

TIME: 2:30 p.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery where we have 40 students of Grade 11 standing of the Nelson McIntyre School. These students are under the direction of Mr. McWhirter. This school is located in the constituency of the Honourable Member for St. Vital. On behalf of the honourable members we welcome you here this afternoon.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Minister for Consumer and Corporate Affairs.

HONOURABLE RENE TOUPIN (Springfield): Mr. Speaker, I would like to make a statement in regard to Phase III of rent controls in the province.

The third phase of Manitoba's rent restraint program will run, Mr. Speaker, from October 1, 1977 to September 30, 1978 with rent increases on residential premises limited to 7 percent.

The Cabinet today approved a regulation under the Rent Stabilization Act specifying the allowable increase.

I would also announce a widening in Phase III of provisions for the pass-through of justified landlords' costs in reviewing claims for higher-than-regulated rents.

This, Mr. Speaker, will include added mortgage interest, as a result of compulsory refinancing, which will be taken into account in adjudicating landlord applications for variations from rent control levels allowed by the Act and its regulations.

In addition, the Rent Stabilization Board will be asked to take into account any duress caused by what can be proved to be a negative cash flow. Details on how this will be done are now being worked out and will be disclosed at a later date.

I wish to point out, Mr. Speaker, that an increase in mortgage interest payments will be considered an allowable expense subject to certain limitations to ensure that they are the result only of mortgages falling due during the control period, and not an artificial transaction or distortion of refinancing costs to produce an inflated figure.

Landlords will be able to claim as a cost pass-through the increase in average yearly interest, due to refinancing, calculated on the basis of the amortization period of the old mortgage agreement, and the balance of the old loan. Calculations will also be based on interest rates no higher than current conventional National Housing Act rates as allowed by CMHC or a recognized financial institution. Where financing includes commercial and residential premises, payments relating only to the residential portion will be allowed.

It is conceivable that a landlord can refinance at a lower interest rate than he paid previously. In such cases, of course, there would be no cost pass-through permitted.

Other changes in the Rent Stabilization Act regulations provide that:

(a) A landlord who repairs and maintains his building personally, as opposed to contracting out, may claim these services as allowable expenses in applying for higher-than-regulated rents. This could include general improvements, repairing walls, building steps, roofing, insulation, flooring, plumbing and electrical work. One way for substantiating claims for personal labour will be presentation of bills for materials.

In notices of rent increases, landlords will still be obligated to provide information concerning the rent history of premises, but may do so on leases instead of using the Rent Review Agency's prescribed form.

I would emphasize, Mr. Speaker, that the establishment of the third phase of the rent program did not mean that all rents would rise automatically by October 1.

Landlords cannot impose an increase until one year has elapsed from the last increase, and they must honour existing leases before raising rents. They must also meet the Landlord and Tenant Act requirement that three months notice be given tenants prior to termination of a lease, before increasing rents to the allowable level.

Under the Rent Stabilization Act and its regulations, maximum increases permitted in the first two phases were: Phase I, from July 1, 1975 to September 30, 1976, 10 percent; Phase II, from October 1, 1976 to September 30, 1977, 8 percent. Increases above these percentages have been permitted only through a review mechanism which takes into account certain justified cost increases.

Landlords who feel they can make a case for greater-than-allowable increases must apply for rent review three months in advance of the proposed increase.

Both landlords and tenants, Mr. Speaker, may apply for a rent review aimed at a variation above or below the allowable increase. Such reviews are conducted by Rent Review Officers and their

decision may be appealed to the Rent Stabilization Board, whose determination is final.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. STERLING LYON (Souris-Killarney): Thank you, Mr. Speaker. We wish to thank the Minister for his statement which has been awaited with some interest, I may say, some apprehension in some quarters and some optimism in others.

The general rundown that he has given which we are not able to digest immediately but on the surface of changes in the regulations would appear, at first blush, to be responsive to some of the more blatant cases of duress and prejudice which have been brought, I know, to the Minister's attention and to the attention of other members of the House with respect to the rigidity of the application of regulations and the administrative procedures adopted by the Board during the first phase of rent control. To the extent that these remove causes for legitimate complaint on behalf of landlords and/or tenants, I am sure they will be welcome.

I know it is not the desire of the Minister, of the government or of any member of this Legislature, through the instrumentality of rent control, to develop administrative practices that are unfair to either party. That has not been the case with respect to the first phase of controls and that is why some of the announcements made by the Minister today will be welcomed.

In particular, the reference to the widening of the term of cost pass-through, charges that will be permitted to be taken to account for increases will be welcomed by property owners because a number have seen, under the former regulations, that their actual and legitimate costs that they were experiencing were not permitted for consideration by the Board and, as a result, some of them found that they were in a loss position, a genuine loss position on their accounts with respect to mortgage pass-through costs, with respect to repairs, with respect to the general operation of their premises.

The further detail that the Minister mentions in paragraph five or six of his release whereby "the Rent Stabilization Board will be asked to take into account any duress caused by what can be proved to be a negative cash flow. Details on this to be disclosed at a later date. . . ." I hope that later date will not be too long in coming in order that all parties to these arrangement, that is, the board itself plus the people involved in these applications, tenants and landlords, will know what the ground rules are. It is fundamentally important, I know, as the Minister appreciates in matters of this kind that the law not only be fair but that it be certain and I think one of the problems that has dogged the administration of the Rent Stabilization Act over its first phase of operation has been the uncertainty of its application in many many cases. Sometimes an odd juxtaposition of findings by the Board or decrees by the Board which seemed to be at variance with other decrees that were made in other cases that at first-blush seemed to be somewhat similar.

I am somewhat disturbed by the comment that a landlord can refinance at a lower rate of interest than he paid previously. In such cases, there would be no cost pass-through permitted. Is the Minister suggesting by that that the Rent Stabilization Board will, in effect, become a judge of the form of mortgage and financing that property owners in Manitoba who fall under the ambit of this Act must now place themselves in front of this Board because it seems to me that the Board will be accorded by these regulations unless I misunderstand what the Minister says, a rather severe power to say to particular property owner, "We do not think that the financing of your premises is right; we think you should refinance." That seems to me to be a super-arrogation of power unto a quasi-judicial board which is supposed to be in existence for only a short period of time to see tenants through a particularly tough period of inflation. Why the government or the Board would wish to arrogate until itself that kind of power, I really do not understand but perhaps the Minister at a later time can elucidate on the meaning of that or perhaps it will become apparent from his regulations which we have not, of course, seen as yet in detail.

We would all want, I would think, including the Minister, to avoid that kind of unwarranted intrusion into the private ordering of a person's affairs so that a government board could come along and say to property owner A, I think you should refinance; to property owner B, we pat you on the head, we think you have done a good job of financing, and so on. With the greatest of respect, I don't think too many people in Manitoba would think that that is any concern of the state. The question of whether or not this is the power that is implied from the Minister's statement, we'll await his further elucidation.

I take it from the reading of his statement, Mr. Speaker, that with the two three-month periods that are mentioned therein' that it will not be possible for any rent increases to take place under the new sets of regulations until approximately September 1st. —(Interjection)— October 1st the Minister confirms. That being the case, I daresay that the Minister will be in receipt of further representations from people who feel that they have already been losing money for some period of time and would want to take advantage of the regulations somewhat sooner.

In a general review of the situation, Mr. Speaker, I would reiterate what was said by the First Minister, by speakers on this side of the House at the time the legislation was introduced. The genesis for the legislation was the Anti-Inflation Board concept that was put into operation by the Federal Government. It was agreed on all parts and all sides of the House that so long as the Anti-Inflation

regulations and Board was in operation, that there could be this kind of protection for tenants in Manitoba. This was agreed unanimously as I recall within the House. On this side of the House, and I know on the Minister's side of the House, that feeling is still shared.

We advanced the proposition that there should be built into the legislation a self-destruct clause so that there could be some fixed term in mind both for landlords and for tenants with respect to the removal of this type of control from the market in Manitoba. That amendment was not accepted by the government, but as I recall the First Minister made the statement either within the House or certainly outside of the House, that that was to be the attitude of the government, namely that at the termination of the AIB controls, the Rent Stabilization Act, would also terminate. Our position remains the same with respect to termination.

I wonder if the Minister or the First Minister will be able to elucidate as to whether or not the government's position remains the same, namely that the Stabilization Act is tied into the termination of the Anti Inflation Board and the Anti-Inflation Legislation promulgated by Ottawa. We would have wished to have seen some further statement by the Minister with respect to termination, and with respect to what he was recommending or what his department is thinking, or what the government is thinking about a decontrol period. With every statement that is made from Ottawa, we realize the uncertainty as to when Ottawa is going to be terminating

On the other hand, we do have the statement of the Minister of Finance made in his Budget, that he thought the province's participation in the Anti-Inflation Board should terminate on or about October 14th. —(Interjection)— Pardon? I'm sorry the Minister corrects me, and says, "he was predicting what the Federal Government would do." I was under the impression that he was making a prognostication of what he, and his government would like to do. So I would hope that the Minister and his department are looking into this decontrol period, to see what kind of action should be taken as a decontrol measure in order that there will not be a wide-open, rampant type of rental increase, which I think in consultation with landlord groups and tenant groups working together on a program of decontrol, he could perhaps work out.

We would think as well, Mr. Speaker, that equal importance should be attached to consideration of decontrol period, what it will involve, the length of time, and so on. I think it was agreed universally as well, that this type of legislation in the long run does not work, and I would be interested to know if the Minister still subscribes to this view, that it is a temporary measure, albeit one that is needed while Anti-Inflation is in for protection, and to protect the cost of living of people who are tenants throughout Manitoba.

Aside from that, Mr. Speaker, we have no comment at this time. Undoubtedly when we receive the regulations in detail, we'll have further comments to make.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Report? Notices of Motion; Introduction of Bills.

ORAL QUESTIONS

MR. SPEAKER: The Honourable Member for River Heights.

MR. SIDNEY SPIVAK: Mr. Speaker, my question is to the Minister of Consumer Affairs. I wonder if he can indicate how temporary temporary is by indicating to the House, whether the Cabinet or government has discussed Phase IV of the Rent Stabilization on a control bill.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

MR. TOUPIN: Mr. Speaker, it seems impossible to please the Member for River Heights. I was asked by the House, and by Manitobans to do our best to announce as quickly as possible, Phase III, because of the agreements that are falling due now, which we have attempted to do.

By all means, we've considered in Cabinet, and surely in the House here during the Estimates of the Department of Consumer and Corporate Affairs, Mr. Speaker, the long-range effect of controls, and I've talked about this in the past. So that implicates if there is to be a Phase IV, and what type of decontrol we're talking about. The Cabinet addressed itself to what has to be done now, because as you so well know, Mr. Speaker, the Act specifies and leaves discretion with Cabinet to either continue or cease this type of control. So in answer to the Honourable Member for River Heights, this is an announcement in regard to Phase III; no decision is made in regard to Phase IV.

MR. SPIVAK: Mr. Speaker, my question is to the Minister of Industry and Commerce. I wonder if he can indicate whether any evaluation was made by his department, as to what the effect of the length of the Phase III control period would be, the effect of the length of the control period on future shelter construction in Manitoba.

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

HONOURABLE LEONARD S. EVANS (Brandon East): Mr. Speaker, my department has not conducted any such study.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Is the Minister in a position to indicate whether the department has given any evaluation of whether there will be a continual escalation of housing costs in Manitoba as there has

been in the last three months?

MR. EVANS: Mr. Speaker, the honourable member is asking a very general question; whether there will be any escalation in housing costs in the next three months, I think was the question. It's a very general question and as he full well knows there are many many factors that affects the cost of housing, cost of construction, there are many many factors. I don't think that one can give a very easy answer to that question.

MR. SPIVAK: I wonder if the Minister is in a position to indicate whether his department considers that the continuation of the control period for another year will, in effect, mean that Manitoba will likely lead the country as it has in the last three months in housing costs for the people in their area.

MR. EVANS: Mr. Speaker, I dispute the honourable member's logic. The escalation in housing costs construction has no direct relation or any bearing or vice versa on the matter of rent controls. The fact is that the cost of construction of housing accommodation is going up all over Canada, all over North America, indeed all over the world.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY: Thank you, Mr. Speaker. I have a question for the Minister of Consumer Affairs. I wonder if he could indicate whether he or the government intend to announce as part of its position on rent control any measures to stimulate the supply of rental housing considering that we're running a deficiency of about 2,000 units a year and that any phasing out of the rent control program would be tied to an increase of the vacancy rate, say to 5 percent as compared to the present less than 1 percent right now in the City of Winnipeg.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

MR. TOUPIN: Well, again, Mr. Speaker, this is something that is being actively pursued as the Honourable Member for Fort Rouge knows by different levels of government — by the federal, the provincial and by different departments of the provincial level. I, for one, in my other role as Minister for Co-operative Development, am pursuing the point that the honourable member is talking about. We discussed this in both Estimates of Co-operative Development and Consumer and Corporate Affairs.

