government have the responsibility for it, but it is still basically a Manitoba asset and as such should be used for the benefit of the people in Manitoba. For some years now I believe most of the major pulpwood operations or the timber operations in the Riding Mountain has ceased. There is a little bit of cut still allowed by farmers but even this is restricted, and I would suggest to him that in his conversations with Ottawa, if something could be done either to transfer the operations of the forests there to the provincial branch, or to have the federal people change the present policy, that it would be a great asset to that portion of Manitoba surrounding the Riding Mountain.

MR. CAMPBELL: Mr. Chairman, I was going to ask the Minister when he is referring to this survey of the southeast part of Manitoba, just approximately what area does it cover?

MR. EVANS: It's mostly in the unorganized territory of the southeast and one of the problems that is under consideration there is making some advances in the direction of self-government down there or establishment of eventual establishment of municipal government. I am not able to describe the boundaries for you. I can get the information of the area and bring it back and report it to the House later.

MR. CAMPBELL: I was really interested in -- the Minister would expect I think that the fact that -- I don't know if I quote his words exactly but it seemed to me that he said that there had been -- the report showed that there had been a lot of "unwise land use" in the area. And that's a term that always intrigues me, and I was wondering what the "unwise land use" consists of. What's the charge by the expert that -- what's been done wrong?

MR. EVANS: I think the main -- I hope the term "unwise use" doesn't carry any offence in this connection. It's just that forest lands have been taken out of forests and attempts made to place them into agriculture, and that would be the main -- as I understand it -- that would be the main way in which land has been put to the use to which it was not best fitted. Then we feel that there are other areas where experiments with new kinds of crops may show better uses for the land than the uses that they are being put to at the present time.

MR. CAMPBELL: That is the area -- subject to correction, when the exact limits of it are known -- but that is the area I think where tobacco trials have been going on for some years, and that is also the area where some certain crops particularly legumes and grasses have shown up to very great advantage.

MR. EVANS:small fruits, blueberries and so forth.

MR. CAMPBELL: I think so, yes.

MR. S. ROBERTS (La Verendrye): Mr. Chairman, the Minister was referring to 50 to 80 employees working in jobs such as cutting fireguards and roads and trails through the woods. Are these permanent employees in the Mines and Natural Resources?

MR. EVANS: No, the object of the exercise was to provide work for people in the area, particularly those who had been deprived of the usual earnings that they had had from pulpwood cutting. They are not permanent employees of the department.

MR. ROBERTS: Are they only employed during short periods in the winter months or are they going to be employed year round?

MR. EVANS: They have been employed at various times of the year and I am not sure exactly at what times of the year; but largely in the winter. certainly for trail cutting, clearing, particularly in the forest protection roads and clearings for picnic sites and matters of that kind, the clearing operations are done in the winter; but of course any road work that's done, the grading and so forth on the roads has to be done in the summer.

MR. ROBERTS:the first press reports last fall -- the news releases from your department - indicated that 200 persons would be employed in this work this winter; and I am disappointed to find that as I suspected there were many less than that. Actually there have been recently especially, many people in the area looking for work and men who are residents in the area, and I feel that here we can provide two very useful purposes: to provide work for these men and at the time time do the work that we want to do in the woods. As it has to be done

(Mr. Roberts, Cont'd.) and it should be done, the sooner the better.

A further question I would like to ask is if these men are being trained in any firefighting abilities and are used for that purpose too?

MR. EVANS: To the first question, certainly when what was called the sanitation cutting program was underway, that it is cutting out trees that were either deformed or some that had been fire killed and the cutting of trails -- when those programs were underway we provided enough employment so that pulpwood operators and others in the area were complaining that they couldn't get men, and so we tempered our program to that consideration. I think at one point it could be said that we had provided work for all those that applied for it on these particular projects.

With respect to particular training courses in firefighting, no work of that kind was deliberately undertaken to my knowledge. No.

MR. ROBERTS: In the order of the questions as you answered them Sir: I agree that, I can see the difficulty you ran into this winter because you were at the same time trying to employ people, men who had fields in the woods required men too; but to try and balance this thing out for the advantage of the people living in the area -- now is the time they need work during the off-season; and I can see perfectly well why you don't want them in the woods doing this type of work in the spring after it becomes dry and again in the fall when it becomes dry. But certainly now, at this time of year there isn't the danger of fire in the woods and they can do this type of work just as well and probably quite a bit better than they can in the winter time. Certainly, certain types of it and I would suggest that you do take into consideration the advisability of training these men in your fire fighting methods. You were mentioning some of the newer methods of fighting fire, and I think that here would be an opportunity to train a fire fighting force.

