



ISSN 0542—5492

Fourth Session — Thirty-First Legislature  
of the  
**Legislative Assembly of Manitoba**

**STANDING COMMITTEE**

**ON**

**ECONOMIC DEVELOPMENT**

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**29 Elizabeth II**

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*Published under the  
authority of  
The Honourable Harry E. Graham  
Speaker*



**THURSDAY, 29 MAY, 1980, 10:00 a.m.**

# MANITOBA LEGISLATIVE ASSEMBLY

## Thirty - First Legislature

### Members, Constituencies and Political Affiliation

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Name	Constituency	Party
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BANMAN, Hon. Robert (Bob)	La Verendrye	PC
BARROW, Tom	Flin Flon	NDP
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WILSON, Robert G.	Wolseley	PC

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**  
**Thursday, 29 May, 1980**

Time — 10:00 a.m.

**CHAIRMAN — Mr. Morris McGregor (Virden).**

**MR. CHAIRMAN:** I call the Committee to order and we're dealing with Manitoba Mineral Resources Ltd. and I'll call on the Honourable Minister for opening remarks.

**MANITOBA MINERAL RESOURCES LTD.**

**HON. ROBERT (Bob) BANMAN (La Verendrye):**

Thank you, Mr. Chairman, we have with us this morning two officers from the Manitoba Mineral Resources Ltd., Mr. Albert Koffman who is the President and Mr. Malcolm Wright who is the Vice-President. I would ask Mr. Koffman to make a few opening remarks and then answer some of the questions that members of committee might have for him. If it meets with Committee's approval we would maybe undertake the same format we have done in the last number of meetings where we would go through the report, ask questions and just adopt the report when there are no more questions. So if that meets with the committee's approval we would proceed along those lines. (Agreed) So I'd ask Mr. Koffman at this time.

**MR. CHAIRMAN:** Mr. Koffman, President of Manitoba Mineral Resources Ltd.

**MR. KOFFMAN:** Mr. Chairman, Mr. Minister and members of the committee. What I thought I'd do in this format was give you a brief summary of what we've done during 1978-79 fiscal year and then I'm going to update the thing so bring it up to date to the present time. So I'm just going to give you a summary momentarily and then we'll go on to any details which you may wish.

Mr. Chairman, Mr. Minister, members of the Economic Development Committee, the report before you, I think everybody has a report now, is the Annual Report of Manitoba Mineral Resources Ltd. for the fiscal year 1978-79 and it's about a year old. We will summarize our activities for the fiscal year and update the company's activities for the year 1979-80 where possible.

No ore bodies were found during the year but further exploration drilling on the McClarty Lake Project, known as the Sylvia Zone, where two parallel plunging zones of better grade material have indicated 875,000 tons grading 2.3 percent copper and 0.7 percent zinc, to a 1,600 foot level and are open at depth. These zones are within a massive sulphide zone containing 4.3 million short tons grading 0.97 percent and 1.5 percent zinc. As reported last year, Hudson Bay Mining and Smelter Company re-entered the joint venture and has now spent 1,225,000 to get its 60-odd percent interest in the project. Further exploration will be done in 1980-81.

Now maybe I would just pass this around gentlemen and this gives you what I'm talking about. I could stop right here and tell you we have spent our grant totalling 738,000 which includes 100,000 undrawn balance from previous years, I could say just let's quit and adjourn the meeting, but that's not the nature of the exploration business or the purpose of the company.

What is the present purpose of Manitoba Mineral Resources Limited? They are as follows: (1) To bring risk capital into Manitoba by initiating mineral exploration projects that will attract participation by the private sector. (2) To manage the province's interest in the mandatory participation agreements made pursuant to Manitoba regulations 328/74 and previously entered into by the Department of Mines and Resources.

We are really doing two things. All those various pins you see are the projects that the province previously entered into and we're managing those various projects.

**MR. EVANS:** Which color were you talking about, Mr. Koffman?

**MR. KOFFMAN:** All the pins.

**MR. EVANS:** Regardless of the color?

**MR. KOFFMAN:** Regardless of the color. I think I showed it to you last year.

Now I bring up the company exploration projects. I think you can see the various colors there, yellow and red and so on.

During the year as shown on the map or on the overleaf of your report, which is right in front of you — just the overleaf on the second page there, this is done in color here — the company was active on 17 projects, 13 were joint venture with the private sector and four were carried alone by the company. The company has formed a joint venture with HBMS on one of the four projects that we carried alone and we have completed exploration on three alone. That's number 12, 16, and 17, in that area there, but you can see this in your little map there.

On the large map, as I said here, we have shown the various exploration areas past and present. You will note that our joint venture projects in 1970-79 were with the following companies: Home Oil, Selection Trust, Noranda, Esso Resources, Granges, Sweden, Hudson Bay, Hudson Bay Mining and Shell Oil. Further work on the Eldon Lake projects, that's project number three on your map, that we had with Granges did not confirm a viable project but further exploration is planned in 1980-81. The company participated in 1,547,000 of mineral exploration at a net cost to it of 732,682 in 1978-79, which is a leverage of better than one to one. Bringing it to update during the year 1979-80, the following companies were added to the joint venture participants, Rio Tinto and AM&S Canada, Australia Mining and Smelting. The company's budget for

1979-80 of 610,000, all of which is joint ventured with the private sector.

Now I'll just mention the oil exploration. The company has an interest in five producing wells with Berry Petroleum and three producing wells with Copperhead Oil in the Pierson area. The net income for the year was about 12,000. These wells are presently producing at near break even point.

Now I'll turn to the mandatory participation. The company manages the province's interest in mandatory participation agreements previously entered into by the Department of Mines, pursuant to Regulation 328/74. The budget for the present fiscal year is 2.5 million, the present fiscal year we're talking about, that is — this is a 78-79 report.

On the map shown on the wall there and in your book — no, on the wall only — the mandatory producing agreement as of March 31, 1979, the status of agreements are as follows: there are 14 active agreements; we have suspended 31; we have declined participation in 30 of the agreements; we have terminated four; for a total of 79 agreements. Updating the mandatory participation agreement to the present, 18 agreements were active in 1979-80, as follows: One with Falconbridge Nickel; one with Granges; ten with Hudson Bay Mining and six with Sherritt-Gordon.

On April 30, 1980, the Mines Minister, Donald Craik announced that Manitoba Mineral Resources, Hudson Bay Mining and Smelting and Granges Exploration, representing the Scandinavian Mineral Syndicate and Athapapuskow have signed a memorandum of intent to develop, by way of joint venture, an ore body five miles northeast of Flin Flon. Manitoba Mineral Resources will have a 20 percent interest in the joint venture; Granges Sweden will have a 29 percent interest in the joint venture, and Hudson Bay Mining and Smelting Company will have a 44 percent interest in the project and will be the operator.

The province held a deluding interest by virtue of an expenditure of 63,426,000 in six claims containing minor uranium mineralization in this area, the northwest part of the province.

Under Agreement No. 58, with Mid-North Uranium Mines Limited. Mid-North was the sole owner of Permit No. 29 surrounding the six claim blocks. Esso Minerals of Canada is launching a uranium exploration program in the area and an agreement has been reached which provides Esso with the option of acquiring a 60 percent interest in the claim blocks and the permit following option payments totalling 150,000, and a 5 million exploration program spread over five years. In return for being a party to the option on the six claim blocks, the province has now a 10 percent interest in both the claim blocks and the permit surrounding the area during the currency of the option agreement, and 25 percent share in the last three option payments totalling 100,000, which would be 25,000 to the province.

The 10 percent interest is carried by Esso until 5 million is expended, after which it becomes a 10 percent working interest, convertible at Manitoba Mineral's option to 5 percent net profits interest.

Now, the financial mandatory participation agreement, if you turn to page 9 in your book — the book is not numbered — the company was

authorized to spend 2.5 million during the fiscal year on projects covered by mandatory participation agreements. During the year the company drew down 240,000 leaving a balance of 2,260,000 of capital authority that expired on March 31st. An additional 65,000 was raised by the company through the sale of interests in two agreements.

We actually sold two agreements, No. 48 at Dome area in this area, the Bissett area, and we sold another interest in project . . . We sold that to St. Joseph Minerals for 50,000 and retained an 8.27 percent interest in it. I'm sorry, I made an error, in the Trout Lake project I mentioned, it was 27 percent interest we retained, not 20. I misquoted. I think that gives the general outline of the work we have done during the years and updated it to the present time. If there are any questions I will be glad to answer. If I am not able to answer in detail, our vice-president and general manager, Mr. C. Malcolm Wright, is with me. He would be able to add to it.

**MR. CHAIRMAN:** Thank you, Mr. Koffman. The Member for Brandon East.

**MR. EVANS:** Thank you, Mr. Chairman. I thank Mr. Koffman for the report and his comments. You have been involved, I guess, with the company since its inception, Mr. Koffman, and as you've told us on other occasions and I think even suggested this morning, it's the sort of a business you have to have faith in. It's the long run that you have to look at. Based on your experience with this corporation, are you satisfied with the degree of success that you had and with the organization of your program and are you hopeful that we're on the right track?

**MR. CHAIRMAN:** Mr. Koffman.

**MR. KOFFMAN:** I think the best way to answer to that: if you were in the exploration business, you are never satisfied with your progress. You are never satisfied with your results because you always hope for more, but given the financial amount of money and the financial dollars put in the project, I think we've done reasonably well. We hope we will do better in the future.