The First Minister, when he talked about rent control, mentioned the vacancy factor and again it depends at what level of capacity of individual we're talking about. The vacancy factor for those less fortunate financially is much lower at this time as we've studied before deciding on the percentage allowable increase on Page 3 than it is, say, for rental accommodation from \$350 and up. So we have to look at the housing stock and plan accordingly, in my humble opinion, Mr. Speaker, and here I'm talking about all three sectors: the public, the private and the co-operative sector.

MR. AXWORTHY: Well, Mr. Speaker, can we take from the Minister's comments then that any intention to phase out or terminate the program would be based upon an increased supply of housing and an upgrading of the vacancy rates so that there would be a proper supply of housing and that the two would be tied together?

MR. TOUPIN: Well, again, Mr. Speaker, certainly we would have to take into account the point just raised by the honourable member before we talk about decontrol and the First Minister can rise to contradict or alter my present answer in regard to his answer of the question when he was asked if this was tied to AIB controls and he, if I'm correct in my assessment, indicated not necessarily. And the way I understand that is that for a given period of time and because of the point raised by the Honourable Member for Fort Rouge and because of the housing stock needs in the province, we may have to go longer once AIB provisions are lifted.

MR. AXWORTHY: Mr. Speaker, a question to the same Minister. Can he indicate what was the basis for arriving at the 7 percent figure? Is this tied to some formulation of what the AIB program will have? Is it based upon some research that's done by the Rent Review Board as to what is an acceptable rent? Can he indicate why the 7 percent figure?

MR. TOUPIN: Well, Mr. Speaker, again as Phase I and II were arrived at by research by both the Rent Stabilization Board and the Planning and Research Secretariat of Consumer and Corporate Affairs and predicted to the best of our ability, predicted increases in costs, the 7 percent seemed justified as the 8 and the 10 percent prior to that were. To the best of our knowledge, Mr. Speaker, 7 percent seems reasonable as a base rent increase for Phase III.

MR. SPEAKER: The Honourable Member for Fort Rouge final question.

MR. AXWORTHY: Mr. Speaker, considering that the Minister has announced a number of additional conditions that would be applied to the Rent Review Program, can he indicate what effect this would have on the staffing and resources of the Rent Review Board considering that there were several complications in the previous administration. Does he intend to add permanent staff? Is he going to be borrowing staff from the departments? What kind of numbers of people will he be asking for Supplementary Estimates to support an additional complement of people at the Board, and will he be offering any additional offices in locations outside Winnipeg, decentralizing the program to make sure the program runs smoothly.

MR. TOUPIN: Well, first of all, Mr. Speaker, the amount voted in the Estimates of Consumer and Corporate Affairs in my opinion will be adequate. Hopefully we won't have to spend the approximate \$723,000 voted. That in regard to staff complements that necessarily at the high peak will have to be increased by two means; one by secondment of staff from other departments and secondly by hiring term employees. It is not desired by myself to have permanent staff on a year-round basis or permanent civil servants necessarily having a long life span as a rent stabilization employee. So we want to fill and meet requirements by secondment and by contractual arrangements and, yes, again like in Phase I and II we will be offering our services on a regional basis to the best of our ability keeping in mind that we don't want permanent staff all over the province.

MR. SPEAKER: The Honourable Minister for Mines.

HONOURABLE SIDNEY GREEN (Inkster): Mr. Speaker, further to the question that was asked of me by the Member for River Heights this morning. I indicated that it was my impression that a report on the East Selkirk matter was done for the Leaf Rapids Development Corporation itself, for its own purposes. The report was done for the MHRC and the report would therefore be the property of the MHRC and they would be, I suppose, dealing with it on similar considerations that I raised this morning. That is, whether future uses of land and the possibilities of using land are a matter in which a report should be made public, would be a matter that would be within the discussion of the MHRC rather than a subject for Leaf Rapids Development Corporation at Committee which I indicated this morning.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Well, Mr. Speaker, to the Minister of Mines and Natural Resources, the report was written by Leaf Rapids Corporation, a Crown Corporation, for MHRC, a Crown Corporation. The land was purchased by the Cabinet. Are you suggesting that that report will not be made available to this Legislature?

MR. GREEN: Mr. Speaker, I've indicated that the report would be made available to the MHRC. If the land was purchased for the Cabinet but the report dealt with matters involving land use and possibilities for land use, even if it was given to the Cabinet, it would be a matter which is normally not released to the Legislature. I'm not suggesting that the report will not be, I'm indicating that rather than that being the property of Leaf Rapids Development Corporation, which acted as, I believe, a consultant in this case, it would be MHRC that has the property of the report.

MR. SPIVAK: Yes, will the Minister acknowledge that the report puts into question the land use that was originally applied for by the government in its purchasing of the land.

MR. GREEN: I indicated this morning that the report questions the advisability of proceeding with a satellite city in that area at this time. It deals with many other factors as to some of the problems associated with proceeding, and some recommendations as to what could be done or might be done in the future. I do not believe that the report, and I indicate to my honourable friend that I did not read the report fully, but I don't think it raises a question as to whether the land should have been banked by the Provincial Government as it was banked. I think that that is something which was an exercise by the Provincial Government of its discretion, and in my opinion a very good exercise by the Provincial Government of its discretion.

MR. SPIVAK: Yes, to the First Minister. I wonder if he can indicate whether those who are responsible for recommending the acquisition of the land for the use and purpose that the land was acquired, are going to have the opportunity of examining the report prepared by the Leaf Rapids Corporation for MHRC.

MR. SPEAKER: The Honourable First Minister.

HONOURABLE EDWARD SCHREYER (Rossmere): Yes, Mr. Speaker, that goes without saying. I believe that my colleague has answered the question fully. In case there is any doubt let me re-emphasize that the land was acquired for the purposes of land banking for the future and it was done under the appropriate sections of the Central Mortgage and Housing Corporation which had a policy and a program of encouraging land banking for the future, something that my honourable friends were either ignorant of or slothful at implementing.

MR. SPIVAK: I wonder if the First Minister can indicate whether it's his intention to have his government account for that land purchase by, in fact, supplying the information to the Members of this Legislature for consideration.

MR. SCHREYER: Mr. Speaker, no problem at all. All acreage that has been purchased for land banking for the future is identifiable, itemizable. The amounts paid are certainly to be itemized and indicated as well. It is all part of building and providing for tomorrow rather than being grasshoppers for today only, such as my honourable friend, I think, has the distinction of being.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. LYON: Well, a question to the First Minister then. In the light of his statement and the comments of the Minister of Mines and Resources, can the First Minister give the House assurance that the report will be available to Members of the House, as the Minister suggested this morning, when the Leaf Rapids Corporation is before the proper Committee of the House.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the report, may I add that it is emblazoned as a preliminary report — I believe that's on the cover. But be that as it may, it will be available either through the aegis of Leaf Rapids Corporation or more properly through Manitoba Housing and Renewal Corporation. We do not intend to deal with it as though it were the report known as "Transition in the North" which I understand was put under lock and key by my honourable friends.

MR. LYON: Mr. Speaker, a further question to the First Minister. In view of the fact that MHRC has already been before the Committee, can he give the House the assurance that the officers of MHRC will be available again before the Proper Committee of the House, in order that the report may be discussed either with those officials or with Leaf Rapids officials?

MR. SCHYER: Mr. Speaker, I'll consult with my colleagues and provide an answer in the next few days.

MR. LYON: Mr. Speaker, another question to the First Minister. Notwithstanding the statement that was just made by the Minister of Consumer and Corporate Affairs about the next phase of Rent Control lasting until the latter part of 1978, can the First Minister confirm his previous statement to the House that it is the intention of the government to terminate rent stabilization legislation in this province within six months of the end of the Anti-Inflation Board going out of operation?

MR. SCHYER: Mr. Speaker, I believe that it would be correct to say that at the time of the inception of rent control that it flowed from a discussion and decisions that were made at the Federal-Provincial Conference prior to the implementation of the anti-inflation controls program. It was agreed there by all governments present, no exceptions, that part and parcel of the Anti-Inflation Program would be the requirement for the introduction of rent control and, indeed, matters unfolded in that way. As to the locking together of the termination of the Anti-Inflation Program and Rent Control, there has been no Federal-Provincial discussion precisely in that point and I don't believe that any province is proceeding on that basis, including Manitoba.

MR. LYON: Mr. Speaker, a further question to the First Minister. Without referring at all to any Federal-Provincial discussions can the First Minister confirm the statement that he made in this House last year that it was the intention of his government to terminate rent stabilization legislation within six months of the termination of the Anti-Inflation Board's existence.

MR. SCHREYER: Mr. Speaker, I believe that my remarks were in the context of the fact, and it is a fact, that rent controls were introduced across Canada, concurrent with the Anti-Inflation Program. It was my assumption that across Canada there would be the discontinuation of rent control at the time of the phasing out of the Anti-Inflation Program. That is not the way the matter is proceeding in Canada, and Manitoba is no exception, and we do not intend to depart on a deviant course of action in this regard.

MR. LYON: Well, Mr. Speaker, can the First Minister confirm that it was his pronouncement in this House last year, when speaking to an amendment proposed by the Opposition for a self-destruct clause in The Rent Stabilization Act, that the clause was not necessary because that, in effect, was the intention of the government in any case?

MR. SCHREYER: Mr. Speaker, I'll have to check the record. Offhand, I couldn't say for a fact whether that was the case several months ago. I do remember this context, however, Mr. Speaker, and that is the fact that it was logical to assume that if rent control was introduced concurrent with the inception of the Anti-Inflation Program, and this was agreed to really by all components in Confederation, that there would probably be the same kind of treatment at the time of the phasing out of the Anti-Inflation Program. That is not the way it is unfolding and certainly Manitoba will not be taking the position that is a deviation from the rest of the country with respect to what is happening *vis-a-vis* rent control.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Thank you, Mr. Speaker, just to the First Minister on the same line. Can the Minister indicate if there has been any assessment made, since the inception of the Rent Control Program of last year, that would indicate a change in the government's program away from tying-in the Rent Control Program to the Anti-Inflation Program, seeing that the problem of increasing rents is a situation onto itself and is not necessarily tied to the overall problem of wage and price controls.

MR. SCHREYER: Well, that may be, Mr. Speaker, I am not quarrelling with the honourable member. I am neither accepting or rejecting the point he has just made in his question. All I am telling my honourable friend is a bit of historical background as to rent control legislation came into being in Canada. It came into being as a direct consequence of the Anti-Inflation Program, that's all I am saying.

MR. AXWORTHY: Mr. Speaker, a further question to the First Minister on a different topic, going back to the subject of reports. Has he yet had an opportunity to look at the transcripts of the National Energy Board hearings to determine that Manitoba Hydro had refused to disclose documents pertaining to potential hazards of transmission lines, and if so, is he now prepared to release those documents to that board hearing or to this Legislature?

MR. SCHREYER: Mr. Speaker, I have not had an opportunity to read the actual transcript of the National Energy Board. I am not on their mailing list, I'll attempt to get a copy. I indicated however, the other day, to my honourable friend that questions of that kind, we do not make the assumption that the National Energy Board does not have access to studies of a sophisticated nature, and in-depth with respect to the selfsame subject matter.

MR. AXWORTHY: A supplementary, Mr. Speaker, taking into account the fact that Manitoba Hydro, in connection with the Department of Renewable Resources, has introduced suggestions to those hearings and elsewhere that they would like to see the rights-of-way transmission line used for recreational purposes for human beings. Will the report prepared by the Department of Environmental Management and Protection which demonstrates or indicates that there are potential hazards be taken into account and that those plans be stopped?

MR. SCHREYER: Mr. Speaker, it would go without saying if anyone that has had a professional or research involvement with that question, if they have reasonable cause for believing that there is reasonable doubt as to public health hazards with respect to recreation area in close proximity to high voltage lines, it certainly goes without saying that that information or doubt would be made known as a matter of course. I would think that it would be routed for public information through the Department responsible for Environmental Management or the Department of Public Health, one or the other or both.

MR. SPEAKER: The Honourable Member for Fort Rouge, final question.

MR. AXWORTHY: Thank you, Mr. Speaker. On that case then, if there is a report indicating that there are potential hazards, can the First Minister indicate that, either Manitoba Hydro or the Department of Environmental Management, will release that report and take all necessary steps to inform the public of any potential dangers that may be associated by being in proximity to these transmission lines?