As I said last year, and I won't go into it again, Mr. Chairman, but I really strongly feel that the salvation of this area, the forest area, is in a permanent force, trained in the area, to first of all do their major job of building fire guards, cutting fire guards, trails and roads through this area; and secondly to assist in the seeding and reforestation plan that you have on; and thirdly and I think equally important, this permanent force capable of fighting a fire -- fighting it more rapidly, fighting it more effectively and fighting it in the method which you want them to fight it rather than in a helter skelter manner as is sometimes done because of the inexperience of the men that are called upon to fight fires at times, and so I would encourage you to build up this force in the area of trained men who can perform these services; men who understand all the regulations that we want to enforce in the woods concerning cutting; concerning handling of the refuse, and concerning all the different types of products we want to take out in what order, and by training a force of this type we can better control the type of cutting that goes on in the woods. And the most important single job as I mentioned, is the building of roads, of trails, of fireguards through the woods, because fires only get out of hand if people can't get to them soon enough to put them out. We have the methods now of locating fires but we can't get to them sometimes quickly enough to put them out, and the main drawback as I understand it is the fact that there are so few trails cut through the woods that you can get into them quickly enough, and these same trails when you are not driving on them going to reforestation program or driving on them going to a fire they serve in themselves as fireguards because they perform a service -- stopping a fire from rolling through the woods and I think that -- I do hope that there is considerably more money allocated in the Capital Supply towards this type of work than appears to be in these estimates, because there shows no increase here at all that I can see towards that type of project, and I think that here lies the greatest field in which we could be performing a service to the people of this area, and to the people of the whole of Manitoba as you said because this is a very, very valuable part of Manitoba -- needs to be rebuilt and saved at this time.

I would like to, while I'm up give my support to the Members from Ethelbert and Fisher who were encouraging you to make it possible for more individuals to hold permits and less, if necessary, if you're going to cut back on the amount of cutting, cut back on those who hold enlarged sales. I have been with the people in the area a great deal and I don't believe that some of the reasons that have been given over the years why more large sales are given out and less permits are all entirely valid. One thing that anyone in the area will tell you is that settlers do not start fires, and I think that has been proven -- they are careful people because they live in the area, they know it. I think it can be proven too that settlers understand conservation best,

(Mr. Roberts, Cont'd.) because once again they live in the area, they know what they are up against; and I think that in all cases settlers permits issued can be issued in an area which is a confined area for each year, so that the problem of supervision can be overcome. You say that one of the main reasons for giving out large sales rather a large number of individual permits is for the ease of supervising their cutting, and I think that if you confine an area in which settlers can cut, a certain period of time, that they are just as easy to supervise in that manner as a large scale operation by a larger company can be supervised.

MR. EVANS: Mr. Chairman, I think one of the difficulties, particularly in the southeast, has been to find pulpwood stands suitable for settlers to cut close enough to where they live. Some of the sales are farther away and of course roads must be cut and bunkhouses must be set up and feeding arrangements arrived at; and it has been difficult to find stands of pulpwood close enough to where these people live so that they can go out and come back every day.

With regard to the amount in the estimates for fire fighting -- it has always been the practice to put in an amount not knowing what the fire hazard is going to be in a particular year. It may be a very substantial expenditure in a year or it may be comparatively small, but the practice has been to put the amount of \$90,000.00 there -- I think that's the correct figure -- and this year we followed the same practice by putting in the same amount, realizing that a sudden or serious outbreak of a large number of fires would require extra expenditures, as it often has unfortunately.