**MR. EVANS:** The policy has been changed I guess — was it a year or two years ago? Mandatory exploration is no longer required, as I understand it. This was effective about two years ago, was it? Without looking at all the figures, has it caused a reduction in the amount of exploration work that Manitoba Mineral Resources is involved in?

**MR. KOFFMAN:** The answer is, when we were involved in mineral exploration, the company originally was set up as the only exploration vehicle in 1971 for the government of Manitoba. Subsequently under certain regulations the Department of Mines entered the arena of mineral exploration. The company then found itself in a position that it was competing with the Department of Mines for both finances and for projects in the private sector. The private sector also found that they didn't have to go to us, they could go to the Department of Mines. Subsequently what really happened, we were finding it difficult to get projects

together for the private sector because it was mandatory and we had to go and get projects on our own — which we were doing anyway — but because things were mandatory the people went with the Department of Mines and then the companies funding became a little more difficult. Subsequent to the passing of new regulations we are now in a position that we have no trouble finding joint-venture partners because there is no other partner for the private sector to go to. So we have no difficulty at all in joint-venting any project that we started. Does that answer your question?

**MR. EVANS:** Yes. I'd like a bit of clarification. You said that in effect the Department of Mines entered the picture and there was some competition. When did this occur? I wonder if you could explain just what role the Department of Mines play, I'm a little uncertain in this respect. Did they have money as well to expend?

**MR. KOFFMAN:** Under regulation 328/74, which was mandatory participation, the Department of Mines was voted X number of dollars — I don't know what it was — and they then went into all these various projects.

**MR. EVANS:** The Department of Mines?

**MR. KOFFMAN:** The Department of Mines did.

**MR. EVANS:** In co-operation with you?

**MR. KOFFMAN:** No, on their own, absolutely. So there was really two exploration companies, the Department of Mines and there was Manitoba Mineral Resources.

**MR. EVANS:** What year was this passed in?

**MR. KOFFMAN:** In 1974, about three years after the company was formed.

**MR. EVANS:** In 1974. I should know the answer but I don't. What was the rationale for this?

**MR. KOFFMAN:** The answer to that I don't know. Maybe I could put it quite frankly. At that time there was a new Deputy Minister and I think — I'm being quite frank about it — he says, I'm going to go into the exploration business and then he persuaded the powers that be then, that I am just as good as the other group. I think, I'm not saying yes or no, but I think that's what happened.

**MR. EVANS:** At any rate, is this method still proceeding? Is the Department of Mines still expending money in competition with Manitoba Mineral Resources?

**MR. KOFFMAN:** No, the Department of Mines does not spend any money with us at all. We are absolutely on our own. We get a funding this year of \$61,000 and we start projects. We go on our own and we then get the private sector to come in with us. This is how we're really funding it.

**MR. EVANS:** Mr. Chairman, has Mr. Koffman observed what is happening in the private

exploration field, i.e., exploration that does not involve his company? Has there been an increase or decrease or is it on the same level, the amount of exploration since the mandatory clauses were removed? Are there other factors maybe at work? In other words — maybe it's not a fair question to ask him, maybe I should ask the Minister — but what has happened in the area? I mean, is there more exploration because it's no longer mandatory?

**MR. KOFFMAN:** I really don't think I can answer that question, Mr. Evans, because we are not looking at the overall province, that's the political arena's job. We're not looking at that really, you know. I don't want to comment on that.

**MR. EVANS:** Yes, well I don't have the information, Mr. Chairman, and I will agree that there are many factors involved. I guess one of the key factors involved in level of explorations is what's happening to world prices for copper, zinc, and the other minerals that are involved. Prices are going up and the market is on the upswing and it looks to be continuing in that direction for some time and you become rather bullish about it and the companies, and everyone else interested in this area, are likely to go out and spend money on exploration. I mean, it makes sense at that point. So I would rather think that the level of exploration was very much tied to world markets. I know there has been a debate in the political arena that mandatory regulations have thwarted the degree of exploration and if you take these mandatory regulations away then you will have more in the way of exploration.

At any rate, has Manitoba Mineral Resources Limited not been involved to some extent in potash exploration in the western Manitoba area?

**MR. KOFFMAN:** No, we are not involved in that, Mr. Evans, at this point in time anyway.

**MR. EVANS:** I just looked at this map for the first time and there is some mark here for an area near Birtle and St. Lazare and I just wondered what that was — that is on your overleaf there, the map that you have — it says C, it's a circle with a . . .

**MR. KOFFMAN:** Oh, that's the oil exploration, that's oil and gas, A, B and C. A is Berry Petroleum; B is Copperhead Mine and C was CDC Oil and Gas. We were in a joint venture with them with a funding of the Department of Mines and Resources.

**MR. EVANS:** Just another question then. On the development with Granges and Hudson Bay Mining, the province now has a 20 percent interest.

**MR. KOFFMAN:** Twenty-seven, I made an error, it is 27.

**MR. EVANS:** Again we are not clear whether that's going ahead. It looks as though it is going ahead. If it does go ahead, is there any way of estimating whether that development more or less pays for the amount of expenditure and the cost involved to Manitoba Mineral Resources Limited in that area? The 27 percent, will that be owned by Manitoba Mineral Resources Limited or the Crown?

**MR. KOFFMAN:** It's owned by Manitoba Mineral Resources Limited. As the Manitoba Mineral Resources is wholly owned by the Crown, it really belongs to the Crown no matter which you cut it, it belongs to the Crown.

**MR. EVANS:** If this development proceeds then and there is revenue to be received then the revenue will go through this corporation and then eventually you will serve as a conduit, in effect.

**MR. KOFFMAN:** That's right.

**MR. EVANS:** What is the anticipation in terms of revenue?

**MR. KOFFMAN:** That is a very ticklish question. We are now in the process of negotiations with our Swedish partners and our Finnish partners, and the Hudson Bay Mining. Mr. Evans, I would like to give you the answer to that, but as soon as we are finished the negotiation process I would be glad to give it to you, but right now I . . . Do you understand? I think in business I would just like to leave it alone. Maybe I should put it this way, when we come down with the agreement and the final agreement is no good, I'll come up to anybody and say, well, Mr. Koffman did a helluva poor job, hang yourself, which I will do. I will be glad to hang myself. So I say, does that answer your question? It's to the best of my ability at this point.

**MR. EVANS:** Yes. Great.

**MR. CHAIRMAN:** The Member for Rossmere, I believe.

**MR. VIC SCHROEDER:** Thank you, Mr. Chairman.

**MR. KOFFMAN:** What's the gentleman's name?

**MR. CHAIRMAN:** Schroeder.

**MR. KOFFMAN:** How do you do, Mr. Schroeder.

**MR. SCHROEDER:** Yes, Mr. Koffman, it's Schroeder.

**MR. KOFFMAN:** Schroeder.

**MR. SCHROEDER:** To follow up on that matter up at Flin Flon, what you're saying is that the entire matter of that operation is currently under discussion and you cannot say today that in fact 27 percent of the net profit from any operation will accrue to Manitoba Mineral Resources Corporation. Is that correct?

**MR. KOFFMAN:** It will accrue to Manitoba Mineral Resource, but I don't know the amount. This is the question Mr. Evans was asking.

**MR. EVANS:** Twenty-seven percent of an unknown amount.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Mr. Koffman, wouldn't it be somewhat difficult to say before you start the

operation what exactly that amount would be? Surely that depends on what nature has put into the ground as opposed to negotiation. Could you explain the negotiations?

**MR. KOFFMAN:** We have negotiated on the basis of 3 million odd tons now proven, with a further hope that maybe we will double the tonnage. That is the basis of our negotiations.

**MR. SCHROEDER:** Does the company have a 27 percent interest in the entire ore body with which we are dealing?

**MR. KOFFMAN:** That's right, sir. You're absolutely right.

**MR. SCHROEDER:** HBM&S will be the operator of that mine. Has the agreement between you and HBM&S, as to the conditions of operation, been entered into?

**MR. KOFFMAN:** Could you just rephrase that question again, I don't know what you are asking?

**MR. SCHROEDER:** Yes, Mr. Koffman. There are various ways of conducting a venture. One would be for the three of your corporations to form one new corporation, one joint venture, which would then be carried on in the ordinary course like any other corporation. It could have an unanimous shareholders' agreement dealing with the operation of that corporation, or you could have your Swedish partner and Manitoba Minerals agreeing to allow this other partner, with whom you are partners on this lease, to operate the mine. If you do it the second way, then surely you would have an agreement between you and HBM&S as to the conditions of operation, as to exactly what money they are entitled to receive for operating the mine.

**MR. KOFFMAN:** Maybe I should clear that up for you. The memorandum provides that Hudson Bay Mining and Smelting will earn a 44 percent in the joint venture through the expenditure of 28 million, to develop the property into an operating mine. I am reading from the press release. Manitoba Mineral Resources will hold a 29 percent interest in Granges; Hudson Bay will be the operators of the mine and the oil will be treated at its constraint in Flin Flon. Further details will be announced when a formal agreement has been executed by the parties.

**MR. SCHROEDER:** Thank you, Mr. Koffman. I have heard that announcement and I have read it over myself. That announcement indicates that HBM&S will be the operator of the mine. Have you entered into an agreement with HBM&S as to the terms of that operating agreement? How much are they entitled to receive per ton of ore, or per ton of finished product?