MR. SCHREYER: Well assuming that that's so, Mr. Speaker, that might seem to be the case although it would seem only logical and prudent to ascertain the results of research and analysis carried out on the same subject matter by other agencies such as the National Research Council or similar body, so that there is a cross-checked point of view being brought forward, and not something that is all by itself and unchecked by any other responsible agency in the country.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. JAMES R. FERGUSON: Thank you, Mr. Speaker. I'd like to ask a question of the Minister of Industry and Commerce. Has the Department of Industry and Commerce conducted a feasibility study in regard to the Neepawa Aeroworks?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: As a matter of clarification, did the honourable member say that Neepawa Ironworks?

MR. FERGUSON: Aeroworks, A E R O.

MR. EVANS: Well, Mr. Speaker, it seems that we are doing studies day-in and day-out on various industrial prospects and potential business expansions. It is possible that something may have been done. I'll undertake to look into it and advise the honourable member as soon as possible.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. LYON: Mr. Speaker, another question to the First Minister, relating to The Rent Stabilization Act. Is the First Minister now saying to the House that the The Rent Stabilization Act will remain in effect until September 30, 1978, even if AIB ends before that, and contrary to the previous statements that he had made?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I believe that that is the Minister's statement. I further believe that this kind of provision is what is being announced in other provinces in Canada, in all other provinces in Canada to date. I am not aware of any provincial jurisdiction that has announced disengagement from rent control, and I am not aware either of any Provincial Government in Canada that is relating rent control to the Anti-Inflation Program at this point in time, although it is certainly correct to say that at the inception, that is precisely what was related.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, to the First Minister. I wonder if he can assure this House that rent control is not a permanent feature then, of the New Democratic Party policy.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the New Democratic Party formulates its policy by annual convention and from time to time. I cannot foresee what the New Democratic Party will be formulating in the way of policy a year or two or three from now. I have some pretty good idea, but I could not make any irrevocable commitments as to what will be determined a year or two or three from now.

MR. SPIVAK: A supplementary. I wonder then, if the First Minister would be prepared to answer the question as to whether his government considers rent control, a matter that will be permanent

policy of his government.

MR. SCHREYER: Well, Mr. Speaker, I can be definitive in that regard and say that this government is at least as definitive as any other Provincial Government in Canada in with respect to the future of rent control.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS: Thank you, Mr. Speaker. I direct a question to the Honourable the First Minister, and ask whether or not he can confirm or deny that one of the Russian-made generators presently under installation at Jenpeg is being removed and shipped back to Russia for major repair and modifications?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I cannot confirm or deny that. I can say that with respect to the first two units scheduled for completion, that that could hardly be the case since they are installed. No. Unit 1 has been watered up for testing, but it may be that one of Units 4, 5 or 6 may have some flaw which would require the kind of action my honourable friend suggests. I'm not aware of it. It certainly does not apply to Units 1 and 2. The only thing that can be said further is that of course with respect to the installation procedure they have been agonizingly slow.

MR. ENNS: I thank the Minister for taking the question perhaps as notice. My understanding is that it was. . .

MR. SPEAKER: Question please.

MR. ENNS: . . . an installed generator that in fact had to be taken out of concrete for these modifications.

MR. SPEAKER: Question please.

MR. ENNS: Perhaps the First Minister will take my question as notice, Mr. Speaker, and kindly give me an answer some time, when he feels like it, not when you feel like it.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I've already undertaken to check it more precisely. I am saying, however, without checking it, that it could not be the first unit or the second, since they are well along — having been embedded — in the civil works and are being carried to its completion.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. LYON: Mr. Speaker, on the same topic to the First Minister. Is he in a position to give us an indication at the present time of what the cost overruns have been to date on the installation of the Russian-made generators at Jenpeg?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, that is a question which I believe can best be answered by getting an update report from the Chairman of Manitoba Hydro or one of the senior people there. I believe that it would be fair to say that the cost overruns, whatever they are, have to be related to penalties that are being invoked, and also in relation to the overall bid costs at the time of the opening of the bids.

MR. LYON: Mr. Speaker, could the First Minister then confirm that he will take the question as notice and give us a response as soon as possible?

MR. SPEAKER: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY: Mr. Speaker, my question is to the First Minister. In the light of the fact that the Leader of the Official Opposition has been reported, stating we are going to have a "dirty election campaign," does the First Minister believe perhaps the Leader of the Opposition was referring to his statements that Manitoba Hydro wasted \$605 million as being part of that "dirty election campaign?"

MR. SPEAKER: Orders of the Day. The Honourable Leader of the Opposition.

MR. LYON: Mr. Speaker, a question to the Minister of Tourism and Recreation in relation to the Riddle property which was expropriated by the Government of Manitoba some time ago as a heritage farm. Can the Minister confirm whether or not his department has investigated the complaints which I related to him recently about vandalism on this historic home, and whether or not efforts will be made by his department to have some security on that property, and some proper hoarding and boarding up of the apertures to the property, in order that this historic farmhouse can be preserved for the future benefit of the people of Manitoba?

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

HONOURABLE BEN HANUSCHAK: Yes, Mr. Chairman, this property is located some distance off the main thoroughfare, and increased security measures will be taken to protect the property.

MR. LYON: Can the Minister advise whether his staff have checked the property recently, and if so, have they taken any measures to board up the property to prevent further deterioration from the elements?

MR. HANUSCHAK: No, Mr. Speaker, I'm advised that — let me rephrase my answer — increased security measures have been taken, and if those prove to be inadequate, still increased security measures will be taken.

MR. SPEAKER: Orders of the Day. The Honourable Member for Radisson.

MR. SHAFRANSKY: Yes' Mr. Speaker. A question to the First Minister. I have taken the advice of the First Minister, and carefully perused the. . .

MR. SPEAKER: Question please.

MR. SHAFRANSKY: . . . transcripts of the Public Utilities Committee dealing with the Manitoba Hydro Annual Report, and could not find one instance where it indicated the changes in hydro development . . .

MR. SPEAKER: Question please. Question please.

MR. SHAFRANSKY: Yes, Mr. Speaker, I'm coming to the question. I could not find one instance. . .

MR. SPEAKER: Question please.

MR. SHAFRANSKY: Well can the First Minister indicate to me, in view of the fact that I could not find one instance where there is political pressure upon the profession staff at Manitoba Hydro to change the course of the development of the Churchill River and Lake Winnipeg Regulation . . .

MR. SPEAKER: Order please.

MR. SHAFRANSKY: Can the First Minister indicate the source of the Leader of the Official Opposition's . . .

MR. SPEAKER: Order please. The question period is for eliciting questions, not for making speeches, so if the honourable member would get with the procedures that we have adopted for the question period I'll listen to him, otherwise I'll have to ask him to sit down. The Honourable Member for Radisson.

MR. SHAFRANSKY: This is dealing with the development on the Churchill River and the Lake Winnipeg Regulation. Can the First Minister indicate who is the source of the Leader of the Opposition's position, that Manitoba did not follow the proper course in the development of the Electric Power Development on the Churchill River, the CRD route?

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN: Are we to presume, that in permitting that particular question, that the activities of the Leader of the Opposition comes under the ministerial responsibility of the First Minister?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I do not quarrel with the observation made on the point of order by the Member for Morris, and therefore, I will not presume to answer as to where my honourable friend, the Leader of the Opposition gets his information from. But on the specific of the rest of the question, I would invite my honourable friend, the Member for Radisson, in addition to perusing the transcripts of the Standing Committee, which apparently he has done, to now peruse the Address given to the Canadian Institute of Engineers by the Chairman of Manitoba Hydro, Mr. Bateman, and I think that the answer becomes then self-evident.

MR. SPEAKER: Order please. The Honourable Leader of the Opposition.

MR. LYON: In response to the First Minister's last answer, would the First Minister agree that the statement that he has just referred to, made by the Chairman of Hydro, would contain information that would be not only self-evident, but perhaps self-serving?

MR. SCHREYER: Well, Mr. Speaker, it's just as well that the Leader of the Opposition asked that question or really make statement with that kind of innuendo. I am satisfied even if my honourable friend isn't, that Mr. Bateman is an engineer, who is really among peers when he is with senior engineers anywhere else in Canada' or for that matter in the world. He happens to be the President of the International Organization of Professional Engineers — just completing that term. He is a man whose professional integrity I have no reason to question in the slightest. If my honourable friend wants to cast innuendoes, I hope that he wallows in it.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. LYON: Mr. Speaker, can the First Minister confirm then that when his party was attacking Manitoba Hydro for the course of action that was advocated by Mr. Bateman . . .

MR. SPEAKER: Order please.

MR. LYON: . . . for the course of action that was advocated by Mr. Bateman in January of 1969, were they attacking his integrity or did they believe in it at all?

MR. SPEAKER: Order please. Order please. The Honourable First Minister. Order please. Order please. The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I regard that as a valid question, so may I answer then? It is my distinct understanding, although I was not here in those days, that none of my colleagues — (Interjection)— But, Sir, it should be relatively simple to ascertain because of two things: one, there was newspaper reporting by the working press which would be on newspaper morgue files and then, my honourable friends opposite assure me, and I take their word for it, although that's something they are not prepared to do, I take their word for it that they did keep a transcript of the committee meetings in those days and, if they did, then those transcripts should be available and they should

then, in effect, answer that very question.

Personally, Sir, I am not aware of a single colleague in this House or in Committee who took a position that was directly challenging or questioning of the integrity of the senior engineering group. I'm not aware of it.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I would ask the First Minister, whose memory is as a rule not too bad, to think back just within the last period of two weeks and suggest to him that whether or not he didn't suggest to me that he had no nostalgia for putting 30 feet of water over the community of South Indian Lake, that perhaps I had, and whether or not that advice wasn't given to me by the same Mr. Bateman, by the same Mr. Bateman now under question.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker . . .

MR. SPEAKER: Order please. Order please. Order please. The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, with respect to the proposition that I understand was before this House in April or thereabouts of 1969, with respect to a Bill of Law that would set the flooding level of South Indian Lake at 869, between 869 and 872.5, that that bill obviously was introduced by the Member for Lakeside. No doubt on the basis of advice. But I will also say this, I will say this to my honourable friend, that if he is attempting to imply that the engineering people of that time told him that they had sufficient engineering studies and basis for being confident of that operation, then he is wrong and I can show that in the public record as well.

ORDERS OF THE DAY — ORDERS FOR TU

MR. SPEAKER: Order please. The time is up for questions. The Honourable Member for Wolseley.

MR. ROBERT G. WILSON: I move, Mr. Speaker, seconded by the Member for Gladstone, that an Order of the House do issue a return showing the following information:

1. The number of occasions between January 1st and December 31st, 1975, on which leased aircraft or government aircraft were used by the Premier and Cabinet Ministers.

2. In each instance:

(a) who used the aircraft; (b) what stops were made by the aircraft during the period of use; (c) the cost of supplies loaded on the aircraft and the department charged; (d) the cost to the taxpayer.

3. In each instance:

(a) the name of all passengers on each flight; (b) their reasons for being aboard.

4. The number of occasions between January 1st and December 31st, 1976, on which leased aircraft or government aircraft were used by the Premier and Cabinet Ministers.

5. In each instance:

(a) who used the aircraft; (b) what stops were made by the aircraft during the period of use;

(c) the cost of supplies loaded on the aircraft and the department charged; (d) the cost to the taxpayer.

6. In each instance:

(a) the names of all passengers on each flight; (b) their reasons for being aboard.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, we'll comply with this request.

MOTION presented and carried.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. WILSON: I move, Mr. Speaker, seconded by the Member for Gladstone, that an Order of the House do issue a Return showing the following:

1. The number of flights taken by the Minister of Tourism to remote and rural communities for the fiscal years 1975-75, 1975-76, and 1976-77.

2. The cost of each of these flights.

3. The cost of transportation of supplies and spirits during these stays.

4. The method of booking accommodations.

MOTION presented.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Yes. Well, Mr. Speaker, I'm unaware as to whether anybody can answer as to how many ethereal beings were available when these flights were taking place, but to the extent that we are able to provide the information, we will provide it. I don't know whether the member is talking about the spirit of Christmas passed, present or future, but we will indicate what supplies were supplied.

MOTION carried.

MR. SPEAKER: . The Honourable Member for Flin Flon.

MR. THOMAS BARROW: Mr. Speaker, with leave I would like to make a change on the Economic Development Committee.

MR. SPEAKER: (Agreed) The Honourable Member for Flin Flon.

MR. BARROW: The Minister of Mines will replace the Minister of Industry and Commerce in that committee.

MR. SPEAKER: Is it agreed? So ordered. The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker, would you please proceed to Bill No. 62.

ADJOURNED DEBATES ON SECOND READING

BILL (NO. 62) — AN ACT TO AMEND THE CITY OF WINNIPEG ACT.

MR. SPEAKER: Bill (No. 62) proposed by Honourable Minister of Urban Affairs. The Honourable Member for Gladstone.