MR. ROBERTS: I'm sorry, I just want to clarify what I said or at least intended to say, was that I wasn't referring to the amount that was being allocated to fire fighting as in the actual operation of fire fighting. I was referring to the amount that was being allocated to road, fireguard cutting in advance -- the trails that can be cut and the work of that nature. I mean we were given to understand that this -- through press releases, through statements by yourself, Mr. Minister, in this House last fall, and again this spring, that this program was to be expanded enormously and we don't seem to see it here. Now there may be as I say a large amount being appropriated in the Capital for this purpose -- I'm not certain how that is done -- but I can't see in these estimates where any greater amount of money is going to be allocated to building, cutting of fireguards; to the building of trails through the woods than has been allocated in past years. As I said the trails themselves perform so many purposes of being able to get to a fire more quickly; of being able to stop fires in themselves; and being able to carry on our reforestation program because we can get into the woods through these trails. They perform so many services I think that this is the beginning of the whole plan -- one of the beginnings and certainly this is where I had hoped to see a large increase in the expenditures.

MR. EVANS: Mr. Chairman, in the course of my remarks I mentioned that the approximate costs to date under Capital Supply have been \$25,000.00, and under current forestry account \$10,000.00 - making a total of 35. The anticipated expenditure in 1959/60 is \$75,000.00 plus federal contributions at least under the Canada Forestry Act, so there is a substantial increase called for there.

MR. HRYHORCZUK: Mr. Chairman, the Minister in replying to a question put by the Honourable the Member from LaVerendrye gave two arguments against the issuance of permits to individuals which I hardly think are sound unless the people in southeastern Manitoba would differ from the people that I've had the pleasure of meeting. One of the arguments was that they couldn't find stands of timber close enough to allow the settler or the farmer to come home every night and go out in the mornings. Well down my way the farmers provide their own accommodation -- you don't have to build any roads for them and it's no problem with them. They're willing to undergo considerable hardships in order to have the privilege of cutting timber and they've always provided their own accommodation -- the government has never spent any money in that respect nor have they ever asked the government to build any roads so they could carry out their operations, and I think the same things is true in south eastern Manitoba as well as elsewhere.

MR. EVANS: parts of the south east I believe there are developments.

MR. CHAIRMAN: Item (b), (c), (d).

MR. CAMPBELL: On (c) Mr. Chairman, the maintenance and replacement of equipment, I notice there's quite an increase there.

MR. EVANS: Mr. Chairman, there is an increase in that item of \$35,255.00. Some years ago instructions were received that both new and replacement of heavy equipment was to be

(Mr. Evans, cont'd) . . . purchased from the reserve for equipment depreciation up to 75% of the value of this fund. At this time our current equipment account dropped considerably. The available funds from the reserve have now been used up and it's necessary to buy a portion of this years needed heavy equipment from current account funds. This, coupled with increased costs of depreciation and maintenance on both equipment and vehicles and additional fire fighting equipment for the north is the reason for the increase in this account. I have the details of the proposed expenditures here as to 72 motor vehicles, etc.

MR. CHAIRMAN: (d) (e)

MR. MOLGAT: Mr. Chairman, at the moment as I understand the fire protection provided by the forestry branch covers only certain portions of the province which are considered to be under the jurisdiction of the Forestry. There are, however, large sections of Manitoba as I know them, that are not specifically under the Forestry areas. I'm thinking for example of the areas on the west shore of Lake Manitoba where there is no pulpwood or proper timber as such, but there are large areas there of scrub poplar and a fair population scattered through there - ranchers and so on -- and it seems that every year, particularly in the spring, there are fires going through these areas, there is considerable damage to homes in some cases, and barns and hay lands and stacks of hay and so, there appears to be no fire protection at all in those areas. I wonder if the Minister could tell us something about that as to whether there are any plans to cover those areas as well and what exactly the situation is.

MR. EVANS: It seems to me no doubt, Mr. Chairman, that the plans of the department are to protect the forest reserves on Crown Land under this vote -- that is for the protection of the forest areas, and subject to checking this with my officials later, I would say that we do not assume responsibility at the moment for detecting and suppression of fires under this particular vote within that Forestry Branch.

MR. MOLGAT: These of course, are Crown Lands to which I refer. These are tracts of land that are normally rented out under Lands Branch either for grazing permits or hay permits, and there appears at the moment to be no protection. They are largely in the unorganized territory so there's no local government to take care of the situation, and it is a problem almost every spring. If there was some means of detection or if the services of the present forestry service could be used for that period -- it's usually just the brief period in the spring when the problem arises.