**MR. KOFFMAN:** Oh, I see your point. Your point is, each individual party to the agreement takes their product in kind. Do you follow me? In other words, if there is a 100-ton mine, one person gets 27 percent of the product, the other gets 29 percent of the product, the other gets 44 percent of the product and each sells their product at whatever prevailing

price they can get. Do you follow me now? Each sells their own product. I tell you why this is done, this is done for multinational tax purposes. If a company was formed then Manitoba Mineral Resources would be subject to certain taxes; under a joint venture we are not. Do you understand?

**MR. SCHROEDER:** Thank you, Mr. Koffman, I understand. That makes good business sense to me. But you are going to pay HBM&S something for providing that final product to you. They are the operators of the mine. They will be receiving some money for smelting the product. Have you entered into an agreement with HBM&S?

**MR. KOFFMAN:** We are negotiating, you see. That was the memorandum. We are still negotiating but it will probably be at cost.

**MR. SCHROEDER:** Could you define cost?

**MR. KOFFMAN:** Not at this point in time, because we have a huge accounting schedule, as I say. We're working on the project now. We're negotiating and you know these negotiations maybe take six months and when that is completed, I'll be glad to meet with any of the committee and tell them what the agreement is, and if you don't like it, get rid of me. I say that again. I say it's a good agreement and I've been in the operating business now for many many years. —(Interjection)— You know, in this business of mineral exploration, or any business, 51 percent is pass. I have a better average than that, from the records.

**MR. SCHROEDER:** I think what Mr. Koffman is saying is, that it will be a good agreement because again when I asked what cost was, there are many different definitions of cost, including what is a reasonable rate of return for HBM&S to be earning on its capital equipment, which is being depreciated by putting this product through.

Could I ask Mr. Koffman whether any of the funds which the corporation is utilizing, come through the Department of Regional Economic Expansion? I ask that because I believe in 1975 or 1976 the government of Manitoba and the government of Canada entered into an agreement, pursuant to which the government of Canada provided funding to Manitoba for certain mineral exploration and I believe that original agreement expired in 1978. Has that agreement been renewed, and are you getting any funding from the feds?

**MR. KOFFMAN:** As I understand it, the funding will be done up to the 28 million, strictly by HBM&S. As far as I know, there is no DREE grants, or whatever, on this particular project.

**MR. SCHROEDER:** Mr. Chairman, again to Mr. Kaufman, is he aware of any DREE funding for mineral exploration? I ask that because I have a copy of the Department of Natural Resources report from the province of New Brunswick — this goes back to 1975 — and in that report it is indicated that a potash discovery was announced during that particular year and this drilling was part of the DREE sponsored program of industrial mineral evaluation,

etc., so it would appear that at that time, at least in the province of New Brunswick, the government of Canada was providing funding and I'm wondering whether the government of Canada is providing any funding to Manitoba or to corporations exploring in Manitoba and if not, why is it that we are not getting those funds when New Brunswick is?

**MR. BANMAN:** Mr. Chairman, maybe by way of clarification, when Mr. Koffman mentioned before, back in 1975 the Manitoba Department of Mines got into the exploration and mining business. At that time I believe that there was a five -year agreement signed by the previous government to use some DREE funds for exploration. It is my understanding, and I stand to be corrected, that the Manitoba Mineral Resources have not operated under a DREE program, but that the Department of Mines did and that particular five-year agreement has now lapsed, so that there were some funds that flowed — that question, I guess, could be asked of the Minister of Mines when his estimates are before the House — but I understand that we did have a mineral agreement for exploration. This company operates on the side. What we have done is we have tried to concentrate any activities that we have with regard to resource companies, such as MDC was involved in holding the shares of Tantalum, that has been now transferred over to Manitoba Minerals because I think the expertise is there. The same thing has happened with the properties that the Department of Mines was exploring. These people have the expertise; they have the vehicle which is being used by the government now as looking after the interests in the resource field.

So for the exact figures on the DREE thing, the Minister of Mines during his estimates I'm sure, will have that. It's my understanding and I think ending March 31, 1980, was when that five-year agreement expired.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Thank you, Mr. Chairman. Again, back to that agreement with HBM&S up at Flin Flon, could you tell me, Mr. Koffman, what were the percentages of ownership of the leases prior to HBM&S' involvement?

**MR. KOFFMAN:** The Granges Manitoba Minerals had 48.2 percent; Granges had 51.8 percent. Now under this thing, nobody puts up any money now except Hudson Bay, they've got to put it into production, but when the agreement is signed, of course.

**MR. SCHROEDER:** Just to clarify it for myself, what you're saying is that the understanding is that when the agreement is signed, and when the mine is in operation, Manitoba Minerals will receive 27 percent of the finished product to do with what you choose to do, and the other companies will do whatever they choose to do with their portion of the product.

**MR. KOFFMAN:** That's a good way to put it. That's right.

**MR. SCHROEDER:** Fine. Thank you.

**MR. CHAIRMAN:** The Member for Churchill.

**MR. JAY COWAN:** Thank you, Mr. Chairperson. To Mr. Koffman, in regard to the contract that they are now negotiating with Hudson Bay Mining and Smelting as to operating procedures, what impact will the province have in regard to the day-to-day operation of the mine, if the mine is in fact, developed?

**MR. KOFFMAN:** I would answer that question but again, we are in negotiations and we have certain positions that we don't want to divulge now. I'll talk to you privately and tell you. We are in the midst of the negotiations, I don't like to disturb our position. I think you understand.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. BANMAN:** I would just like to say to Mr. Koffman that if there are certain things that he feels will jeopardize or hurt the bargaining position or the negotiating position with regard to any of the contracts that they're entered into, I would ask him to withhold those comments if he feels they would hurt the competitive position of the company, with the understanding that whatever happens later on, will become full public knowledge. But we do not want to show our cards before anything happens.

**MR. CHAIRMAN:** The Member for Churchill.

**MR. COWAN:** I apologize for such a broad-based question to Mr. Koffman, when in fact what I wanted to do was make a bit of a statement and have gotten far too used to the procedures of this House and felt that perhaps I should break into a question first. It's a song and dance that I guess we all get used to going through.

But what I do want to say, and I believe it to be very important, is while Mr. Koffman is negotiating — and I'm certain he is an able and capable negotiator — that he does direct some of his attention to the fact that Hudson Bay Mining and Smelting now comes under federal jurisdiction, and that the Flin Flon ore body, or the Flin Flon ore area has been designated by the federal government to come under its jurisdiction. This in fact, has resulted in a number of difficulties for workers working in those operations and it extends all the way to Snow Lake. I'm certain I don't have to acquaint Mr. Koffman with the reasons for that. Perhaps for the edification of the other members of the committee, the Hudson Bay Mine runs beneath a provincial border and crosses the border from Saskatchewan to Manitoba and as a matter of fact the surface operation itself is located on both sides of the border. Many years ago it was determined that that would come under federal jurisdiction, in regard specifically to The Labour Act and The Workplace Safety and Health Act which were to follow a number of years later, that the workers would find themselves under federal jurisdiction in that regard also. The fact is, that has not worked out, in my opinion, to the benefit of the workers and in the opinion of the workers in that area also because Hudson Bay Mining and Smelting also operate at Snow Lake.

Even though that was some 100 miles and some from a provincial border, they were in fact brought under federal jurisdiction at Snow Lake also.

There have been recent court cases that have expanded the problem somewhat in regard to who is actually offering protection to the workers at those facilities and it's an increasing problem rather than a decreasing problem. I believe now we're at the point where hopefully this problem can be worked out between the active participants, the federal government, the Manitoba government and the Saskatchewan government but the fact is, we have not yet been able to reach an agreement. I would hope that the province would use its influence when negotiating this particular agreement in regard to a new mine, to ensure that the workers at those mines come under provincial jurisdiction, notwithstanding what jurisdiction the workers at other Hudson Bay Mining and Smelting operations may come under. It's very important, it will be to the benefit of the workers and I can only encourage Mr. Koffman to make that a very strong negotiating stance when he continues on with his negotiations with HBM&S. It is important to the workers. I promised them I would bring this matter forward. I'm certain the Member for Flin Flon will be speaking at some length to the province and we can only encourage any sort of negotiations that will bring those workers under provincial jurisdiction, in this case, Manitoba jurisdictions. I don't know if Mr. Koffman would wish to comment on that. I don't ask him to if he believes that it will, in any way, interfere with his negotiations but if so, I'll give him the opportunity.

**MR. KOFFMAN:** No comment.

**MR. COWAN:** I'd then like to go on to another area and ask Mr. Koffman if the company and corporation is involved in exploration activities that may be taking place in the north-west corner of the province in regard to uranium mining.

**MR. KOFFMAN:** In our joint-venture thing under the mandatory exploration thing, we were involved in quite a few uranium projects there. As I said, we have a decreasing interest in one here and we have a decreasing interest in some of the other projects. Again, seeing we are not the operators of the uranium position, I would not care to comment on the uranium position because other companies are working there and I don't want to jeopardize their position. If I say again, it's good or it's bad, I'd rather not comment on it because we, ourselves are not involved in the uranium exploration in the northern part of the area. We are a participant under the joint-venture thing probably and in certain places we are in a depleting or decreasing interest, but we don't set the policy.

**MR. COWAN:** In regard to that, the Minister of Mines has made statements in the House referring to uranium mining and exploration in that area and although the statements were not totally positive in regard to finds that could be worked in the area, they certainly could be described as encouraging. Would the province be involved in any of those finds that the Minister has already described as encouraging?