MR. FERGUSON: Yes, Mr. Speaker. I adjourned this for the Honourable Member for Wolseley.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. WILSON: Mr. Speaker, in rising as a former City councillor and one who appreciates life in the city, I couldn't help but feel that the bill originally, as I looked at it with the desire of the citizens being met by the members opposite both from public opinion and the public line hot shows in the media, and it seemed there was a desire for the reduction in council after the report had come in, the Taraska Report. But the members opposite used this opportunity and they put in several sleepers, a real sleeper by the state and it seemed to me the desire of some of the left wing caucus over there for control because if you turn around and look at the bill, you have the "Big 3" I call them, the Minister of Finance, the Minister of Northern Affairs and the Minister of Municipal Affairs who, if this bill was to go through I think should be a city member, is the type of people who are attempting to run and mark the end of time for municipal governments as we've known them to this time.

I can't help but think of that meeting in March where they had a colete display of municipal might when they talked about a demand for the share of tax growth, and I think that has always made the members opposite uneasy. We've got to do something to control that municipal might because after all they represent and get more votes than we would ever hope to get. So you have to look at this override that the government is trying to put on the municipal governments to control the city plans and to control what I suggest is to control City Council.

I'd like to read that the provincial involvement versus local autonomy — it would seem that the substance of the amendments . . . it would appear that the Minister can direct City Council to prepare a development or community plan or any amendment thereto. What it means is that he has the power to, without any meetings being held or anything, to just say to somebody to get on with a particular job. Should Council fail to comply — in other words if there is a political difference or whatever — the Minister would be authorized to prepare and adopt them himself and would assume council's power in so doing. In other words, there is really no need for a municipal government in planning with the powers that the Minister of Municipal Affairs will have.

The Minister must approve both community and development plans and the Provincial Government need not be bound by the City plans and zoning by-laws and after a hearing he can exempt any other person, any particular corporation, a building, firm or what have you, or even a friend. So I think that's extremely wrong.

When any particular bill comes in under the guise of being what the people want, namely that the people have a desire for the reduction in council and slip in that they are going to have control over all the by-laws of the city and especially the planning ones. You know what they did before and certainly the Minister of Public Works, they just seemed to ignore those particular by-laws. I remember the setback for the Woodsworth building. The caveat was ignored. The height restriction was ignored. The desire of the people to keep the washroom out of Memorial Park was ignored. I remember the votes, were something like 7 to 3 against, then they went to 5 to 3 against and finally when there was very few members left, I think the Minister was able to get a 4 to 2 or a 5 to 2 vote in favour. So they kept on voting on it until the vote turned his way. But the other ones, there was no vote on. The Woodsworth building was constructed despite the infractions and that's what I meant about the attitude by members opposite toward the city government.

They have the control right now and they have certainly exercised it in the last five years through the capital spending over government and I just wonder, how much more do they want? I mean it's true sometimes you can get the odd municipal bureaucrat who wants to build everything in sight and the government has that control through the capital spending arm and I think that they've more than adequately used that particular power, so much so that there was a delay in two or three years in getting on with the construction of the Osborne Street bridge. So I'm very concerned because how much more control do they need? It seems that MHRC is now going to be able to put public housing anywhere despite the solid presentation of some communities which may be R1. They can come in

with a public housing highrise and no one will have any say in it.

So, what I'm basically saying is that I'm now against the bill because of the dangerous sections that I read into it. I have this gut feeling that it really is a dangerous bill. You know if they would remove their controls by removing some of these amendments or making these amendments then they would get my vote. But I have to say, "I'm sorry Mr. and Mrs. Voter, but you'll have to wait for a reduction in Council until we form the government."

Well, I can't support this bill. You look at it and what it is, it's state control and and it's an end to all the plans and dreams of the planners of the city who take their plans to the municipal councillors. You say, I'm being over-sensitive? This government hasn't demonstrated before when they've had that kind of control that they've done it responsibly and I don't think they should have it. I don't think the Minister of Municipal Affairs should be able to approve any project for the NDP or for anybody else. I guess I could refer to him as the Minister of State Control because he might as well change his name, because he is going to have complete control over the state. One of the most influential people in the Cabinet. I think it's a shame to talk to our very excellent City Planning staff and say you've got to do things my way. Next thing they'll all be receiving Frank Sinatra's record in the mail to get a hint of what things are to come.

But I just don't think that this particular bill has . . . well, it's not right to have no appeal, to have one particular Minister, no right of appeal. It's subject to abuse, especially if he is one of these power-hungry ministers who would really want to rule. It would be subject to abuse. It's like a dictator. He could dictate to the builders. He could dictate to the planners. He could dictate to the Councillors. You know, I personally myself upon examining the bill, I support all the elimination of provincial approval, because not only does it save time in the plans, approximately 30 days, but it would return to the very thing that they had in that March meeting which was the municipal might, the prestige that the municipal government deserves.

I think really if this government could promise to remove the controls in Committee, I guess if the Minister speaks last, if he could give us some indication that those amendments were forthcoming, he might get my support. But, I really today, as I stand here, have no choice but to vote against the bill, because all my life has been that I can think of since I became concerned about my country has been to oppose injustice, oppose state control, oppose the road to communism. I think that this government will be found out in this bill and I don't think you'll get one vote out of this bill because, while the pats on the back they're going to get for the reduction of council will be far offset by the controls that people will now realize this government wants to exercise. Reduce the council, everybody knows the people want it and I probably agree that the word "ward" possibly stands for — maybe there's been too many television shows but it has sort of a mafia-type connection — and maybe it would be more appealing to call them communities and give us a new image. But to be able to tell that Minister who can cause planners to change the Winnipeg development plan, to me is really uncalled for.

I heard the Minister of Public Works stand up — it's too bad he's not here because I'll have to temper my remarks a bit — because I don't like to too strenuously attack anyone when he's not in the House. But for his information in my four years that I could give nothing or heap nothing but praise on the Mayor. Not only is he one of the boys, he doesn't section himself into a particular sports group or arts group or whatever, he has sort of a wider range, certainly a wider range than the Minister of Public Works in dealing with people.

He had his own hockey team of which it was the City Fathers, and I can always remember him smiling and joking and having that human touch that was necessary. It was the type of thing that if the Mayor wanted something sometime and it was one of these teeter-totter situations which really wasn't doing any harm, he could count on his personality to get support. I really think that he's been very smart because people like the Minister of Public Works who attack the Mayor through the media, the Mayor has learned to talk to people with his back to the wall. I've found fault with him for that, but then I guess after twenty years he was very aware of the political knives that are always out.

I remember in the debate and arguments with the Mayor between the Minister of Public Works and the Mayor, that the Minister of Public Works indicated in the future there would be a Minister of Winnipeg. The Minister of Winnipeg, he may have been crystal-balling but I think he meant the Minister of Municipal Affairs, because this bill before us today means that the Minister of Public Works has crystal-balled what his desire was, the desire of that government to control the City of Winnipeg. Now they want to control all the municipalities.

So I merely suggest and stand up with these few brief comments to say that we have a bleak future ahead of us, if between — and I hope my colleagues will support my stand if the Minister does not come forward, the Minister of Finance with some amendments — that we vote down this bill because it's a very dangerous piece of legislation.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I move, seconded by the Honourable Member for Roblin that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Attorney General that Mr. Speaker do now leave the Chair and that the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into Committee of Supply with the Honourable Member for Logan in the Chair for the Department of the Attorney-General.

COMMITTEE OF SUPPLY

ESTIMATES — ATTOEY-GENERAL

MR. CHAIRMAN, Mr. William Jenkins (Logan): I would refer honourable members to Page 10 of their Estimates Book, Resolution 20(a). The Honourable Attorney-General.

MR. PAWLEY: I wonder before I speak, maybe there are other members that wish to enter into debate. I'll speak now I suppose, that may bring on further debate.

First I would like to indicate that over the noon-hour I obtained information in connection with the further information re the negotiations in the Fort Garry Liquor Store. And I want to say at this point that in view of the observations that I've made in respect to the Fort Garry Liquor Store, I think that Mr. Syms deserves to be commended for the work that he has done in connection with that store and the question of parking facilities and costs thereof. I would like to detail the reasons why that would be the case.

The file indicates that the original request from Lount, the owner of the land in which the parking dispute was involved with, was a demand for rental payment of \$7,200 per year. On March 8, 1977, the Commission offered \$1,200 a year which is an increase from their original offer of \$750, and keeping in mind that the demand from the owner of the land was \$7,200 during all this period of time.

On April 7, an offer was made of \$1,331 by the Liquor Commission, plus a proportion of the share of the surfacing of the parking area of \$340.00. On May 2, 1977, the Commission offered , of \$1,550.00. Finally, at \$3,000 which the Commission pays \$2,000 and the Royal Bank pays \$1,000, an agreement was entered into. So here we are with an original demand which, if it had been acceded to, would have meant a payment from the public of Manitoba of \$7,200, that through the industry and efforts of the Chairman of the Commission and his negotiators, they were able to reduce that demand to \$2,000.00. So that, I think that this indicates very clearly, although the Chairman of the Commission may be blamed for appearing to be firm at times, he has demonstrated here, a firmness which has led to a very businesslike result, a savings to the general public of Manitoba of \$5,200 as a result of his negotiations. I think rather than to be condemned, that the Chairman of the Commission should be applauded because if this is an example of the type of effort, on the part of the Chairman of the Commission , in respect to other business dealings, then I think we can rest satisfied, Mr. Chairman, that the Commission is in very sound hands.—(Interjections)— The honourable member is complaining about advertising. I guess he wasn't present when I mentioned that the Conservative Government in Ontario last year spent \$750,000 from their Commission on advertising. —(Interjections)—

Well, Mr. Chairman, they say only about five million, five times more people. It maybe that they ought to expend some more money in developing , and understand the laws of Ontario pertaining to liquor. Maybe they should do more to try to attempt an effort to develop mature drinking habits within the Province of Ontario. So, I wouldn't be too quick to say that. I think the important thing that the honourable member should recognize, that in our sister province of Ontario, they too, recognize that there is a responsibility on the part of the Ontario Liquor Control Commission to spend moneys on advertising. —(Interjections)— \$1 million in Saskatchewan.

The Member for Morris has been making a number of comments in connection with the Commission acting in a tyrannical fashion and I took the opportunity to again review the Liquor Control Commission Report. I note that if it's a tyranny, then it's a pretty milk-toast type of tyranny that exists at the Commission, because on Page 5 of the report, under Disciplinary Actions, there is reference to 98 disciplinary hearings, of which 46 suspensions were issued to licensed premises; only one out of every two hearings resulted in a suspension. What is more interesting is that 172 warning letters and 12 caution letters were sent to licensees, warning letters and caution letters are being sent out prior to suspension.

I would like to refer to the pages in that report dealing with some of the suspensions of licences. In respect to each hotel named, in which there was a suspension of licence, reason is given. I think that in each individual case that honourable members should find it very, very difficult to dispute the Liquor Control Commission's ruling. To suggest that these offences should be blinked at or be ignored, Mr. Chairman, I think is something which most Manitobans would not want to endorse.

For instance, Leland Hotel, Winnipeg — Non-use of shot glasses; employees consuming on duty. Charleswood Motor Hotel, Winnipeg — Licence suspended three days; Juveniles consuming in

beverage room. Hamilton Hotel, Neepawa — Service to juveniles in beverage room. Queen's Hotel, Gretna — Juvenile in beverage room. Norlander Inn, Winnipeg — Juveniles consuming in beverage room. Oakland Hotel, Oak Lake — Sale of vendor beer to juvenile. It goes on and on and on with instances of abuse pertaining to juveniles.

I think Manitobans want to make sure that the laws pertaining to liquor are applied firmly and that we don't compromise those laws. I think that Pages 14 and 15, if I could refer honourable members again to them, indicate that very clearly. I heard some reference to Leaf Rapids, I don't know whether Leaf Rapids is referred to here or not. All that I have to say to the honourable member that Leaf Rapids Hotel is under the same laws as the rest of the Province of Manitoba and I would be the first to say that if the inspectors find juveniles being served in the Leaf Rapids Hotel, that they be treated in the same way as any other hotel. I don't think it matters whether we own it or John Doe owns it, the same measures ought to be taken.

The Honourable Member for Morris made comments in respect to the letter which was sent out from the Commission. I want to just indicate that that letter pertained to the computerization and to assist the Commission in respect to the development of the quota pertaining to draught. The honourable member said, well, there should be choice, all the beer should be present, the different brands' four or five different brands of beer should be present so the consumer can choose. Well, insofar as draught is concerned — that's what we're dealing with here — it would be impossible to have five different types of beer on tap so that consumers would choose. In fact, up until the time of the draught quota, the licensees made the the decision as to which beer they would cover — it wasn't a choice insofar as the consumer was concerned — and in fact it is impossible to have choice if you can only have one beer at one time on tap. At least on this basis all five companies are represented proportionate to the demands that are being made by the Manitoba public on the use of draught beer and different types of draught beer, and it is re-evaluated from time to time. But certainly, it would be impossible with draught, as I say, to choose, to go in and say, I want draught O'Keefe or Ginther or whatever one would request.