MR. EVANS: That is a difficulty. There is, certainly the policy would be within the forestry branch to consider the values that are being protected for the expenditure of forest protection or fire fighting money, and certainly we're far from able to cover all the valuable stands of timber there are now, particularly in the north, and doubtless priority is given and must continue to be given, to the areas of the highest values, and I think that would be as far as the responsibilities of this department is concerned.

MR. MOLGAT: Mr. Chairman, I'm surprised as well that there's no increase in this amount of fire protection. I notice in the Arthur D. Little report that one of their definite recommendations so far as forest resources was concerned that the Manitoba Government should increase its annual expenditures on fire protection in northern Manitoba. Now I see nothing here of an increase.

MR. EVANS: There is an item under Capital Supply for the erection of four additional towers and provision of other personnel; there are two residences involved - those are in the south however; three of the towers are to be in the north and one is to be in the south of the province, and those amounts are voted under Capital Supply. The amount that's put in the estimates here for current fire fighting is largely a proforma amount. As I mentioned a few moments ago following the practice of previous years, we've put that in until we see how many fires there are and what they're going to cost.

MR. CHAIRMAN: (f) (g)

MR. MOLGAT: What nurseries are being operated at present by the Province of Manitoba, and where are they located?

MR. EVANS: The Pineland Nursery near Hadashville is the principle one. There is one at Marchand that is being used not as a full nursery but I believe as planting grounds and seed beds to raise the seedlings up to a certain stage. I believe those are the only two that are operated now.

MR. MOLGAT: for extending this nursery service to the northern or central part of the province?

MR. EVANS: There is a program of expansion at the Pineland Nursery which I would be glad to discuss. As far as I know there is no plan at the moment to establish a nursery in northern Manitoba.

MR. ROBERTS: Mr. Chairman, you were referring to a hoped increase each year of 600,000 seedlings from the Pineland Nursery at Hadashville. How long will the facilities at the Pineland Nursery be able to keep up with this rate of expansion?

MR. EVANS: I haven't the information here to give a satisfactory answer to the honourable member. I will be glad to have it calculated if he would like to have it.

MR. ROBERTS: Have you the facilities there - do you think you have enough land and is there any intention of building another nursery, a supplementary one or do you intend to confine your activities to expanding that one nursery?

MR. EVANS: I would say to its effective capacity there was a considerable increase in the acreage planted to seedlings last year -- a further increase this year -- it's about three to four years, three years for some varieties and four years for others to raise them to the stage where they can be or to the state of maturity where they can be transplanted in the forest and survive. Doubtless they have calculated how many years in advance, for how many years the acreage available to them there will be serviceable, but my impression is that there is still land which can be broken and used.

MR. ROBERTS: I would like to mention that on Sunday I went to a picnic at the Pineland Nursery. First of all I would like to suggest to the members of the committee that this is a very lovely spot to visit on a Sunday afternoon, with all due deference to the member representing the Morden area, this is another nice spot to drive to on a Sunday afternoon, and it really is an educational trip. Now the reason for the picnic on Sunday was a tribute to C. S. Prodan, the grand old man of the south east, probably best known to most of us as the Father of the Tobacco idea in Manitoba and I just wanted to mention that as a small tribute to Mr. Prodan who has been such a wonderful person. He has been such a gift to the south east with his ideas, his plans, his help to all of the people, the farmers and the foresters of the south east, and I would like to repeat a few of the words that Mr. Foster, the Director of Extension Services said on Sunday afternoon about Mr. Prodan. He said that "Mr. Prodan measured his wealth in terms of the friends he has in the south east."

MR. EVANS: Mr. Chairman, I think the Honourable Member for La Verendrye has done very well to pay tribute to Mr. Prodan who have been very devoted to the idea of developing this tobacco growing in south east Manitoba; and who has indeed established a reputation for himself as a man of great friendship and a man who has very many friends, not only in the south east part of the province of course, but throughout the balance of the province as well. I do thank him for paying that tribute and I subscribe to what he has said.

MR. CHAIRMAN: (g) Passed.

MR. ROBERTS: Also at the same time on Sunday, some of the employees of the nursery remarked, and I want to pass this along to the Minister because I would like to have him look into it -- remarked that although the date was the 10th of July they had not received their pay cheques yet for the month of June, and didn't expect them for some time -- in fact apparently this has been a practice for the last few months where they don't seem to be getting their pay cheques until about the 20th of the month following the month in which they hope to be paid.