**MR. KOFFMAN:** I think I can answer that question for you. Here is the position on one of the projects. You referred to the Siscoe project, I think that is right and we talked about it in last year's report. At the beginning of 1978, the Department of Mines elected not to participate in a further exploration program in United Siscoe's holdings in the Cashmere Lake area. Expenditure by the department at that time totalled just over 1 million, it was 1,964,000, it was roughly a million dollars. Since that time, the province has been in a diluting position. Total expenditures on the project at December 31, 1979, I'm bringing you up to date, total expenditures on the project were nearly 4 million, that's 3,859,000, and the province's interest has been diluted to 28 percent. United Siscoe has not made any announcements regarding the results of its exploration work and the reason they haven't done that according to the terms of our agreement, or the province's agreement with them, we are not entitled to the information because we are in a diluted position. Does that answer your question, sir?

**MR. COWAN:** It does, although I'm not certain that I am satisfied with what has happened. I think it's a fairly accurate representation of the events as they unfolded. I'd like to go back to the report and on the first page, across from the overleaf of the map of the province, there were three objectives that were outlined as objectives of the company and I believe, Mr. Koffman, you talked about two of them, the first two, in your speech. The last one, No. 3, is to Employ and train personnel resident in the province in all aspects of mining exploration, and I'd ask you if you could expand upon that particular objective. Is it being met? And what activities has the company undertaken, or the corporation undertaken in regard to meeting that particular objective?

**MR. KOFFMAN:** The No. 3. We're still doing that but our main purpose is the first two, but we're still trying to employ as many native people from the area as we can because they're there already, we don't have to transport them there, but quite frankly we've found it very very difficult to get them to do the work. It was very difficult. What we have done now, we've employed quite a few contractors in the area to do exploration, the work, like line cutting, and sometimes it's too physical but we do that ourselves. But it's very difficult for us to get people to work. We've tried. During the last winter we did employ quite a few northerners, some were in Winnipeg, some were in the area, but we do try to employ the person and people who are in the exploration business or go on to universities. We do try to employ Manitobans first, and if we can't get them, then we employ others.

**MR. COWAN:** Thank you, Mr. Chairperson. I would ask Mr. Koffman to expand upon that answer a bit and I'd appreciate some percentage terms as to the number of persons who are native to northern Manitoba that are being employed, and in comparison, specifically to the number of persons not native to northern Manitoba that are being employed in that area, and I'd also appreciate any information that Mr. Koffman can provide in regard to how the corporation sets up support services for

people native to northern Manitoba, so that they can be more closely integrated into the company. The reason I bring that matter forward is, we have found and when I say we, I speak of us as a society, have found that when dealing with employment opportunities for native northerners, we have found that there is a cultural problem that has to be overcome. It is not a problem of our making. It is not a problem germane to any jurisdiction. It is a cultural problem that many times results in difficulties that Mr. Koffman has just expressed and the mining companies have to a certain extent — and I don't believe that companies themselves have directed enough of their energies to solving this problem — but they have made attempts from time to time and the province has from time to time made attempts to deal with this particular problem. I believe that the corporation as an enlightened employer, and I would hope that being a Crown employer it would be an enlightened employer, must set an example and must provide an illustration to the private sector in regard to the employment of persons indigent and native to northern Manitoba. So I would ask him to expand upon the activities, what they are doing and what sort of support services they're putting in place and how many persons now as a percentage, native to northern Manitoba, are employed by the corporation in exploration activities

**MR. CHAIRMAN:** Mr. Koffman.

**MR. KOFFMAN:** The company now has a total staff of nine, which includes the president, the vice-president, and secretary, the whole works and field and most of our work like diamond drilling and lime cutting are done by contractors. We hire contractors to do the job so we'll know what it will cost us. We don't want to put a fellow on by the hour. We are a company the same as anybody else and we have to know what our costs are going to be. If we gave the job to somebody and you put him on by the hour instead of by the mile, so therefore we have to employ people the same as the private sector does but we do try to persuade people who are doing geophysic work for us or lime cutting work for us to employ the people in northern Manitoba, and they do this for their own personal reasons and costs. If they have to bring a man from southern Manitoba to go up north, the costs of transporting him back and forth is not conducive to good business sense. So they do try to get the people in the north if they possibly can. Does that answer your question?

**MR. COWAN:** It enlightens me as to what is happening. I am not pleased about it. I'll have to be perfectly honest with Mr. Koffman. I have some objections. No. 1, to the process of contracting out, and I don't know as if we want to go into them at this particular time but I would be more than pleased at another opportunity, perhaps when we don't take up the time of all the members of the committee, to sit and talk with Mr. Koffman about contracting out because I don't believe it always to be in the best interests of the corporation. Although it may be financially attractive, I do not believe that the balance sheet should be the ultimate factor in making certain decisions, although in other instances the balance sheet plays a very important role.

I believe this is one of the areas where we have an obligation to at times pursue the more expensive route because that more expensive route in fact, is less expensive in the long run when you take the total picture into account and when you look at the situation in total context. If you have people who are in the area who could be employed in the area that would be taken off welfare rolls or unemployment rolls, then that would be providing a service. There has to be a general cost benefit analysis done in the operation. I am not certain whether it's been done in this instance but I think if it were, you would find that, in effect, taking all into consideration that contracting out may, from time to time, be the more expensive option. I think that you might find also that from time to time even if it is a less expensive option that there are some very strong social, philisophical and moral reasons for avoiding it if possible. But we will have that conversation and I look forward to it when we don't have to take up the time of the committee.

I do want to talk though a bit about the contracting out in this respect if it is to continue. When the corporation enters into a contract with a contractor in regard to services that contractor is going to provide, it is my opinion that the corporation could put in place certain requirements to hire persons native to northern Manitoba and they could use in this instance a residency requirement which is probably the best way to do it. In other words, the person must have been a resident of the area for a set number of years, 5, 10, 15, 20, whatever you decide upon. In that way you are ensuring that those persons who want to make the north their home — and there are a great number who choose to make they north their home although it was not their native home, but have spent many years there, and there are others who were born there and live there and want to continue living there — and far too often find that those wishes are thwarted because of lack of employment opportunities. That is a case that is particularly significant in the more remote communities and we would talking about the areas where we were exploring for uranium.

Looking at the map, the community of Brochet would be close to that area, the community of Lac Brochet would be in that area, and Tadoule Lake — there's some pins on the map — that would be close to Tadoule Lake, I would believe also. When I'm speaking of close I'm speaking in northern terms where 100 miles and 150 miles is considered close, not right next door. I have had many talks with persons in those areas and I also note that there's some points on the map down in what I consider to be the southeastern portion of my constituency, the Island Lake area, and I have had even more talks with persons in that area, Garden Hill, Gods Lake Narrows, Ste. Therese Point, in regard to them wishing to opt into the exploration activities, the potential mining activities that may be going on in their areas. They see it as a way of gainful employment and above all else, they want gainful employment. Perhaps I should not say above all else because I think above all else they want to remain in their homes with their families. They then want, as a choice second to that, gainful employment. They will

stay there if there is not gainful employment but that is destructive for the whole system.

So I would ask Mr. Koffman if they have in the past, at any time, imposed such requirements upon contractors in written form, that they must in fact hire a certain percentage of persons who meet a certain residency requirement having lived in northern Manitoba for a certain period of time?

**MR. KOFFMAN:** I share your concern about northern people. I've lived there and worked there all my life and the development of a lot of the area in Manitoba, Snow Lake, and so on, I was the backbone of that. I don't know what the answer is. I really don't know what the answer is but I can tell you this, that when we hire a diamond drill contractor to go and do diamond drilling for us in a certain area, we certainly can't tell him who he should employ or who he should not employ because it's on a competitive bidding proposition. When you're dealing with up to 40 a foot for diamond drilling now a days in that area, the Island Lake area. We can't tell a man who he should or should not employ. If the province wishes to do it under legislation that's all right, but I say it's impossible for me to do it, for us as a company to do it.

**MR. COWAN:** Mr. Chairperson, I'm not suggesting that the corporation specify names or specify individuals. What I am suggesting, that the corporation set up a mechanism whereby a certain percentage of the workers will be, in fact, persons who have resided in the north for a certain period of time, who meet a residency requirement. I believe that can be done, given the tendering process, because I would imagine that when a contractor is hired they are hired through tenders. I would hope that's the procedure.

**MR. KOFFMAN:** More than that, sometimes three or four tenders.

**MR. COWAN:** Certainly and Mr. Koffman has informed me that is the case. It would be simply a matter of making, as a part of that tender, a requirement that the person bidding on that tender do hire a certain number of persons, percentage of persons who meet residency requirements and then each contractor is put in the same situation. They know that they are going to have to, in fact, hire persons from the area or persons from northern Manitoba in order to compete for this contract. That, I might add, I believe, would be beneficial in the long run to encouraging those contractors to have on staff, as permanent employees, persons native to northern Manitoba. Why is that? Well, one has to realize that even in diamond drilling there are certain skills that are developed over a certain period of time. I have worked in the mines myself, I know that some of those drills are difficult to operate at times, especially when you are hitting bad ground and that it can be very costly to have inexperienced operators on those drills. So if contractors hoping to work that area knew that they were going to have to have on their payroll a certain number of persons who meet residency requirements in the area, I would believe that they would start to develop within their own company, or their own corporation, skilled persons

who come from northern Manitoba, so that they could bid on a contract and they would know that they wouldn't have to go in and hire unskilled persons to meet that residency requirement but they would already have persons on the payroll that could meet that residency requirement and, in that way, that would encourage the long term and most productive use of persons in the area and provide them with permanent employment.