The reference to occasional permits. The Honourable Member for Pembina and some others made reference to this, wished that there could be some better price adjustment, I gather to encourage activities in local communities, and at first brush this appears to be a reasonable suggestion.

The Bracken Liquor Control Commission emphasized — and within that spirit the commission has been working to this day — that social events ought not to be held at the local level for profit-making purposes' otherwise, you are going to have more and more social events being held. Honourable Members are worried about competition with the hotel industry that we would only be furthering that competition rather than lessening the pressures upon the hotel industry; and secondly, the sale of liquor at socials, wedding anniversaries, etc., is not supposed to be operational for purposes of making money. Now I think that some moneys are made from my impression but certainly if we increased the price there would be much more profiteering from the holding of socials and that's why there has been a pretty strict level imposed insofar as the occasional permit is concerned.

The Member for Minnedosa made reference to the Minnedosa Liquor Store. I gather that the problem here is that the annual report — there was apparently some transfer of an employee about the same time which explains the situation or the discrepancy between what the honourable member noted in the report and what the actual situation is. I gather there was one employee on staff and one in process of transfer at that time, but the honourable member had indicated there were two, rather than one and in respect to the transfer I can get further information on that if the honourable member would wish.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. GEORGE HENDERSON: Mr. Chairman, I was just wondering if I might make a comment. I think the Minister may have misunderstood my remarks because the point I was trying to make was that by them having these cabarets the people were going there because the drinks were cheaper. I wasn't saying that they should raise the price because I know that then they would make money and use it as a fund raising operation. What I was talking about was, there are so many cabarets being held under special permits that they're hurting the local hotels in small areas. Many of the hotels, because there are cabarets on every couple of nights of the week there is nothing left for the hotel, because people may go out a couple of nights of the week, but they don't want to go out every night of the week.

What I'm thinking is, and I know it won't be popular but there should be some restrictions placed on the number of permits that go out into areas where there are local hotels in small towns.

MR. PAWLEY: I appreciate the honourable members comments and possibly that is an area that should be examined further. There are certainly many events at the local level that one would want to not be restricted with. There may be some instances where there has been too liberal issuing of

permits so that I would be prepared to acknowledge there'd be some basis for review.

I want to make comment in connection with the young man that the Honourable Member for Minnedosa referred to, the entertainer under the age of 18. I had true enough rereceived a letter a year ago from the young gentleman indicating that he hoped legislation could be passed which would permit him, although under the age of 18, to entertain in a beverage room. My response to him at that time, and maybe the honourable member has a copy of the letter, is that every reasonable consideration would be given next year, not last year, but this year to his request. Very frankly, I had hoped that we could do something pertaining to that this year, if we had opened up the Liquor Act. It happened that there wasn't sufficient body of material to require the opening up of the Act. Although I must say that, in all frankness, that there is considerable disagreement within our caucus, and I suppose there would be in the opposition caucus, frankly as to whether or not that should be allowed, 18 or under, even though he's only in the beverage room for entertainment purposes and I find there isn't one mind on that. There's certainly more than one mind on that subject matter as there is on all matters pertaining to liquor. I found that it wouldn't be just a metter matter of form getting approval to bring forth an amendment along those lines as I had thought that the Liquor Act was opened up that this was probably a reasonable request. I'm just wondering if the Honourable Member for La Verendrye would like to consider, and I may be completely off base here, but if he would like to consider with this bill presently before the House an amendment which would provide for that, then members could vote freely on this subject in the House because I do say . . .

MR. BOB BANMAN: I wonder if the Minister would submit to a question. I wonder if that would mean that he would be supporting that particular piece of legislation then if that amendment was included.

MR. PAWLEY: Well I had indicated that my impression was that we should if the underage is not in the beverage room for purposes of drinking but for purposes of entertaining, my impression was that it deserved support. So I think the honourable member can take answer from that.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I just want to make a couple of points in connection with the responses that I've received from the Minister to some of the criticisms or the points that I made. . .

MR. PAWLEY: I haven't finished yet.

MR. JORGENSEN: Oh, yes of course.

MR. PAWLEY: I just mentioned that because I know the Honourable Member for Minnedosa is, I think, concerned that that does reach the House. I am because I did indicate to the young gentleman that serious consideration would be given this year. We're not opening up the Liquor Act so we can't very well open it up for that, nor do I think that the government *per se* would be supportive of that. So I only throw that out as a suggestion to the Honourable Member for La Verendrye, if he would like to seize hold of that suggestion along with the Honourable Member for Minnedosa.

Reference was made to appointment of a manager in a store out at Portage and Ainslie and you know there was some laughter across the way that this individual maybe had received the management because of a certain type of card. I don't know frankly whether this person has a membership card in any political party or not. I don't know the individual. At least to my knowledge I don't know the individual. The name is one Janice McCreedy and I say to the honourable members from examining the situation, it's a specialty store. It involves the sale of many different types of wines and other specialties but it's not like the normal Liquor Store and after a great deal of consideration by the Commission as to the type of store that was involved and this person's background, and excellent reports of the background of the individual within the Commission as an employee working in two other stores, it was there opinion that this individual was deserving of the particular position. I suppose all that I can say, if there was anything wrong in that then unsuccessful applicants should exhaust their remedies. There's remedies that they can appeal. I would hope that comments suggesting that the appointment was made for anything but for meritorious reasons would not receive really due weight by the opposition. I don't think they are. I think they only spouted them forth this morning. This person will have a large undertaking, certainly has background which warranted the appointment to that position, and again as I said, if there are appeal procedures that are available, then I'm sure any unsuccessful applicant for that position would appeal and would challenge the appointment before the Civil Service Commission. I don't believe that has happened to my knowledge.

On pictures, and I see the Honourable Member for Assiniboia is not here, but ID cards, I'm informed that there has been again more difficulty than we might be aware of in connection with identification cards being borrowed by others, by one from another and using them and even problems involving the picture. But I will be looking into that aspect more fully.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, just a few points in connection with the responses that I received from the Minister and some of the questions that have been raised.

One of them has to do with the sale of draft beer in licensed establishments. I draw to the

Minister's attention that the so-called formula that was drafted for use by the hotelmen is a cumbersome kind of a way, and I think a costly kind of way of providing for customer's preferences. There may be some people who can — I'm sure I can't — tell the difference between one draft beer and another. They all taste alike to me and that may not endear me to the hearts of some of the breweries but that's a fact as far as I'm concerned, but it would seem to me that the hotel owners or their licensees would be able to determine on their own as to what draft beer is the preferred brand in his particular establishment and if there is no great difference then that's the one he could use. Another licensee may prefer another brand altogether. It seems to me that the costs, especially in these days of high transportation costs, of every brewery coming down delivering his products, is an expensive proposition by itself. It would be far better, and if the supplies do come out by transfer they are running around from one brewery to the other picking up the supplies is also costly. It would be a lot more convenient if the hotel manager himself could make that decision on his own without having to take that kind of a suggestion from the Chairman of the Liquor Control Commission, but in their guidance the Minister did not answer that particular question. He did not say whether — and I know that that is a fact of life, or a fact of the Liquor Control Commission brands there can be distinguished, there is no difficulty, but the Minister whether he inadvertently omitted to answer that particular question, or he chose not to, I'm not sure, but perhaps he could deal with that.

Also to make one short comment on the question of entertainment. I understand that some company has devised a system of canned entertainment for use in beverage rooms and in lounges that is at the complete control and discretion of the hotel operator or the bartender, whichever happens to be in charge, by simply turning volumes and volume controls and pushing buttons or switches he can provide the kind of entertainment that his customers either would ask for or that he chooses to provide for background music in the beverage room or in a cocktail lounge. The installation of that equipment has been denied by the Liquor Control Commission and if I understand the situation correctly it is because of the objections of the Musician's Union who say that they must have live entertainment in these places. I can't think of any good reason why there should be live entertainment. If the musicians want to price themselves out of that kind of a market that's their business but there should be an alternative. There are many beverage rooms or cocktail lounges that simply cannot afford to have that kind of entertainment every night — the clientele is too small — but they would like to have some kind of entertainment if it's nothing more than just background music, which I think adds some esthetic value to the *milieu* in the cocktail lounge but they're denied the opportunity of doing that and I don't think that is quite fair. Some of the operators that I've spoken to would very much like to be able to install that kind of equipment which would be right at their control. I can't think maybe the Minister could some time provide us an answer. I'm sure that he wouldn't be able to do it immediately, or maybe he is familiar with the subject, but I certainly would like to know some time just the reason why it isn't possible for operators, and I'm thinking particularly of those people who run hotels in small areas where there isn't a hope of getting the kind of crowds that you find in some of the bigger establishments here in the City of Winnipeg. Why they can't be given the opportunity of installing that kind of equipment with the alternative of hiring live entertainment when they feel that they can attract sufficient numbers of people to warrant it. I wonder if the Minister would give some attention to that particular problem.

MR. CHAIRMAN: The Honourable Attorney-General.

MR. PLEY: Mr. Chairman, first in connection with the beer gardens, and first I want to mention that they are on the decline — someone mentioned that earlier I understand the problem the Commission had is when the beer was simply made available an understanding that the beer would be made available, all brands, that some brands were returned without any demand upon that brand at all simply because — again, I don't think it was offered in some cases. The Commission felt anyway there had been some abuse.

I want to deal with this last point though that the Honourable Member from Morris made and to indicate probably to his surprise that I agree with him insofar as the rural and remote points. In the City of Winnipeg and the larger centres there's another area that we have to balance and that is to encourage live entertainment and the development of live entertainment I think because of this ruling live entertainment, musicians, have been developed and improved as a group in the province, but I must say that I find little rationale for applying that ruling outside of the major centres. I've so indicated to the Commission that it's my view that in the smaller centres in rural Manitoba and in remote areas that this is a ruling that to my way of thinking does not make sense and there should be flexibility applied.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. DAVID BLAKE: Yes, Mr. Chairman, my point in bringing up the number of employees in the Liquor Store at home was the statement gives the impression that there's been a decrease in employees and I wouldn't want it to be misleading because I'd like to see ten employees out there but there always has been two. One might have been transferred, but there was always another one coming right in, and one did go to manage the store at Neepawa, and another assistant manager

came in. The manager had had some problem and was relieved of his responsibilities, and another manager came in right away. So that shouldn't make any difference. There should always be two employees shown in the store rather than one.

The Minister didn't reply to the other question I had about the difference in fines levied between rural and RCMP charges on Pages 14 and 15.

MR. PAWLEY: I understand that the reason for this is because of the sparsity in rural areas — the travelling, the distances that are involved — that there is certainly a more likelihood of a piling up of liquor offenses and charges in rural areas compared to the City of Winnipeg. — (Interjection)— That's certainly my understanding from the discussion last year. — (Interjections)— Well, I try to provide when I see that it's not. . . .

MR. BLAKE: Mr. Chairman, as I say 6 there might very well be a very logical answer to it, but I just don't know what it is. I wonder if the Minister would undertake to look into it, and come back and tell me why there were 674 people charged by the Winnipeg police when there's half a million people in the City of Winnipeg, and there were 8,000 charged in the rural areas, and there's only half a million people in the rural areas. It might be a very simple answer, but I just can't find it in the statement.

MR. PAWLEY: Mr. Chairman, I'll ascertain if I can get further information on that. I do recall though, to some extent it had to do with the fact you were dealing with a large geographic area, and the travelling and distances involved which contributed to the situation. — (Interjections)— That's a rather serious reflection upon the RCMP.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: I wonder, Mr. Chairman, just to further this, because the same question has intrigued me as we look at the reports perhaps in searching for that answer. Is it possible that many of the city residents coming out to rural Manitoba, and getting t caught up into the web of the law enforcement officers, and that they make up part of the 6,000 cases referred to? That might well be a logical explanation that I as a rural person could accept that. In fact, knowing the nature of rural people that seldom get involved in these kind of offenses, that it could undoubtedly be the influx on week-ends and on holidays of some of the half million from the City of Winnipeg that come and carouse and litter the countryside, and then fall into this trap.

MR. CHAIRMAN: Resolution 28. The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE: Mr. Chairman, I just have a couple of questions to the Minister. In the police report of Assistant Commissioner Wardrop, his report on the Liquor Control Act, he mentioned the problems that the police have run into with control at social functions, and then the report goes on to say that in this line, increased enforcement by Liquor Control Inspectors will help control these functions. I wonder if the Minister could advise if they've had any success with that, rather than the police policing these functions, apparently the Liquor Control Inspectors

The other one, in the report he brings out the problems of the north, and mentioned that Norway House had noted some relief when the vendor point was closed. I wonder if the Minister could just give us some more detail. He also mentioned in there that liquor continues to be a contributing factor in most criminal offenses, but cannot be statistically connected for the purposes of this report. I wonder why they can't be connected, for us to prove some time in the legislature, that there are charges made under the Liquor Act. I can't see why it can't be related to the report.