MR. WAGNER: Mr. Chairman, under Forest surveys and management. You're going too fast for us.

MR. CHAIRMAN: Passed (f)

MR. WAGNER: On (g) - I'm sorry, my mistake. (g) Forest Surveys and Management. Would the Minister explain.....

MR. EVANS: The Forest Surveys and Management? Mr. Chairman, without going into too much detail I would say this is the item which covers the forest inventory then the establishment of the forest management program and matters connected with that. The details are all here as to how the progress, with the forest inventory and the management of it and revision of it, but that is the general class of work that is covered under that vote.

MR. WAGNER: Mr. Chairman, my interpretation was forest surveys -- the way I interpret

(Mr. Wagner, cont'd)... it that people are looking for further bush - where there is bush available for the cutters. And I was approached in the reservations, in the Pequis and Fisher River Reservations by a few Council men and they were thinking, possibly if a bluff of forest could be called into as a reserve due to the fact that they won't go fishing this year, they thought possibly that they could catch up on some of their livelihood by having bush work. So they asked whether there could be made a provision in the Provincial Government or urging the Federal Government to mark out an area of bush that these reserve people can go and cut lumber or cordwood or fence posts, anything of such sort. That's why I thought forest surveys would be in the bush.

MR. EVANS: It would not come under this particular item. Could you tell me the community that these particular people live in?

MR. WAGNER: Fisher River Reserve and the Pequis Reserve.

MR. EVANS: They would be Treaty Indians would they?

MR. WAGNER: Oh, yes.

MR. EVANS: Treaty Indians. We work in constant touch with the Indian Affairs Branch, and we'll look into that particular matter that you have raised.

MR. WAGNER: I understand, Mr. Chairman, they made a petition and they forwarded it to the Indian Agent to the Federal Government and they also approached me whether the Provincial Government would give any consideration to that effect.

MR. EVANS: Well we work with the Indian Affairs Branch. It's their primary responsibility but we try to work with them.

MR. CHAIRMAN: (h) Passed. (i), (j) -

MR. MOLGAT: Mr. Chairman, under (i), I notice that the same figure or the same item comes back under the Lands Branch, section (d). Now is there any reason for having it under two departments?

MR. EVANS: Well the Recreational Development and Maintenance has largely to do with the operation of Falcon Beach, for one thing. This is more the operation of the resort areas which are under the care of the Forestry Branch; and the Land Development Operation is more a question of laying out subdivisions for cottages and people who are building their own summer cottages. I think that's the main distinction in the operation between the two departments.

MR. PAULLEY: Mr. Chairman, in connection with Falcon Lake, might I ask the Minister if there's been any change in the policy respecting the leasing of lots in the general forest area? If he recalls we had quite a considerable discussion on one or two occasions as to the benefits of the bid-system, or tender system, which we had before, and some objections were raised to that in that there wasn't in some of our opinions, equality of opportunity of availability of these lands, and I think on one occasion I even went to suggest that the department should set a price for which they thought would be a fair price to return to the province for the investment in the areas, and that requests for the lots be called for, and if necessary a lottery as to the disposition of them. I don't mean a lottery as

A MEMBER: Shame.

MR. PAULLEY: Shame is right. But I'm wondering - I think the Minister will recall the discussions that took place at that time and if I don't recall correctly -- I think I had some mild support at that time from some of the members of the Conservative Party, but I am wondering if there has been any change in the policy in respect of the disposition of these lots?

MR. EVANS: No, there has been no change in the policy.

MR. SHOEMAKER: Mr. Chairman, is this the item upon which we might discuss provincial campsites, or would that come under the Lands Branch?

MR. EVANS: Provincial campsites - you mean such as Falcon, or the establishment of new ones or --. I think this would be the item.

MR. SHOEMAKER: This would be the item?

MR. EVANS: Yes.

MR. SHOEMAKER: Well, I wonder if the Honourable Minister might explain the policy in regards to campsites, or how a town or a municipality could apply for a campsite. I'm thinking in particular of the western shore of Lake Manitoba, where there only appears to be one or two provincial campsites, and I suggested that along the western shore of Lake Manitoba there are a number of ideal spots for campsites and the people in the Langruth area in particular are interested

(Mr. Shoemaker, cont'd)... in having a campsite established just immediately east of Langruth, and they don't seem to know how to go about it. And then again, what grants are available for access roads once the campsite is established? Now they haven't any major program in mind; it's just more of a -- camp tables and outdoor facilities of a minor nature.