I throw that out because I believe that it is an area that we must direct our attention to. I agree with Mr. Koffman that none of us have the solutions to that sort of problem but I think that Mr. Koffman will have to agree with me that the situation, as it exists now, is not the type of situation that we, in an enlightened society, should wish to encourage to continue; that we know there are some very basic problems in northern Manitoba and that we know that many of those problems are as a result of lack of employment opportunities; and we know that far too often contractors come in from the south and hire persons from the south and bring them up with them. I believe that if Mr. Koffman would check the records, he would find out that in fact the majority of the employees of the contractors that he is hiring now to do work in that area are from areas outside of north of the 53rd. I think that would be a fact. I don't have the data before me but having watched contractors come into Lynn Lake, having watched contractors come into Leaf Rapids, I see that, for the most part, they bring up their trained staff with them, because they'll hire labourers on site, and persons to do the gopher jobs, but they still have to have their supervisors; they still have to have, if they're doing carpentry work, their trained carpenters; if they're doing construction work on a bridge they have to have their trained iron workers; they have to have their trained concrete pourers, and those people are not available in the area. Why? Because there has not been an opportunity for them to develop those skills in the area. Those persons who have developed the skills in Lynn Lake are working for the company because that's the permanent full-time employment for them.

So there is not a very mobile skilled work force in northern Manitoba, and if you were to make it a standard policy that there would have to be some form of preferential hiring and specific regard to residency requirements for contractors, I am certain that you would encourage those contractors to start to train persons that are native to northern Manitoba or have spent large amounts of time in northern Manitoba in the skills that are necessary, and they would travel from site to site with them and would provide long-term employment. I can only encourage him to look at that and to begin that process because it is a problem that we can't wait on any longer, it's a problem that is coming to a stage where we are going to have to deal with it and I believe that Mr. Koffman and the corporation can play a very vital role.

**MR. KOFFMAN:** I appreciate your problem.

**MR. COWAN:** It's not my problem, it's all of our problem.

**MR. KOFFMAN:** Our problem then.

**MR. COWAN:** Yes, I have just a few more questions and I don't want to take up too much of the time but I felt it was important to get those two points on the record. In regard to staff, Mr. Koffman has indicated that there are nine staff who are permanent staff of the corporation. Are any of those persons residing in northern Manitoba or native to northern Manitoba?

**MR. KOFFMAN:** No, Sir, they are all technical people.

**MR. COWAN:** Again, as an . . . employers vacancies becomes available, perhaps that is an area where we can start to clean up our own act a bit. I would ask Mr. Koffman then in regards to the Trout Lake find. He mentioned that there is a potential of three . . .

**MR. KOFFMAN:** That's right. Roughly 3 million.

**MR. COWAN:** Roughly 3 million tons of about 1 percent?

**MR. KOFFMAN:** Oh no.

**MR. COWAN:** Mr. Koffman, I am not particularly interested in the details in regard to the percentages of copper and zinc in the ore. What I am interested in is what dollar volume does that represent? I know that you are going to have to take into account fluctuating metal prices, I know it is going to be difficult, but I also know that HBM&S and Granges in the province would not have decided to look this closely at developing a mine if they didn't have some idea of the, at least in the near future, the potential returns, financial returns, from that development.

**MR. KOFFMAN:** Again, Mr. Cowan, the member for that area, I am finding it very difficult to give you a firm answer on what the potential value, and again, because I don't want to upset our negotiations, because I think from what we have done to date and the studies we have made, our engineers and consultants, that we have a good deal and I would rather leave it alone. I will talk to you privately, later, anytime you wish, but I think the deal is good, and I say if a deal isn't any good when you consummate it, I'll invite the Committee to can me right off the bat. I'll invite them to, and which I should be if we didn't make a good deal. Okay, Sir?

**MR. COWAN:** I certainly share Mr. Koffman's enthusiasm in his hope that the deal will be the most beneficial deal for Manitoba, and I am certain that his able skills as a negotiator will ensure that we do get a good deal out of that. Perhaps I can rephrase the question a bit differently, because I am looking for a specific statement and I believe it is a statement that Mr. Koffman can make without jeopardizing our position, or our negotiating stance in regard to the Trout Lake find, and that is, if this mine does go ahead, and given the projections now, will not the benefits, the financial benefits in specific, that are returned to the province from this one find more than, in fact, pay for all the costs that have been expended through the Corporation in regard to exploration?

**MR. KOFFMAN:** The answer to that is yes.

**MR. COWAN:** I would ask Mr. Koffman, without giving specific details again, if he could give us some idea of how much?

**MR. KOFFMAN:** No comment, no way.

**MR. COWAN:** I am not asking for a dollar figure.

**MR. KOFFMAN:** No way.

**MR. COWAN:** Mr. Koffman is saying, no way, and I am not asking him for a dollar figure, I hope he would hear me out, because the Minister jumped on me too and I think that was . . .

**MR. KOFFMAN:** No, no, I would say that to you, no way will I give you a figure. When we are finished negotiating . . .

**MR. COWAN:** No, no, hear me out, because that is not what I am asking you for. I was interrupted and I wanted to continue my question. A figure in regard to, would it be two times the amount expended, five times, ten times the amount expended, a thousand times the amount expended? Of course, Mr. Koffman knows the point I am getting at and so does the Minister, and that point is that far too often the then opposition, the now government, suggested that our participation in these sorts of programs were costing the province money, were costing the taxpayers of this province money and, in fact, they were in a short term costing each of us a certain amount of money that we had to pay through taxes. But in fact now with this one find, and there may be others, but with this one find alone and even with the reduced equity position in the find, we are not talking 50 or 48 point some percent now, we are only talking about 27 percent. Even the government having sold off that much of our equity in it, and I believe they did, I believe that is unfortunate that we didn't take the advantage of participating wholly, and by participating fully I mean participating to the percentage extent that we had when the negotiations — I am not referring to the negotiations between Mr. Koffman and the companies, but I am referring to other negotiations — took place. But even given that fact, that we have a very substantial reduced equity in this mine, it is going to more than pay for all our activities; that the benefits that are going to accrue to Manitobans in general and as individuals are substantial. And if anything I would hope that would encourage this government to participate more fully, to take the option of the 48 percent in this instance, to take the 50 percent option, or the 49 percent option. If they don't want to have to be put in the position of being the majority shareholder, let them take a 49.5 percent or 49 percent option, but take the fullest option possible in order that the benefits that return to Manitobans are the fullest benefits possible. I think that this case is a case that proves in fact that the New Democratic Party, if I can be partisan for a while, in its policies was, in fact, on the right track; that we were making the right moves; that we were proceeding with the best interests of Manitobans at heart; and that we were proceeding not only with foresight, but we were were

proceeding with optimism and we were proceeding with an encouraging attitude that, in fact, has to benefit, not only the individual Manitobans in a singular sense, in a collective sense, but also has to benefit them by encouraging other exploration activity, other mining activity in the province.

I just want to suggest that while on this side we are not satisfied with the 27 percent, we are at least somewhat encouraged to see that the government has turned its back on its historical ideology and its historical perspective and endorsed it, even in a limited way, that optimism and that hope that was shown by the previous government. We would hope that they would bring the level of activity of this Corporation back up to what it was, because, Mr. Koffman, I am certain that you know and I am certain that the members opposite know, I am certain that all Manitobans know, that given this day and age it is the proper course of action to take for the public to participate in resource development, that every enlightened jurisdiction is moving closer and closer to that, even unenlightened jurisdictions have had to admit to the appropriateness of that action, and we want to see this particular corporation play a very active role in, not only finding mineral bodies and developing mineral bodies, but providing an illustration and an example, as I mentioned earlier, to the private sector, who do have a role to play also in certain respects in mineral exploration and mineral development in mining in the province, but to provide illustration and example to them on how to build more progressive and better corporations that do in fact meet the needs of the entire society.

I know that is a rather long statement, it has been rather partisan, but I feel it was necessary to put on the record, and I look forward in years to come in discussing with Mr. Koffman, not only the limited activities we've seen in the past couple of years, but expanded use of this corporation in the best interests of all Manitobans.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** The Member for Flin Flon.

**MR. THOMAS BARROW:** Thank you, Mr. Chairman. Jay, of course, has asked a lot of questions that I maybe would have asked too, asked shorter. The understanding, of course, is that we will own 27 percent, the Granges 29, and 44, which gives us 56 percent between the two of us. This is an advantage to have the control of the mine combined against the HBM&S? This is a benefit? In what way, Albert?

**MR. KOFFMAN:** In our agreement, proposed agreement, Granges and Manitoba Minerals virtually control the mine, and I know of no other agreement in corporations where the people putting up a large amount of money really have no control.

**MR. BARROW:** But at any time Granges could sell them or whatever and the controlling interest would change from the . . .

**MR. KOFFMAN:** You can't do it without our approval.

**MR. BARROW:** You can't do it without your approval, that's good.

**MR. KOFFMAN:** In agreement 61, they can't do anything without approval and we can't do anything without their approval.

**MR. BARROW:** The story, of course, is that this mine will employ 200 men, they would be all miners, of course.

**MR. KOFFMAN:** I don't know the answer to that one. I don't know the answer to that one.

**MR. BARROW:** The ore body is 3 million tons, which is proven. You have proven 3 million tons, which warrants this mine in the first place, which warrants a mine.