MR. CHAIRMAN: The Honourable Attorney-General.

MR. PAWLEY: I don't know why it couldn't be, and I would be certainly anxious to look into why it cannot be, and I agree it would be better if we could have a comprehensive report, rather than a division of reports.

I'm just thinking back to this other area, and I only throw it out hoping that an answer would come from up high, but I'm just wondering if part of the reason would be that the number of social occasional permits issued in rural areas would be much much higher than what would be issued in the City of Winnipeg. It seems to me with hundreds upon hundreds of communities throughout rural areas, two or three permits each week in many of the communities, compared to a disproportionately fewer number of permits issued in the City of Winnipeg, that I would think this would have some influence upon those figures mentioned as well.

MR. CHAIRMAN: Resolution 28. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM: Mr. Chairman, before we complete the examination of the Liquor Commission. I don't know whether I should speak on this because I have to say, Sir' that I have a vested interest, and if a person has a vested interest I think it's all right if he declares it before he starts.

I want to talk about the report where you're dealing with the various revenues of the past year, and I notice that the percentage increase in the sale of spirits was .2 percent, that the increase in the revenues from the sale of wine was .5 percent' but the big increase occurred in the beer. And in that respect, Sir, I believe that at the present time, the brewing industry in Manitoba is sitting in a very vulnerable position at this particular time.

The reports I have heard from them is that they're not making any money in Manitoba, in fact,

some of them have said that it would be cheaper to import beer from other branches that they have in other parts of Canada, than to continue operation in the Province of Manitoba. This causes me some concern, and this is where my vested interest comes in, Mr. Chairman, because my son and myself have had a carload of malting barley accepted, but delivery deferred to next year. Now, I know the marketing of grain is a federal responsibility, but if the brewery industry in Manitoba is indeed in trouble, it causes a lot of concern to a lot of farmers, who are dependent, to a fair degree, on the sale of malting barley. At the present time there is — because of the actions of the Federal Government — there is a separate pooling system on the pricing of barley through the Canadian Wheat Board, which gives almost \$1.00 a bushel. In the past year I believe it was 98 or 99 cents differential between feed barley and the malting barley that was sold through the malt pool. This does influence a farmer in his decisions in his cropping program, and if the malt or the brewery industry is in serious difficulty in Manitoba I think that it is fair that the farmers of Manitoba should know about it. If there is going to be a continued program — the government is the only purchaser — and if there is not going to be substantial price increases, which would make it again an attractive, or make it possible for those companies to continue to remain in business in Manitoba, I think the government has a duty and an obligation to tell the farmers of Manitoba what their intention is in this particular matter, because it does affect the farm industry in Manitoba, and they certainly deserve to be notified so that they can change their growing programs. They can only make those changes once a year, they only grow one crop a year, and it could have a significant bearing on the farm income in the Province of Manitoba. So I would hope that the Attorney-General would give us some indication of the intention of the Liquor Commission in their pricing patterns to the brewing industry in Manitoba.

MR. PAWLEY: Mr. Chairman, first I would point out that the price is finally determined by way of application to the Public Utility Board, so the Public Utility Board is a body, a quasi-judicial body, which eventually determines what the price of beer will be in the Province of Manitoba. All information is submitted to the Public Utility Board, which makes that final determination. So the Commission of course, its interest is of course to ensure that the price is not higher than what it ought to be reasonably for the consumers in the province. But in the final determination, quasi-judicial body, the Public Utility Board is entrusted with the responsibility for fixing the price, so that it really involves a quasi-judicial decision on the part of the Public Utility Board.

MR. GRAHAM: Well, Mr. Chairman, I think that completes our examination of the Liquor Commission as far as I'm aware, but before we leave the Minister's Salary there is just one other question I would like to ask the Attorney-General. I noticed this afternoon that we had delivered on our table, Bill No. 6, Amendments to the Jury Act, and yesterday I believe, we received copies of Bill No. 10, Amendments to the County Courts Act. Bills which were introduced ' I believe, on the 24th of February by the Attorney-General, and here we are on the 18th and 19th of May receiving copies of the bill, and I would like to ask the Attorney-General at this time, rather than when we are debating the bills, if there were any particular problems that he encountered in the changes that he is making in The Jury Act and the Amendments to The County Court Act, and why it has taken so long for these bills to be brought forward?

MR. PAWLEY: Well first, Mr. Chairman, there were other bills which were of a more contentious nature that, quite frankly, we had been working on a great deal to ensure that they would be introduced to the House as soon as possible. But in addition, with respect to both The Jury Act — Bill 6, and the one yesterday, The County Court Act, there's been a lot of consultation between the introduction and first reading and the present time.

In the case of The County Court Act, a lot of consultation with the judiciary, and a committee which was established to deal with The County Courts Act, and there's been a lot of consultation that has continued since the introduction in February or March — whenever it was — with the judiciary and some questions which had to be clarified.

The matters which continued to concern us in regard to The Jury Act were questions relating to matters that involved a number of meetings with the Chairman of the Law Reform Commission Report, because the changes in The Jury Act reflect back, the honourable member will recall, to recommendations in the Law Reform Commission Report, and Mr. Goodman of our department, has had numerous further meetings to further clarify points in respect to the changes in The Jury Act.

MR. CHAIRMAN: Resolution 20(a) \$15,600—pass; Resolution 20: Resolved that there be granted to Her Majesty a sum not exceeding \$571'700 for Attorney-General—pass. That completes the Department of the Attorney-General.

ESTIMATES - MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT

MR. CHAIRMAN: I would now refer honourable members to Page 43 Resolution 81(a)(1) Minister's Compensation Salary and Representation Allowance \$15,600. The Honourable Minister of Mines, Resources and Environmental Management.

MR. GREEN: Mr. Chairman, I'd like to acknowledge as immodestly as I can, the applause of honourable members opposite, who certainly do something for a person's ego when he is presenting

his Estimates, and give him such a rousing reception. I would also, before introducing the Estimates, I would like to acknowledge the excellent support that I, as Minister, have been given by the senior staff of my department, and acknowledge on their behalf, the support which they have been given by all of the public servants who work in various branches of the administration. Of particular mention in this connection, Mr. Speaker, and I'm rather sorry that he is not in the gallery, I'd like to indicate that the Deputy Minister of my Department, Mr. Jim Cawley has been a public servant of many years standing, worked under the administration of Mr. Tommy Douglas in the Province of Saskatchewan, was a faithful civil servant under that administration, was, I believe it will be universally acknowledged, a faithful civil servant under the administration of the late Ross Thatcher, Premier of the Province of Saskatchewan, serving in the same capacity as the Minister of Mines, that he then occupied a position for the Saskatchewan Mining Association, again as a public servant to the mining industry in that province. We were very very fortunate indeed to have a man of that capacity — one who worked under two political administrations, and under private industry administration, come to the Province of Manitoba to serve as our Deputy Minister following the departure of Mr. Winston Meyer, and Mr. Bob Wallace, who also served with distinction in the Province of Manitoba.

I'd like to add, Mr. Chairman, that we are also blessed with a very competent Assistant Deputy Ministers, Mr. Jack Roper was working under the administration of the previous Minister of Mines, the Honourable Member for Lakeside, and continues to serve as the Assistant Deputy Minister to Mr. Cawley; Mr. Tom Weaver, who also worked under the previous administration; Mr. Podolsky, who is in charge of Administrative Services; Dr. Ian Haugh, who is in charge of the Mineral Branch; and Dr. George Bowen, who served previously as a distinguished President of a University in Eastern Canada and is now in charge of the Environmental Protection Branch of the Province of Manitoba. We are, I think, Mr. Speaker, blessed with competent people — some who are relatively new to the Province of Manitoba — but a good number who have given extended service to our province under various provincial administrations. I would like to acknowledge their support.

I would also indicate that Mr. Cawley, though I can never appreciate it in my personal dealings with him' has or is reaching the age of retirement and has indicated to me that he will be wanting to retire in the fall of 1977. I have merely acknowledged his indication to me that he wants to retire and I can assure honourable members that if I have anything to do with it I will try to see to it that he continues in the public service. — (Interjection)— Well, Mr. Speaker, even though, which I do not for a moment believe, and as remote as it may seem to one's own political probabilities at the moment and as near in proximity as it may seem to the members of the other side, I am entirely confident that even if there was a change in administration that a new administration would consider themselves very fortunate indeed to have all the people with the particular mention of Mr. Cawley continuing to serve the people of the Province of Manitoba.

A fast view, Mr. Speaker, of the financial implications of these Estimates. Members will readily see that this is a stand-pat financial set of Estimates. The 1976-77 adjusted vote amounted to roughly \$21 million, \$20,965,000.00. The new vote is \$21,508,000, which indicates a very small increase and as a matter of fact, Mr. Speaker, if one were to take the incremental increases in costs due to inflation and dealt merely with last year's program, we would be in higher expenditure areas. But I can advise the honourable gentlemen that the department made a conscientious attempt to do two things. One was to eliminate non-recurring programs from the Estimates and the honourable members opposite will know that there is always the temptation to deal with last year's figures on the basis that they are recurring expenditures and perhaps this is not a criticism of public servants. It is certainly their desire in the delivery of service to retain those expenditures. We have not done so. We have eliminated them. We have also strictly complied with requests from the Treasury Board to make reductions even in recurring expenditures and as a result of having met those requirements, Mr. Speaker, we are in a very stand-pat modest increase budget.

We have also been able to accomplish, Mr. Speaker, something that the members opposite will appreciate even if they don't agree with, that despite the fact that we have been holding the line expenditurewise for several years we have moved in directions which are consistent with the philosophy of this government. The Member for Lakeside will realize that that is a considerable accomplishment, that changing the direction of existing expenditures more to meet the political desires of those who are elected to office on the basis of accomplishing a particular program is always very difficult. It is like a train running sixty miles an hour down a track and then trying to make a turn. Only a very small turn is possible. I believe that the major turn that has been made in the Department of Mines and Natural Resources is the turn towards a public participating interest in the exploration and ultimate development of our mineral resources, in which there has been a considerable change from the previous position of the government being a regulatory institution to the present position of the government being an activist and participating institution. I will appreciate the fact that this is not something which my honourable friends will find great satisfaction in, but they will also have to acknowledge that it is part of the political process for those elected to office to try to accomplish their objectives. I believe that that is what we have been doing.

I will indicate, Mr. Speaker, that in doing this we have this year, if one will look at this year's Estimates, the one area where we have really increased rather than cut back is in the area of our water operations. I indicated to honourable members last year that we could accept some criticism at having not met even inflation in some cases in the area of water operations. This year if one looks at the increase of \$508,000 over last year's expenditures, one could see that it is almost all located in the area of water management, which is increased from \$11,160 to \$11,969.00. As a matter of fact more than the \$500,000 increase is in the area of water management, where we felt that there was a justifiable necessity to try to get back into pace at least volumewise and not lose anything to the inflationary dollar. And we have, I hope, accomplished something of that in the delivery of these Estimates.

I do intend, Mr. Speaker, to indicate that there has also been new and expanded programs of a modest nature, very modest nature, because essentially if one were to characterize our Estimates, there is nothing exciting or new about them. They are stand pat, they have put an emphasis on water management to make sure that we are making up for some lost ground in that area and that they are involving some minor new programs — which I'll indicate to honourable members — not as representing any new thrusts but merely to indicate that these were expenditures which are not recurring in our previous Budget, and are expenditures which we have made room for in the other budgetary cuts. That is, either in the two percent reductions, which we do as a matter of course, or in the non-recurring programs which we have eliminated, that these additional expenditures amounting to \$512,000 are made possible by virtue of strict budgeting without any addition to the actual Estimates.

In the Water Resource area — and Mr. Speaker, I say in advance that I am not now trying to announce any new thrusts merely programs which are over and above what has been the normal expenditure. The increased costs of a telephone system at Dublin, as a result of the move from Taylor Avenue, which was attributed to the new centric system - \$23,600.00. The Gilbert Plains and Grandview Dams provisions for rights of way and easements etc., both of which are included in our new water program - \$50,000.00. Construction of a drain to upgrade agricultural drainage service and to service an outlet for the sewage system at Lac du Bonnet - \$25,000.00. That is over and above our drainage program, which I would ask the Clerk to have distributed to honourable members. The net increase in ARDA funding to bring the activities to the new level negotiated under the present agreement — this is a big item — \$278,100 is an increase as the result of being able to negotiate new ARDA funding and therefore also match provincial dollars for increased work in the area of water management.