MR. EVANS: This I take it would refer to a campsite to be established within the bounds of a municipality or a Rural Municipality would it? Not on Crown land?

MR. SHOEMAKER: Well, it could be on Crown land because it would be immediately on the Lake.

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MR. EVANS: There is considerable difference as to whether it is on Crown Land or within the borders of a municipality, because there is no general policy of grants in aid of municipal development of campsites or recreation areas of any kind. Where traffic warrants it and where requests are made by the municipality, consideration can be given in the Department of Public Works to the establishment of an access road if the demand is there and if the municipality favours it. With regard to development of a campsite on Crown land, we have begun and it's a very large task, an inventory of all recreational sites that might be developed within a period of 25 years for various purposes, including summer cottage sites, recreation areas, wilderness areas, and then the smaller operation such as campsites and picnic spots and resting spots on the roads. That inventory hasn't advanced very far but we must realize that the development of these things does require considerable capital investment and then maintenance afterwards, and so it's a question of studying the use that will be made of it and the opportunities that may exist to charge fees to defray the cost of maintenance, caretaking, and the provision of sanitary arrangements and so forth; and if it is a beach, then "change houses" where people can change to go swimming. And so if it's a municipal operation, the municipality is of course quite at liberty to develop its own plans and enquire from the department as to whether any help can be forthcoming in connection with an access road. If it's on Crown Lands, we are developing a plan and will be glad to consider anyone's suggestion as to areas that might be included.

MR. GUTTORMSON: Mr. Chairman, is the problem of outside creameries selling milk

MR. ROBERTS: I would rather the Member from St. George carried on because he is carrying on on the same subject; I was going to change the subject again. (Interjection)

MR. GUTTORMSON: Has the problem of outside creameries selling milk in Falcon Lake been settled yet?

MR. EVANS: Yes.

MR. GUTTORMSON: What are the arrangements now?

MR. EVANS: They're selling it.

MR. GUTTORMSON: Pardon?

MR. EVANS: They're selling it.

MR. GUTTORMSON: All creameries from outside are allowed to sell in there now?

MR. EVANS: As I understand it, one creamery is now delivering milk in Falcon.

MR. GUTTORMSON: Just one creamery?

MR. EVANS: To my knowledge. I beg your pardon. I might add there is no limitation has been placed on the number.

MR. ROBERTS: I didn't realize the Member for St. George was going to change the subject. On Falcon Lake again, as the Minister says this is mainly -- this appropriation has mainly to do with development at Falcon Lake. I'm surprised that it is increased in size then because the most expensive work is done at Falcon Lake isn't it? The golf course is completed, the streets are paved and most of the development is completed. Could you explain this?

MR. EVANS: You're speaking of capital investment are you? I think the maintenance item comes under this current supply here.

MR. ROBERTS: What maintenance is involved for that great sum of money?

MR. EVANS: From memory, it's \$47,000 for Falcon, but let me make sure that my memory is right. This is Development, Maintenance and Operation of recreational areas, facilities, etc. on forrest reserves, including development and maintenance of public camp grounds, beaches, docks, sanitary facilities and water supply. Building and maintaining of roads serving summer homesites, building park and picnic areas, maintenance of portages and marking of water obstructions, etc. Also insect control, garbage collection and hazard removal. There are other areas besides Falcon Beach, of course. A few come to mind such as Caddy Lake and a number of others in the Whiteshell and there are developments also, I believe, both in the Duck Mountain and I'm not sure about the Porcupine; and there's West Hawk Lake, that's in the Whiteshell, and there are other areas so there are other areas besides Falcon Beach.

MR. ROBERTS: Mr. Chairman, it came to my attention also this weekend that the -- on the mines and natural resources property at Falcon Lake -- the Liquor Control Commission

(Mr. Roberts, cont'd.) . . . is selling beer, cold beer at the usual price. Is this a new policy?