**MR. KOFFMAN:** That is correct.

**MR. BARROW:** Right, but you know and I know the company would always give you a life expectancy of ore, in 1952 it was 15 years, that was the life expectancy, that was the proven ore. In strike time, of course, or bargaining time rather they would lower that to 12 and as low as 8. Of course, this was kind of a threat to get them back to work, because the mine wasn't going to go for very long, which was purely, you know, it just wasn't true. This ore body will have a life expectancy of how long?

**MR. KOFFMAN:** At the production that we estimate, 8 years, but I did say in the preamble that although we figure there will be 3 million, as a geologist I figure we will double it, but I am dreaming, you understand. It is my job, dreaming, we've got the expression in geology, you have to dream, if you don't dream you better get out of the business.

**MR. BARROW:** The ore body is so long and so wide that you will go down roughly 400 feet, that would be the depth?

**MR. KOFFMAN:** No, our present estimate is just to the 100 metre level, which is roughly a 1000 foot level.

**MR. BARROW:** 1000 foot. So when you get down to 1000 feet, of course, you will drill, explore down another 400 to 1,000 feet. This ore body may double, it may triple.

**MR. KOFFMAN:** That is what I said, it may, that's right.

**MR. BARROW:** It maybe quadruple. Is that the way it works?

**MR. KOFFMAN:** I don't know.

**MR. BARROW:** With this in mind, Mr. Koffman, don't you think it would have been more profitable to gamble on this mine for the future. You said that you believe in the north, that there is more ore in the north than will ever come out. If you didn't believe that you would sell peanuts at Portage and Main.

**MR. KOFFMAN:** That's right.

**MR. KOFFMAN:** Well have you no faith in this mine? You have no faith that this would pay off without HBM&S?

**MR. KOFFMAN:** Again, I would like to, we are in negotiations, there is certain things in negotiation procedures that I do not care to divulge at this time and I will divulge them to you privately again, what the profitability, what we think it is, but right now it is public and I have no comment on it. I can't answer that question.

**MR. BARROW:** I see that. I infer from your comments that you have some provision if this mine doubles its size, triples its size, that this will take and that will place, I imagine that is what has been done, possibly.

One thing that I am quite naive on is how do you figure profits on a mine like this, so much per ton? The province says a ton of ore will be this and you split it down, 27, 29, 44?

**MR. KOFFMAN:** We have taken our product in kind.

**MR. BARROW:** You what?

**MR. KOFFMAN:** In all our agreements, we are going to take our product in kind. We are going to take so many tons of concentrates and we are going to take so many tons of percentage and we are going to sell it as we see fit. So we take it in kind, not on net profits, but in kind, so we will decide what our profitability is.

**MR. BARROW:** You mean you stockpiled 39 percent here, 27 here, and 44 there.

**MR. KOFFMAN:** No, we take it when it comes out of the mill, we take it.

**MR. BARROW:** Another problem arises from the mill, because they are taking ore from half a dozen different mines through that same mill.

**MR. KOFFMAN:** Let me point out to you, it is impossible for me to discuss the details of this, because it itself is not worked out yet, but again, Mr. Barrow, I will tell you if it is wrong, if the agreement we made is wrong, you and the Committee can can me. I say that again, because I am not here to defend at this point, to defend our agreement. I am here to talk about the 1978-79 report and that is all. I have allowed and asked the Committee, they can ask questions up-to-date, but we are really talking about the 1978-79 thing. This is in the future, so I don't think in this hearing, that the questions put to me would be fair when I am talking something in the future. I don't think you could ask me to answer that question.

**MR. BARROW:** It certainly baffles me as to how you are going to determine profits. I would assume the Hudson Bay would have the biggest input into this type of, in this part of the agreement, and I certainly don't trust HBM&S.

That's all the questions I have, Albert. Thank for the answers, although I do think you have killed the goose that lays the golden eggs.

**MR. KOFFMAN:** Pardon?

**MR. BARROW:** I do think you've killed the goose that lays the golden eggs.

**MR. KOFFMAN:** Time will tell.

**MR. BARROW:** You won't see it, and I won't see it, but I'd like to bet you.

**MR. KOFFMAN:** I hope you're right.

**MR. CHAIRMAN:** The Member for Gladstone.

**MR. JAMES R. FERGUSON:** Yes, Mr. Koffman, I have only one question, and it's to do with the iron exploration east of Neepawa, at Twodale. Have you had any discussions or been approached by any group to become involved in that particular enterprise?

**MR. KOFFMAN:** The Neepawa iron property has been known for many years. It was originally found by a chap by the names of James Sime, who was working for the RCAF, an instructor, and he found that in flying — maybe you were in the Air Force . . .

**MR. FERGUSON:** I'm from the immediate area. I know what he's talking about.

**MR. KOFFMAN:** Oh yes. The mineralized iron is at an altitude of roughly 3,000 feet below surface. The last year's question came up again, or the same thing, and an iron deposit at 3,000 feet below the surface with the sinking of shafts and the net value of iron ore today, I don't think this will be viable or economic in our foreseeable future. There is a deposit similar to this the Saskatchewan government has bought in Nipawin and they paid quite a bit of money from a private sector fellow for it, and it's going to sit there idle because iron ore, as long as you have open pit iron ore in the world — iron ore is a national product; you get large deposits in Brazil which we have now, and large deposits in Australia — I don't see that the iron material deposit, I didn't say iron ore, iron material deposit in Neepawa will be viable for many years to come. I think you asked me that last year, did you not, Mr. Ferguson? —(Interjection)— Two or three years ago.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Thank you, Mr. Chairman. Mr. Koffman, you had indicated there were nine employees of the corporation. They're all situated in Winnipeg?

**MR. KOFFMAN:** That is right, sir.

**MR. SCHROEDER:** They're all technical people. They're all secretarial . . .

**MR. KOFFMAN:** One secretary. The secretary does the work of a secretary and an employment agency

and purchasing agency; one secretary does all that work. Our accounting is done by an outside accountant. He comes in once a month but we do our own accounting; also this one secretary does it.

**MR. SCHROEDER:** I noticed that in the year ending March 31, 1979, including benefits, the average salary was 26,700.00.

**MR. KOFFMAN:** What page is that? It doesn't look to me like that is right.

**MR. SCHROEDER:** Schedule 1.

**MR. KOFFMAN:** That isn't correct.

**MR. SCHROEDER:** Nine employees, 223,395, Salaries and Wages; 8,012 Pension; and 9,956 Other Employee Benefits. I believe, Mr. Koffman, if you divide that up, you would get . . .

**MR. KOFFMAN:** I see what you're driving at. Dr. Wright, who looks after this, could probably answer that question. Would you mind if he answered it?

**MR. WRIGHT:** That Salaries and Wages includes Salaries and Wages paid to temporary help, which is employed from time to time in jobs in the field. So that you can't simply divide it by nine and get an average salary for the permanent staff.

**MR. SCHROEDER:** So then you have people employed out in the field.

**MR. WRIGHT:** Yes.

**MR. SCHROEDER:** And what do those people do?

**MR. WRIGHT:** They assist in geophysical surveys, do a little bit of line cutting, do some staking, things like that.

**MR. SCHROEDER:** Very good. Mr. Koffman has been indicating that there all kinds of questions that are unanswerable with respect to the HBM&S agreement and I can understand that. It would seem to me that it would have been then logical that the matter not be discussed by the Minister until such time as there was an agreement, because it seems to me that what we have is an agreement to agreement to agree, providing that you can reach some other terms in the future, and what you really have is a bag of hot air coming out of the Minister's office. The fact of the matter is that if you do wind up with an agreement, you have given up, or two companies have given up 56 percent of their interest, their total interest in that mine, for 28 million. —(Interjection)— I'm sorry; 44 percent. My calculation on that is that you must have calculated that the mine, as it sat, the market value, was worth 50 million. Because that kind of a payment would work out to that. If the two of you together, the Swedish company and your company, would have received 50 million, that would have been comparable, percentage-wise, to what you have been given in development cost by HBM&S. Is that correct?

**MR. KOFFMAN:** Again, I'm very reluctant to discuss that question, but you have to bear in mind

that there is a mill already in Flin Flon; that is to build a similar mill by the two joint ventures like Granges would cost roughly about 26 million. That would be the cost of a new mill. There's a mill there already. Do you follow me? Again, I am unable to discuss it because there are so many intricacies to the problem, and I think maybe you see my position, that I am unable to discuss it further. Again, Mr. Chairman, we are talking about the 1978-79 report, and next year, when we appear before the committee, I will be glad to discuss the intricacies of the problem.

**MR. SCHROEDER:** Mr. Chairman, it seems to me that in the past at these committees we've always been allowed to discuss matters that are currently of interest, and this certainly is a matter that is of interest. And I would agree with Mr. Koffman that if you have a mill in the vicinity which can run the product through, it would make sense to use that mill. But that doesn't mean, as you are well aware, that you have to give up a percentage of your interest in the mine. You can go and contract out that particular portion of the work required with the ore. That's a possible solution to it. There may be other ways of doing it. But I'm wondering, Mr. Koffman, why it is that, what is the historical reason why we wound up with 48.2 percent and Granges with 51.8 percent?