In the area of Mineral Resources there is a research grant to the Precambrian Centre for the executive secretary position of \$15,000, that is not entirely new but it is new this year because it was eliminated in last year's Budget. It is something in which the province has shown an interest, both under the present administration and under the previous administration, when it was first mentioned, I believe, by myself in the House, but followed up by the Honourable Member for Riel, who is, of course, not with us at the moment. We are hoping for his speedy recovery.

In the Environmental Management Division there are Prairie Provinces' Waste Rubber Utilization Study. This is a joint study between Manitoba, Saskatchewan and Alberta. The total cost is \$49,000.00. It is a study to determine best ways of utilizing waste rubber mostly from tires - \$10,000.00. An agreement with the Canadian Forestry Service to do research on sulphur dioxide and heavy metal effects in the Thompson and Flin Flon areas \$15,000.00. A Mosquito Research Program involving the City of Winnipeg and the University of Manitoba - \$15,000.00. The additional amounts to provide staff for and to implement the Environmental Assessment Review Process - \$19,900.00. The additional amounts required to meet commitments with the Manitoba Cancer Research and Treatment Foundation to provide radiation protection service to Manitoba in the area of X-rays, radioactive material reactors and sources of ionizing radiation - \$8,000.00. The additional amount is \$8,000, the total is \$60,000.00. An additional amount required to meet the provincial commitments for meat inspection under the Federal-Provincial Meat Inspection Agreement, an amount of \$24,000 additional, which would bring the total to \$100,000.00.

The honourable members may recall that some years ago there was considered to be a hiatus between the Federal Meat Inspection and the Provincial Meat Inspection and that not all the meat on the market was given an inspection service. Between our department and the Department of Agriculture and the Federal Government that program went into effect and the amount necessary this year in addition to what was spent the previous years is \$24,000.00.

In the Administration Division, there is two mechanical items — costs for maintaining a Financial Information Service of \$13,500, and the amount to cover increased costs payable to the Department of Finance for voucher and payroll accounting costs of \$14,500.00. So honourable members will see that that figure comes out to \$512,000 being new and expanded items and I believe that that is very much the same figure as deals with the total increased expenditures for the department. So if the members are looking for how to get to that total figure I believe the two figures are more or less in

compliance. In any event those are the new and expanded figures.

I think, Mr. Chairman, that that deals briefly with the overview of the Estimates. To recapitulate, very much the same in terms of expenditures, emphasis on Water Management paid for at the expense of the rises in the Budget less what we have been able to recoup as a result of non-recurring programs and other budgetary reductions, and some new and expanded activities of a minor nature which are added to the regular ongoing program of the department which have been reported from year to year.

Mr. Chairman, I believe that the main responsibility of the administration at this point is to provide to honourable members the ongoing results of the major changes that have been made in our program and these relate to the department's participation in Mineral Exploration and Development. Some two years ago we announced that there would be a new program of Mineral Exploration and Development, which said essentially that the province would not seek to gain its major share of mineral resource wealth through taxation. Although we recognized taxation as a legitimate means of obtaining some mineral resource wealth, we indicated that if the people of this province are looking to try to compare their returns with the returns which are achieved by the industry itself, then they would have to take the same kind of initiative that is taken by the industry, and that they would have to both involve themselves in risk investment and active exploration and development. If they failed to do that then they could not maintain the integrity of a tax policy and we have all seen, Mr. Speaker, the fruitfulness of suggesting that you can obtain more taxes and that there is no need to proceed with the development.

I think, Mr. Speaker, that the most hypocritical — I shouldn't become provocative immediately — a hypocritical suggestion of that kind came from the former Member for Wolseley, the former Leader of the Liberal Party, who said that you don't have to do anything, all you have to do is take it from the mining company, and that if you want more money all you have to do is take it. The honourable member says that that is true and I can tell him that that policy, Mr. Speaker, Mr. Chairman, is doomed to failure, because anybody who proposes that somebody else will make it and they will take it and that there is no limit to doing that type of thing, just doesn't understand how the investment of private capital operates. Private capital is not going to involve itself in the Province of Manitoba on the basis that somebody else is going to take it whenever they want to. There has to be a tax policy which has some integrity and which permits the investment to take place on a reasonable basis and that if there is no bargaining position as between the public of the province and the industry, then inevitably what the government will have to do is do what the Liberal Party in Ottawa does, and that is not only no tax but give outright gifts and donations for the development of industry. And not only do you not take it, which is bad enough, but you find that yourself having net outlays to industry for the purpose of engaging in development. So we have based our mineral policy on a reasonable taxation and, Mr. Speaker, I say with some regret, although the regret is tempered by the satisfaction that we were right, that the taxation policy in the Province of Manitoba has done what we said it would do and not what the industry said it would do. The industry said that it would be an exorbitant tax, much higher than they had ever paid before. We said that it would tax them at the normal rate in years of normal activity, and that it would tax them at a higher rate in years of higher profit, and that is exactly what has happened because the incremental tax *vis-a-vis* the mining companies has not been paid by any other companies. And yet, Mr. Chairman, we are able to tax them twice as much as the taxes were in 1969 without any reduction in mineral activity on the part of the private sector in the Province of Manitoba. The reason, Mr. Speaker, that we have been able to do that is because we have indicated to them that the public of this province is prepared to see to it that there is a level of mineral activity in this province, that we are quite willing to have that level of activity participated in by the private sector, but that under no circumstances will we say or will we adopt a policy which says that if the private sector chooses to retire, that we will be at their mercy and that we will either have to make further concessions, or further incentives, or further other such public investments with no public participation in their industry in order to keep them engaged in mineral activity in our province. Mr. Chairman, the policy both at the taxation level and at the participating level has, in my opinion, been entirely in accordance with the program initiated by the government. The level of exploration in our province has increased, and the figures are, Mr. Chairman, an estimated \$7.5 million in 1967 to an estimated \$16 million in 1977.

I will acknowledge, Mr. Speaker, that in order to compare dollars you would have to take off the inflation so I would say that the figures are approximately the same and that the \$16 million is made up of public and private investment which is maintaining exploration on a reasonable level. This is the case, Mr. Chairman, for two reasons, one of which relates to a mere practical financing and common sense that the industry has not really seen any difficulty whatsoever in associating itself with provincial expenditures just as they would not see any difficulties in associating themselves with an investment of any other partner because the province proceeds as if they were any other partner. They make the investment for the share that they take, they make that amount of investment, and if

honourable members are going to suggest that this is public money that is going in there and that it is distinct from private money, I say I have two answers.

One is yes, that I consider this a legitimate public investment which the public will have good returns from if they are just as patient as the shareholders of Inco and Sherritt-Gordon have been. Secondly, that because the integrity of our tax policy has been preserved, the amount that we are able to get in increased revenue from taxation by virtue of having a participating policy, we have more than paid for the public investment in the exploration activity. So if you took a net balance sheet, Mr. Chairman, because we have been able to maintain the integrity of our tax position, the net public expenditure are not minus insofar as the people of this province are concerned. You know, I wish it were so what the Conservative literature said, that we are collecting seven times as much money from the mining companies. It is so, it is so. But, Mr. Chairman, it's not because our taxes are seven times higher. If we left the taxes as they were, there would be three times as much money coming from the mining companies because there would be three times as much by the previous rates. What we have done is doubled the rates, which means that, Mr. Chairman, we are probably collecting twice as much as would have been collected under the old rule provided — and I say that this is an important proviso — another government wouldn't have made that rule even less productive of royalty receipts by giving further incentives to mining companies which appears to be the solution to this problem that's advocated by the new Leader of the Opposition.

We are of the opinion, Mr. Chairman, that the mining activities in the Province of Manitoba are being maintained. The public is engaged in a participating interest and if one wished to see, Mr. Chairman, a difference in attitude — and it has nothing to do with ideology — one should only talk to the geologists who work for the Province of Manitoba who now feel that they are involved in something important and who now . . . Pardon me? — (Interjection) — well, Mr. Chairman, you know the geologists are working for the International Nickel Company. They're working for Hudson Bay Mining and Smelting Company. They work for Sherritt-Gordon and they work for the public of the Province of Manitoba. I tell the honourable member that the geologists who work for the government of the Province of Manitoba are people who stand a little straighter, hold their heads up a little higher and have a little bit more spark in their activities because they are engaged in something meaningful and they are not looked upon by their counterparts in private industry as government hacks who are merely there to regulate the activity of mining industry.

Well, the honourable member is laughing but I suggest to him — (Interjection) — yes, I suggest to him that the quality of work life for those geologists has been significantly and irreversibly, in my opinion, improved by virtue of the work that they are now doing in engaging in the guts activity of trying to create wealth in the Province of Manitoba for the people of this province. If you think, Mr. Chairman, that a geologist doesn't have as much incentive trying to create wealth for the people of this province as he has in trying to create wealth for the International Nickel Co Chairman, any then, Mr. it's with some regret that I say, that in my opinion you do not understand human nature. There are people who will feel this way and there are people who will work to those ends with no less incentive, no less dedication, no less initiative and no less energy than people who are working for the Hudson Bay Mining and Smelting Corporation. If that's a problem for my honourable friends or something that they just will not stomach, then let me concede that in the Province of Manitoba there are differing ideologies, differing beliefs as to the basic nature of human beings and their desirability to fulfil themselves and that's what makes for an opposition and a government and that's what makes for the type of debate that we are engaged in.

It is a fact, Mr. Chairman, that the province is now engaged in meaningful exploration and development for that reason — and I indicated that there were two — one is that it makes completely good financial sense for mining companies in the Province of Manitoba to look for mines alongside of a partner who is willing to invest alongside with them the risk capital that is necessary for such discoveries, that is one reason that makes practical sense, but the other reason, Mr. Chairman, is much more compelling.

The other reason is that there are interesting things to look for in the Province of Manitoba. As a result of the Federal-Provincial program, which did the mapping in western Manitoba *vis-a-vis* uranium, the uranium showings were opened up to private industry and, Mr. Chairman, in a very short period of time, regardless of the ideology of the government or the ideology of the Minister, all of these things were submerged to the ideology of the uranium, and immediately claims were filed over that area dealing with the entire area. There are some significant things happening with regard to those claims and Mr. Chairman, those who like to suggest that we are dealing with fly-by-nights that the majors have not been involved, let me give some indication of the fly-by-nights for those who are interested in that kind of information. We have to put the caveat to my honourable friends that it is not my major concern, but for those who do feel that there has to be some significant private sector involvement, their concerns are also satisfied.

Here are the fly-by-nights: Shell Canada Resources Limited, Granges Exploration AB, Dennison Mines Limited, McIntyre Mines Limited, Gulf Minerals Canada Limited, United Siscoe Mines Limited

and Urangesellschaft Canada Limited Mr. Chairman, all of these are significant mining operations in the Province of Manitoba. For some reason, some people wish to put their feet in their mouth and suggest that things are happening which are not so. I have not, Mr. Chairman, because I think it's counter-productive to do so, I have not tried to counter every type of ridiculous statement that has been made. There have been statements made that Sherritt-Gordon has decided to do all its exploration in Ontario and that established companies — this is a statement which appeared in one of our illustrious newspapers, written by one of our illustrious columnists whose name I will not even mention — " Sherritt-Gordon has decided to do all its exploration in Ontario and the established companies have been exploring and developing only those claims which are dated prior to and thus exempt from regulations. " Now, Mr. Chairman, Sherritt-Gordon Mines have staked more than 20 new claim blocks in the Province of Manitoba covering 7,000 acres. Hudson Bay Exploration and Development Co blocks any during the last year staked 15 new claim and submitted 10 exploration programs , and significant activities are also taking place with regard to those companies that I have mentioned.

Now, Mr. Chairman, I don't say that this is because the government is loved by the Hudson Bay Mining and Smelting Company. I rather think that the government is resented by the Hudson Bay Mining and Smelting Coany. But these mining coanies are dealing with governments all over the world and you know they deal with governments where far worse things have happened, which have much less stable forms of political institution than the Province of Manitoba. The determination of their development in this case, Mr. Chairman, is based on the fact that we have a stable taxation policy, a stable exploration and development policy and there are some interesting things and that means more than anything else.

The Honourable Member for Lakeside will have to concede that the Nickel Exploration and Development that took place in 1957 and 1958 was not for love of the Liberal Party of the Province of Manitoba, it was for the love of nickel in the Province of Manitoba. . . . Pardon me? — (Interjection)— I'm sorry I can't hear my honourable friend. The fact is that I don't think that anybody would acknowledge that more than the Honourable D.L. Campbell whose assessment in this connection I would be entirely in accord with.

In any event, Mr. Chairman, this is the basis of the programs that we are now engaged in. The companies that we are dealing with are respected co mineral anies in the industry. The amount of exploration activity that we are engaged in is equivalent to that which has always been engaged in in the Province of Manitoba, if not somewhat better. One of the things that is of benefit to us, Mr. Chairman, is that we now know how much there is being engaged in. We know where it is being engaged in and we are involved in the knowledge and information of what is happening in the Province of Manitoba whereby in previous years all we could do was deal with Estimates because the public was not directly involved in participating in the exploration.