MR. LYON: No, Mr. Chairman, I wouldn't say it's a new policy. This matter was brought to my attention recently. Apparently the feeling of the commission -- it was a decision of the commission -- the feeling of the commission was that due to the distance which people had to travel in Falcon Beach to another proper outlet, they should provide refrigerated beer at Falcon Lake as a convenience to the customers down there; a large number of the customers down there not having proper refrigeration facilities either at their tenting or camping grounds or in some cottages. As I say, it came as a surprise to me when I heard about it, but I enquired from the Commission as to why the step had been taken and that was the answer I received.

MR. ROBERTS: I might suggest, Mr. Chairman, that governments as a whole, this one or the previous administration, have always been faced with the criticism of the Falcon Lake development; that they were setting up a business in competition with the people who were in this business. The tourist people in the area naturally have always been annoyed at the government building the Falcon Lake settlement because it cuts in on their business. And here is a case where the people who operate legitimate hotels in the area, East Braintree, Hadashville, and I presume at West Hawk Lake they have a outlet, have I believe, a legitimate complaint. Because why should a government agency sell the same product at less money than the beer parlors are allowed to sell for? In other words, they could get by as long as the Commission was selling lukewarm beer, but when they started selling cold beer at 50 cents a case less, this is competing. I think, unfairly with the people in the area.

MR. LYON: Well, Mr. Chairman, I'm told that previously those who used the facilities at Falcon Lake had to go East Braintree, which I understand is the closest hotel, 13 to 15 miles away, and I suppose they were finding that by the time they got back the beer wasn't very cold in any case, so -- seriously though, they said that that was the main reason -- because of the distance, the rather inordinate distance, that had to be traversed in order to get a cold case of beer.

MR. ROBERTS: I agree with the reason. I don't think there's any doubt about that at all. My point is this, that if the commission is going to sell cold beer, let them sell it at the same price as private operators have to sell it at.

MR. SHOEMAKER: Mr. Chairman, back to the campsites again. The type of campsite that I had in mind is exactly like the one that presently is situated east of Amaranth, down at Lynch's Point, and at other places that are marked on the map that we have before us. It says -- the round dot indicates government campsites, and it certainly would be on Crown Land, there's no doubt about that. Now could an arrangement be made between a service organization and the government for co-operative effort to establish some kind of a campsite there in the event that the government didn't want to proceed immediately with a project of that nature?

MR. EVANS: I wonder what the honourable member has in mind by way of a co-operative arrangement?

MR. SHOEMAKER: That the government might supply the money and the organization supply the work. And furthermore that the government might supply the site. Pardon?

MR. CAMPBELL: Mr. Chairman, this is one item, the one on Recreational Development and Maintenance in this particular vote, and the other one over in the Lands Branch, where I think the policies run pretty closely in line with one another, and I can reserve my more extended remarks for the Lands Branch one, but I'll ask a question now with regard to the question of policy: The Honourable Leader of the CCF Party asks a question about the way the choice is made between applicants for lots. I would like to ask in addition to that, for the lots either under this vote or the ones under the other, has the policy been considered by the government of the day, as to whether they will continue the policy that the former government had in effect, or change it to the extent of allowing people to buy their lots?

MR. EVANS: No consideration has been given to date to changing the policy. It is the same as it has been and there are no plans at the moment for changing it.

MR. CAMPBELL: I applaud my honourable friends, when they say that they are following the policies of the former government because I'm sure that the sound practice for them to adopt but this is one case where I think -- I've admitted on a couple of occasions that

(Mr. Campbell, cont'd.) . . . it's possible for -- that we could have been wrong in some things -- and this is one case where I frequently tried to influence my colleagues to at least take a look at the other situation. Because it doesn't seem to me to be realistic to continue to ask people who are going to invest very large sums of money in a summer home to operate only on a lease and that lease a short term one. Now I wouldn't expect the Minister to give an answer without consideration -- I'm not asking him for a commitment now -- but it seems to me that that's a policy that the government might very well look at. You can say to me, why didn't you do it when, well I can say that my views did not prevail and perhaps they will not appeal to the present government either. But I think there's a great argument; I'm sure that the Honourable Member for Flin Flon will be acquainted with this same problem as one that exists out at (what's that nice area this way from Flin Flon -- 15 miles or so?) -- No, no, the one where a lot of the Flin Flon people have cottages?

MR. WITNEY: Bakers Narrows.