**MR. KOFFMAN:** When the original project was signed between the Swedish syndicate and the province of Manitoba, agreement number 61 specified that it would be a 50-50 deal, with the owners, original stakers, they originally acquired the ground so they had little better than 51 percent. Do you follow me? They had a little more than 50 percent because they staked the ground. As we spent money, two people spent money, it ended up the Granges people had, what is it, 51.8 and the province had the balance. Because they had the original input. Does that answer your question, sir?

**MR. SCHROEDER:** Yes, it does.

When was that agreement between Granges and the province of Manitoba entered into, or Manitoba Minerals entered into?

**MR. KOFFMAN:** January 1, 1975.

**MR. SCHROEDER:** Could you tell me how much money this corporation, Manitoba Mineral Resources Limited, has spent in total, since its inception to March 31, 1979?

**MR. KOFFMAN:** On all exploration?

**MR. SCHROEDER:** Yes. Everything.

**MR. KOFFMAN:** We have in the book here. In the back. Exhibit A, the fourth page from the back of your report, 4,694,599.00. Exhibit A, right after the Manitoba Mineral Resources report of the Provincial Auditor's office, on the next page, overleaf there.

**MR. SCHROEDER:** Thank you, Mr. Chairman. It would appear that for less than 5 million of investment by the people of this province, we did have a 50 percent interest, or 48 percent interest for

example, in one mine at Flin Flon, that was valued at approximately 50 million, and I'll go through those figures again . . .

**MR. KOFFMAN:** I must interrupt you. That is not correct, sir. This is the money spent by Manitoba Mineral Resources Limited. The province, through their mandatory joint venture, spent also approximately 9 million on top of that. So it's really nine and roughly five, roughly 14 million.

**MR. SCHROEDER:** What the province spent, the province's portion has now been transferred over to Manitoba Mineral Resources Corporation. Is that correct?

**MR. KOFFMAN:** No, it isn't. It has not been transferred. It's probably written off, as most expenditures are written off.

**MR. SCHROEDER:** I don't think that really matters. We can say, then, for 15 million what the province has is an interest in at least 14 agreements which are active at this point in time, including this one agreement, this one particular mine for which HBM&S was prepared to pay 28 million in order to obtain a 44 percent interest. I would suggest that that indicates the great wisdom and foresight of the previous NDP government in getting involved in this entire kind of operation and I would certainly hope that it be continued in the future.

I am concerned that we are divesting ourselves of too much of these mines. We have wound up losing an entire lease out at St. Lazare to IMC, we've knocked down our percentage interest here from 48 down to 27 percent, and I would hope that our corporation tried to retain as much public involvement in our own exploration and development as possible. I believe it is important to the future of the province, I think that here is an area where we can earn income for the province and we shouldn't allow this to be going outside if it is possible to retain it here.

**MR. BANMAN:** Mr. Chairman, I don't want to leave something on the statement that the Member for Rossmere said. He indicated that this agreement, he's using the figures and sort of is tabulating what the province will get from this particular agreement, and before he mentioned that the agreement — (Interjection) — Mr. Chairman, the member said the agreement was a bunch of hot air coming out of the Minister's office. You can't have it both ways. If he feels it's a bunch of hot air, then he can't start speculating on the kind of money we have. I don't want to put Mr. Koffman on the spot. I think the Letter of Intent is signed in good faith, and the negotiations are going in good faith. I don't think that we can say that that's a bunch of hot air coming out of the Minister's office. I think the agreement is commencing well, and will be in the best interests of the people of Manitoba, with the able guidance of Mr. Koffman.

With regard to the St. Lazare potash thing, we haven't given anything away there. We own the mineral rights. We haven't given any of the mineral rights away, and I think this is maybe one of the confusing things on this. We have an option on joint

venting on the actual milling of the product, but the royalties we still maintain. We've got the holdings there. It's just a matter of us negotiating an agreement with somebody to process and mine that product. That's what we're talking about. But then we have to sell that product. And the same thing is happening there. We will retain 27 percent of the finished product, and then we will sell it on the market, or wherever you want. Maybe if the members opposite want everything melted down to about a million little bars that we get of whatever minerals we have and we distribute it to the taxpayers of Manitoba, who are the shareholders, that might be one way of dividing the 27 percent. But we will retain that and I am sure that the Manitoba Mineral Resources will then market that product to receive maximum benefit for the shareholder, who is or are the people of Manitoba. I just wanted to clarify that. I don't think it is a bunch of hot air, I think we have got an agreement here which will be, as Mr. Koffman mentioned, might take about six months to put together, but we are moving on something here, which I think the Manitoba taxpayers will benefit from.

**MR. CHAIRMAN:** The Member for Rhineland.

**MR. ARNOLD BROWN:** Thank you, Mr. Chairman. The Member for Gladstone questioned Mr. Koffman on the iron ore deposit around Gladstone. I wonder, Mr. Chairman, if Mr. Koffman knows of whether we do have any iron ore deposits anywhere within the province of Manitoba. We are not far from the Red Lake area and I understand that there is quite a rich iron ore deposit in the Baker Lake area. Have we any known deposits in Manitoba?

**MR. KOFFMAN:** Mr. Brown, we know of no iron ore deposits. I use the word iron ore; when you talk about ore it means something that you can mine at a profit. So we must take the Neepawa iron ore material — I'll use, that what it is, it is material — and we can't mine at a profit, therefore it is not ore, Sir. We know of no deposit in Manitoba that is iron material at this point in time.

**MR. BROWN:** From time to time you hear, and I don't if it has been substantiated or not, that there are rich iron ore deposits in the Baker Lake area. Have you any knowledge of these?

**MR. KOFFMAN:** I spent quite a bit of my life in that area. I know there are large coal deposits in the area; I don't know of any iron material deposits. Maybe you, Dr. Wright, know.

**MR. BROWN:** Thank you.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Thank you, Mr. Chairman. Just to respond to some of what the Minister said with respect to the potash, there is no question that the province has retained its right to a royalty. What it has not retained its right to, if the agreement is consummated, is its right to the lease itself. The lease has been given out, but what I am talking about is the entire lease of the area which had been

granted some years ago. Back in 1957, for instance, it was granted to SAM Exploration Limited and later on it was to Dunville Mines, or something like that, in the early 1960s, and later on it was granted to the Prairie Potash Company; in fact, on June 24th, 1969, which was just the day before that previous government was so deservedly defeated.

There was a new lease entered into by Order-in-Council, which the Honourable Mr. Lyon and Mr. Craik were both present. Those leases, in fact, did provide for the alienation from the Crown of the right to mine the property, and I suggest that although the Crown is now saying that they are not prepared to show us the next lease that was entered into on that property, which was about 1974, that the agreement they have now entered into, if consummated, will result in the Crown not being entitled to mine the potash on that property. What it will be possibly entitled to is a 25 percent interest in the milling rights on that property, but not the other 75 percent. It has said in so doing that one of the reason it does this is that IMC has this great expertise, both in mining and in marketing. Yet when it entered into the Letter of Intent the Minister admitted in the House that, although there is a right of first refusal by IMC to purchase the Crown's shares, there is no such right of first refusal on the part of the Crown to purchase IMC's shares in the event that IMC wishes out of the deal.

I find that to be most unfortunate, because IMC is the very company that was involved in a similar venture in New Brunswick in which case, with federal government funding, it wound up receiving a profit of some 24 million. I have a copy of their report here to the Securities Exchange Commission for 1979, and their report indicates quite proudly that there was some 24.1 million of profit earned from the New Brunswick deposits. The sale of the rights to Denison resulted in a pre-tax gain to IMC of 24 million. IMC, Canada's investment in these rights, was not material.

I refer you back again, Mr. Chairman, to the previous report from New Brunswick of 1975 from the Natural Resources Department, which indicated that the Department of Regional Economic Expansion was providing funding for exploration down there. This very same company is now involved with this government in exploration and development up at St. Lazare and we haven't protected ourselves in any way. Denison had never been involved in potash before and so it didn't have any mining expertise, it didn't have any marketing expertise, and I am somewhat concerned. I am very concerned about the way this government is husbanding our natural resources and to suggest that just because we happen to retain some royalty rights that we are protected, I suggest by far misses the point.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. BANMAN:** Mr. Chairman, the Member for Rossmere has exactly demonstrated the problem that Crown corporations and governments and business have, and that is that the normal practices, where you have a Board of Directors sitting down and hammering out a deal and it is not discussed, maybe ever discussed in the public eye later, they are protecting their shareholders and are after it.

I am going to paraphrase what the Member for Inkster has said constantly — the member hasn't been here when the Member for Inkster was involved in these things — but one of the problems we have is that our negotiations, which we are trying to bring to a fruition, are really dealt with in the public arena before all the facts are laid down. One of the problems we have, whether it be with Flyer or with McKenzie Seeds and all these things . . .

**A MEMBER:** Tantalum?

**MR. BANMAN:** No, Tantalum is a little different, because we are just a shareholder, we don't work in the day-to-day operations of that particular thing, but what has happened is that when you are dealing with this, all this information eventually has to become public. Now at what point in time to you jeopardize negotiations or hurt the negotiations? The member says the potash deal was a bad one. He really doesn't know what that is going to be yet, and all I am saying to him is that the government is dealing with these different groups, whether it be through Manitoba Mineral or whoever, to try and get the best deal for the taxpayers of the province of Manitoba. That is what we are dealing with and without getting into — I guess we sort of got into the potash; I should have stayed away from it too, because it has nothing to do with Mr. Koffman. It is the Department of Mines that is involved with that.