Now I've heard, Mr. Chairman, that kind of silly statement and I suppose I have to deal with some of the silly statements. "That the laws of Manitoba permit us to buy into any potential development at the opportune moment when things look good," it was suggested by one columnist. "That we have a program which permits us to buy into any potential development at the opportune moment when things look good." Now, Mr. Chairman, I would ask the person who made that statement to produce one mining company who would acknowledge that to be correct . It has never been said by any mining company because it is completely false. The regulations that we developed, Mr. Chairman, were developed after a long consultation with the industry. They never ever said that they agreed with what we were doing and we never expected them to say so. But they did say that if you are going to do it, these are the kind of regulations that we could live with and the regulations as they now stand, Mr. Chairman, are not objected to on that basis at all. They are objected to on one basis and one basis only, that the industry says, "We would prefer it if you were not involved," but they acknowledged that if we do not go in at the very beginning, we are precluded from going in. We have to go in at the absolute outset of the development program and if we are not a participant at the first step, we cannot be a participant at the second step unless they want us to. And, Mr. Chairman, wonder of all wonders, there are some who have wanted us to come in at the second step because they wanted partnership capital at that step even though there may be some past value in their development. But some have asked us to come in on the second step.

What is even more significant, Mr. Chairman, is that the real situation is that it is the public that takes the first risk step, and that it is the companies and the industry who come in when things look good. What is the process of development in our province? It's the aeromagnetic surveys which are done publicly, which were done under a socialist government and which were done a under a Conservative government, that millions of dollars was spent air-mapping anomalies in the Province of Manitoba, that that was spent publicly, that it was not participated in by the private companies, that the maps are opened up and when things look good, the private company filed for exploration programs. And that's what they do today, Mr. Chairman. The only thing is that there is an option on the part of the Provincial Government, the people of this province who have made the initial

investment of risk capital to participate further.

Mr. Chairman, what has been the result of this program to date? I can indicate to the honourable members that the Manitoba Mineral Resources will be appearing before the Committee tonight, that they will receive a report on that phase of the mineral exploration. There have been no viable mines discovered by that corporation at present, but they have found several mineralized zones, they have proceeded normally, they have proceeded with the same results, Mr. Speaker, that have been received by many private mineral exploration companies in the past. And with regard to the new regulations, honourable members will have had indicated to them that several people feel that they are on the threshold of doing something. I, Mr. Chairman, have not been either pursuing or embellishing these particular announcements because I think that it is not wise to do so. I have seen it done so often in the private sector for the purpose of selling penny stocks; we have no intention of doing so. When there is something developed and when there is something concrete to announce, it will be announced.

What I can tell the honourable member is that either his intuition — the Honourable Member for Lakeside — either his intuition or his information, or both are faulty. He is of the opinion, and appears to be willing to say so, that we have discovered a major mine in the Province of Manitoba and that we do not have the money to develop it. Mr. Chairman, I know of no such major mine and furthermore, if there was one I can absolutely tell the honourable member that we would have no difficulty in acquiring the capital funds to develop it. We have not sought capital funds to develop a major mine in the Province of Manitoba and found that the money was not there.

If the honourable member wishes to pursue that rumour that we have a major mine and don't wish to develop it, I can tell him that I am not going to raise the hopes of the people of the Province of Manitoba to that extent, but I can tell them that if a major mine was found, there would absolutely no difficulty in obtaining the capital to develop it, that at that stage there is capital. It is at the stage of exploration when you know that you are going to be drilling holes or doing other surveying work without finding any money, that capital is a difficult proposition. If there is a major mine, Mr. Speaker, there will be no difficulty in pursuing it.

I can tell honourable members that there are certainly strings developing from this program which are interesting enough to involve major additional expenditures for proving out, and this I can only say from intuition, and the honourable member can say that I am wrong, that patience on the part of this Legislature, patience on the part of the people of the Province of Manitoba, a continuation of this policy will more than amply return, in future development returns, the kind of expenditures which are now being invested by the public of this province in our mineral resource developments.

So, two things to report, Mr. Speaker. The taxation program has operated as we said it would; the mineral exploration and development program is operating as we undertook to the people of the Province of Manitoba that it would operate, that the level of exploration is going to be maintained, that that will be maintained either through a mixed private-public development and that if there is a private slack, that the Province of Manitoba will make up the balance. For those who are holding their breath and worried that the private sector is the one that is absolutely necessary, I can tell them that their share of the development is being picked up, it's being picked up by all kinds of companies and if they are very interested in the majors being involved, then I can tell them that the majors are involved.

There have been, Mr. Chairman, some attempts to try to link our existing program with certain problems that have been associated in the Province of Manitoba. Some have suggested that there have been four mines closed in the Province of Manitoba.

Mr. Chairman, what is there in this type of statement? Is there someone suggesting that if it wasn't for the Provincial Government program, the Manibridge Mine would have gone longer than it went because it was projected / as a seven-year mine and it lasted seven years. That the Dumbarton Mine was running out of reserves and it ran out of reserves. The Farley Mine was closed by Sherritt not because of taxes and they said so, not because of any mineral programs but that there was no viable ore to go after. If that is not the case, can the honourable members tell me why the mine in Sherridon closed under a Liberal government? Because there is no ore and the mine in Bissett closed under a Conservative government.

If members would wish to make something out of that kind of statistics, they will have to yield the other side; look at all the mines that opened under this administration. The Tantalum Mining Corporation opened under this administration. And wouldn't it be silly of me to make a point of that for this government because it was found under the previous administration. The Dumbarton Mines opened in 1969, it closed in 1976. The Fox Mine opened in 1970, the Anderson Mine by Hudson Bay Mining opened in 1970, the Big Stone Copper Mines opened in 1970, the Pipe Open Pit Mine opened in 1970, the Manibridge Mine opened in 1971, the Ghost Mine of Hudson Bay Mining and Smelting opened in 1972, the White Lake Mine opened in 1972 — that's Hudson Bay Mining and Smelting — and the Ruttan Mine, opened by Sherritt-Gordon Mines, opened in 1973, the Centennial Mine of Hudson Bay Mining and Smelting Company, Ltd. is scheduled to open in 1977 and the West Star

Mine of Hudson Bay Mining and Smelting Company, Ltd., is scheduled to open in 1977.

What would honourable members think of me if I said, "Look at all of the mines that have opened under our administration." They would say, "Such a fluffy, non-meaningful statement." But, Mr. Chairman, the opposite statements have great meanings to them, that there are four mines that closed in the Province of Manitoba. As if somebody is going to continue to mine the mine at Manibridge because the Member for Fort Rouge was the Premier of the province — even though there was dirt and no copper, they would continue to mine because they love the Member for Fort Rouge. How silly can we be in that kind of a situation? Well all of those mines, Mr. Chairman, , opened during this administration.

There is the equivalent exploration activity in the Province of Manitoba under our new mining policy. There is additional taxation to this province and the maintenance of that taxation program is continued on the basis that this government has not signed a declaration of dependence upon the mining company. As a matter of fact, Mr. Chairman, the continuance of that money and the continuance of our activity has been a direct result of our signing a declaration of independence on the part of these people of this province insofar as the development of the resources of this province are concerned.

So that is my report, Mr. Chairman, on the thrust that this government has taken with regard to the mining industry. I can be a little bit more definitive, in 1967 the total exploration estimate is \$7.5 million; in 1968, \$8.5 million; 1969, \$11.4 million; 1970, \$14.5 million; 1971, \$13.5 million; 1972, \$8.4 million; 1973, \$8.8 million; 1974, \$10.4 million; 1975, \$8.9 million; 1976, \$10.8 million; and 1977, \$13.5 million. So honourable members can see that in the last two years the level of activity has been the same. The level of production, Mr. Chairman, volumetric production has dropped slightly, but has gone up certainly a lot since 1967. If we look at mineral production — and these figures are interesting — mineral production in 1967 was 184 million 654 dollars roughly. In 1976 it's 479 million 299 dollars. The interesting thing, Mr. Chairman, is that in 1967 \$3 million, \$3.5 million was taken in royalties. In 1976 16 million 890 taken in royalties, or a difference of between 1.9 to 3.5 percent, and I acknowledge, Mr. Chairman, that we have not done 7 times, although I'd like to live up to the boast for this government that's contained in the Tory literature that we are taking seven times as much money from the mining companies because that's not going to lose us anything. If I could only say it was true, but like everything else in the Tory literature, it's not true, it's only twice as much. The seven times really relates to increased value and the Tory taxes, if they had maintained the same taxes and maybe they're saying that they wouldn't have, that they would have reduced them, would have recovered about half that figure.

If you look at the volumetric figures for copper, in '67 59 million — I think I'm talking about pounds, yes — 59 million, 1976 124 million. That's volume so we're not now dealing in dollars. That's absolute figures. It has gone down from 1975 where it was a 142 million and I would think that that's largely due to the reduced production at Sherritt.

The nickel, Mr. Chairman, was 109 million in 1967; 112 million in 1976. It was 139 million in 1975, so the reduced production would be down, Mr. Chairman' because of Soap Lake and other of Inco's works operating on less production because of nickel prices essentially.

Zinc was 72 million in 1967 and 136 million in 1976, over double the figures of 1967.

Petroleum — oh it has gone down from 1975 from 141 million, that's only a slight decrease. Mr. Chairman, the big decreases are not in the poundage, the big decreases are in the value but that has nothing to do with production. That has to do with the prices that are being paid for nickel and copper. And if one looks at the price of copper several years ago with half the poundage you would have the same volume because the price of copper has dropped so much. I may not be exactly right but the principle of what I'm saying is correct. Petroleum has gone down, Mr. Chairman, because there have been less producing wells. We had 5.5 million barrels, 5,500,000 barrels approximately in '67 and 3.9 million barrels or 4 million barrels in 1976.

I don't think that my honourable friends opposite will deny that they look upon the barrels of oil in the Province of Manitoba as a reducing figure. It probably is a reducing figure in the Province of Alberta and the Province of Saskatchewan as well. It is after all an exhaustible resource. But we do not have a counterpart to the Athabasca Tar Sands in the Province of Manitoba to have a new supply of oil. The Government of Alberta is blessed with having accidentally occupied that part of the earth that had that commodity. — (Interjection) — Well, Mr. Chairman, the honourable member says it's because its a good Conservative Party, and I would say that to the extent that we are blessed with nickel, which they don't have in the Province of Alberta, it's because there is a good New Democratic Party in the Province of Manitoba, even though we weren't here when it was discovered.

I don't know, Mr. Chairman, whether I gave the relative figures of exploration but they are here: 1967, \$7.5 million (that's estimated); '73, \$8.4 million; '76, \$10.8 million; '77, \$16 million. The average over the last ten years has been approximately \$10 million.

Now there is, Mr. Chairman, one feature of exploration in the Province of Manitoba which I haven't dealt with and that is, that several of the mines in the Province of Manitoba — I believe that this would

apply to Hudson Bay, Sherritt and Inco, I'm not certain of that, it certainly would apply to Inco and Sherritt — have ground dedicated to them by Order-in-Council, which has been looked on by them, and by the government, as being in a different category to other ground in the Province of Manitoba. When the Inco mine was developed, for instance, the company — and I'm reconstructing events, this is as a result of information which I've been given and I'm not certain of all of it but it sounds reasonable — the company requested that they be given, in a special way — /- that is by Order-in-Council the rights to lands around the Inco mine, in consideration of them investing the \$250-odd million, that was going to have to be expended by them for the creation of that mine. Now there's nothing magic about an Order-in-Council but I guess there's something symbolic about it. It was desired that this not be subject to the normal mining regulations of the Province of Manitoba, and our existing mining regulations require companies to demonstrate how much work they have done, that if their work is not done that the lease is forfeited. We have not extended our regulations to those Order-in-Council leases because we believe that that was an act of faith between the companies and the Province of Manitoba, and as long as there continues to be good faith on both sides, that the company is operating in the province and is continuing to explore those Order-in-Council leases in an active way, we don't think that the government should change the circumstances under which those Order-in-Council leases were given at that time. One second, Mr. Chairman, therefore the regulations that we have do not apply to those particular tracts of land.

In other respects, I wish to advise honourable members that we'll have time to discuss it more when we come to the details, that the regulations are proceeding in every way, in substance, in the way in which we expected that they would proceed and we believe to the benefit of the future of mineral exploration in our province.

MR. CHAIRMAN: The hour being 5:30 the hour of adjournment, Committee rise and report. Call in the Speaker.

The Chairman reported upon the Committee's deliberations to Mr. Speaker, and requested leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Ste. Rose that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is now adjourned and stands adjourned until 10:00 a.m. tomorrow morning.