MR. CAMPBELL: Bakers Narrows? I'm sure that the same problem has come up there on many occasions and I would suggest that it's a policy that might well be looked at again. Now I am aware of the feeling of the officials of the department. I am aware of some of arguments that they use. I think if the Minister wanted to take a look into it, I'd be prepared to debate the subject when we get to the other item because I do want to make some remarks at that time on this question that's already been raised here of developing these resources; because perhaps, once again, the committee will be astonished to hear me say that this is one place that I'm quite in favour of spending some money. I believe that it's an excellent practice that has been followed in recent years. I commend the government for not only following it, but expanding it; of seeing to it that these available water resources are utilized for the benefit of the people of the province. And I agree with some statement that was made -- and I think it came from my honourable friends, the CCF, that -- (it must be getting towards the end of the day, I'm sure) -- that we have to pay a lot of attention to the ones -- for the public beaches because one of the difficulties of recent recent years has been that you could drive to the closest part of the summer resorts, the close ones on Lake Winnipeg, and people who went there with children particularly -- children are the ones who benefit greatly by a visit to the lake -- would find that you could drive for miles along the highway there and couldn't even find a place without trespassing on private property to even go in and have lunch or let the youngsters have a dip. And perhaps it is because I have been in that position many times that I have felt that when we develop these resources, that one of the things we want to make sure of, is that an area is always protected, as it is protected at Lynch's Point; as it is protected at St. Ambrose, as it is at a good many other that have done recently, that you protect a large area for the public before you start letting out lands for cottagers. Because as someone said here, the number of people who want, during the short summer that we have here, to get to the lakes and yet can't afford to be a cottage owner is much greater than the number who can afford to have a cottage. And I'm all in favour of developing enough so that they can have the cottage too, but look after the public grounds first. Once that is done though then we've got lots of area in this province -- we are so blessed with lakes that we can make sure that the cottagers are provided for as well. So I might have more to say on that later on and I hope I haven't startled anybody by making two admissions this late in the day. First that I'm quite willing to see some money spent, and that for once I agree with the CCF. Thank you.

MR. ROBERTS: Mr. Chairman, I've had something I set my mind -- for about a year I've been intending to mention it -- my annoyance at this for about a year: At the opening of the Falcon Lake Resort -- I just wanted to mention this because I didn't think it was the usual practice -- none of the three of us, the previous Minister of Mines and Natural Resources who was responsible for the building of the Falcon Lake Resort, or the previous member for La Verendrye, or myself were invited to the official opening ceremonies.

MR. SHOEMAKER: Mr. Chairman, I didn't get a very satisfactory answer to my question and I didn't get the money either. But I was wondering if I could be assured that the same consideration will be given to the people in the Langruth area as was given to the people in the Amaranth area. It's the same type of a project that they are seeking, and can I be assured that the same consideration might be given to the people in that area?

MR. EVANS: No, I would be unable to give any assurances in advance of anything. It is

(Mr. Evans, cont'd.) . . . just a question of studying where the greatest need exists and then filling those greatest needs first.

MR. CAMPBELL: Mr. Chairman, as far as the Lynch's Point that the Honourable Member for Gladstone mentioned, the government not only purchased that area and developed it completely at governmental expense -- if my memory serves me correctly -- but by doing so, we reclaimed a n area that had for a considerable number of years, been in private hands. And that's a very desirable area. I'm sure, and there are lots more as the honourable member mentioned, there are a lot more around Lake Manitoba that can be developed and they are very close to that huge area lying to the south of Lake Manitoba, which is pretty deficient -- one of the areas that is deficient in lakes of its own.

MR. CHAIRMAN: Resolution No. 52 -- Forestry Branch -- \$1,116,914. Passed.

MR. ROBLIN: I think the committee would be prepared to rise, Mr. Chairman.

MR. CHAIRMAN: Will the Committee rise and report. Call in the speaker. Mr. Speaker, the Committee of Supply has adopted certain resolutions and directed me to report the same and ask leave to sit again.

MR. MARTIN: Mr. Speaker, I beg to move, seconded by the Honourable Member for Winnipeg Centre that the Report of Committee be received.

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

MR. ROBLIN: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Agriculture that the House do no adjourn.

Mr. Speaker put the question and after a voice vote, declared the motion carried, and the House adjourned until 2:30 tomorrow afternoon.