All I am saying to him is that is one of the difficulties we have in government-owned corporations and government companies, because you can't take the normal sort of decision-making and say then later on, either it is the red line or the black line, and hopefully Mr. Koffman and the people dealing with the other one will — and I am confident they will — make the best deal for the people of Manitoba.

Having said that, Mr. Chairman, I think that is one of the difficulties we have, dealing with public companies.

**MR. SCHROEDER:** Thank you, Mr. Chairman. I, to a large extent, agree with what the Minister has just finished saying, that there is a large amount of public involvement, sometimes too much and sometimes too early. In this particular case, I would suggest that the government ought to have not attempted to use these two agreements to agree for political purposes, but rather should have kept their mouths shut, entered into a final agreement, and then presented it to us, because that is what they are going to do eventually anyway. What they have done first of all is presented two little pictures to us, saying, hey, we are good guys, we are continuing the intelligent investment procedures developed by the New Democrats in the 1970s. If you disagree with that, let's look at what was happening in the 1960s when the Tories were in office. We are continuing that; we are going to reduce our percentage of involvement, but basically we are continuing that and we are showing you that we are doing that, because here we are going to retain 25 out of a 100 percent of the lease on the lands at St. Lazare, and we are going to retain 27 out of the 48 percent that we have up north on the iron ore mine, even though the agreement hasn't been hammered out.

Mr. Koffman's position this morning would have been a lot easier if there had been no announcement made about an agreement to agree, which is simply something that may or may not come to fruition. If there had been no announcement made, Mr. Koffman would be in a position to be able to bargain on all fronts of the agreement that he wants to get into with HBM&S, instead of on part of the fronts, because certainly one thing that is set now is the 27 percent Crown involvement. There is no room for negotiation there.

It would seem to me that if the Minister wants to criticize anyone for bringing this into the public arena, he has to criticize the Minister of Mines, who did so prematurely and purely for political motives.

**MR. BANMAN:** Mr. Chairman, I want it clearly understood I wasn't criticizing anybody. I would ask as many questions as I could if I was a member of the opposition, and did, with regard to these companies. But everytime that you do expose a certain amount of information, which under normal circumstances would be confidential between the two companies, you are exposing them and really not doing them a favour in the hard world of business. I am not blaming the members for asking questions. I would ask the same ones if I sat on the opposition and the Member for Brandon East knows we did with regards to all the companies. I am not pointing any fingers at anybody, but I am just saying that is one of the difficulties we have in our political system with regards to these companies.

The other point that the member raised with regard to the press releases coming out of the Minister's office, the member knows very well that is the other difficulty you have in this. There is no way you can sit down and keep some of these things quiet. I think that we would be foolish if we didn't think that somebody at Hudson Bay, that the Member for Flin Flon, somebody would have come to him and say, listen, do you know anything about that Trout Lake deal that the province is dealing with HBM&S and Granges? Is it true that the province is only going to retain 27 percent? I suggest to the members of the Committee that we would be here and the members opposite would be asking those particular questions whether the press release had gone out or not. I think that when you get that many partners involved and that many people involved, somewhere along the line there is a leak. We have the little joke in the democracy which says, mark that letter personal, confidential; I want everybody to read it. I suggest to you that could have happened and I think it was on the part of the government to try and keep people informed.

I would like to just at this time, on behalf of the Committee, to mention and congratulate Mr. Koffman on being the second winner of A.O. Dufresne Award of the CIM and I just would point out to the members of the Committee that Mr. Koffman is the second recipient of this award, which I believe was started back in 1978, when the first one was given out and the award recognizes Mr. Koffman's exceptional personal achievements and distinguished contributions to mining exploration in Canada. I think on behalf of the Committee we want to congratulate you for receiving that award, Sir.

**MR. KOFFMAN:** Thank you.

**MR. CHAIRMAN:** The Member for River Heights.

**MR. GARY FILMON:** Thank you, Mr. Chairman. I just wanted to indicate, too, that I totally disagree with the remarks that the Member for Rossmere has made about when it is appropriate and when it is not appropriate to give information. I think we've heard often enough, from the members on the other side of the House, criticism when the government doesn't provide information. And the only rational answer from all of the experiences that we've had is to provide what information you can at the time that's able to be provided and to say that you can't provide additional information on it. But to try and hold the whole works of it back, it explodes in your face and you have all sorts of accusations about hiding things and the member opposite is the first one to jump up from his seat and I think it's totally irrational and logically he just destroys his own argument time and time again and the record shows it. And to make simplistic comparisons about what has happened in mining in Manitoba and why certain things that were done in the sixties were not appropriate, in looking at them in terms of 1980s perspective, doesn't make sense either because the world price of minerals and metals was entirely different then and, in fact, deposits that were not economically viable to develop or to mine at that time have changed entirely. You have the situation today in 1980 where gold mines that were closed up in the sixties because it wasn't economic to mine the gold, because of the small percentage of gold in the ore, are now being reopened and mined and the same thing is happening all over the place. So what may have looked good in those days may not necessarily be good today and vice versa and it's an entirely different setup to try and put today's perspective on 1960 decisions and say that the decisions were not correct because of what's happened in 1980 is totally unreasonable. At the same time I'd like to say that the member makes simplistic comparisons all the time. He gives us the total investment of the Manitoba government, of the people of Manitoba, but he doesn't say when it was made and what the present value of that investment is. He entirely forgets about the interest costs of having that money tied up. So if you are going to make those analyses, let's make them at time when it's appropriate; let's make them at a time when the agreements are made and the mines are producing and we know what our share is. And I'll be the first one to stand up and say, fine, it's a good deal or it's a bad deal, like Mr. Koffman says. But we can't make that determination now when they're still in negotiations and that comment applies even more so to the St. Lazare thing, where we don't even have an agreement and we're in the discussion stage, and the negotiation stage and we're being criticized for something that the member doesn't even know what's happening.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Thank you, Mr. Chairman. Just to respond briefly to the remarks of the Member for River Heights. He says that it is the objective of his

department and his Minister, for whom he is playing goalie this morning, to provide, what information you can, when you are able. It is his Minister, Mr. Chairman, who refuses to provide a copy of the lease between the Prairie Potash Corporation and the government of Manitoba, a lease which has expired several years ago; a lease which I believe that the public has a right to see; a lease which, I suggest, in no way, in absolutely no way, can jeopardize current proceedings between IMC and the government of Manitoba. He is playing goalie for a Minister who is refusing to table the Letter of Intent between the government of Manitoba and IMC, even though the Minister has said in the House that all of the information contained in that Letter of Intent is already public; even though the Minister has said, in answer to a question from the Member for The Pas, that I think I ought to table it; he still has not tabled it. And he doesn't seem to understand what it is that we are getting at when we say that there has been a change in mining policy in this province since the 1960s and the change is very simply the entry of government into it; the belief that the people can do something for themselves; the self-confidence of our people that it's not only the multinationals that can become involved in our exploration and development. I would refer the members of this committee to a debate that was held in June of 1970 dealing with a Natural Resources Act. That, in fact, is the Act pursuant to which this government is able to enter into the Letters of Intent that it has entered into without consulting the Legislature. Prior to 1970 you would have had to come to the Legislature before you could enter into those Letters of Intent and I would refer you to the statements of the current Minister of Mines at that time in dealing with that Act and that is what I was getting at.

But what is wrong in principle, Mr. Speaker, is to pass an omnibus bill of this sort that approves, in principle, the general involvement of government in business which members of this side do not generally agree and with which I disagree with wholeheartedly. That's at page 3346. And again starting at the bottom of page 3346, quote, again Mr. Craik, This bill again provides approval, in principle, for the government to establish any business it so desires without reference to the Legislature or to the Manitoba Development Fund with its board of advisors but simply by Cabinet decision. For a particular Minister to decide that, for instance, that the Manitoba buffalo pins are for the use of the province, therefore the province should manufacture them and will set up an operation, and without the normal checks and balances that dictate whether a business is established, that is the checks and balances of a profit and loss statement governing decisions. I do not believe that effective decisions will normally be made that this type of action should be taken when there is a dire need for government to get into business where it should be done, where financing to get it through a critical stage is necessary and where it can finally be turned back to a local group that can carry on after the spawning period, then this is where government should become involved.

That was what I was talking about. I was talking about a very clear change of direction in terms of philosophy of government from 1970 to 1980. It is

very clear that this government has had to, has been dragged into an acceptance of the proposition that the public can become involved in the development of its own resources and the development of its own province, and that is what we are saying we are happy to see. What we are not happy to see is that the government is being dragged kicking and screaming into it, that it is not doing it joyfully and with some spirit of optimism that we can succeed and that we don't have to always continually be dropped down to 27 percent, 25 percent, instead of 50 percent or 100 percent.

**MR. CHAIRMAN:** The Member for Brandon East.

**MR. EVANS:** Well, I know, Mr. Koffman has stated many times this morning that matters under discussion, and we can't talk about values and so on, in particular, and so I'm not going to ask him any questions but I think that there is a good possibility, I am just going to make the assertion. I can be wrong, but I think there's a good possibility that this one development we're talking about this morning in some detail, which involves Granges and the Hudson Bay Mining and Smelting Company could justify all the expenditures that have taken place to date through Manitoba Mineral Resources Limited; that this one find, this one development, even though we've only got 27 percent now, and I'm not disputing the 27 percent. That one development alone can justify the expenditure of moneys that has gone through this and I would hope, as was the hope when this legislation was formulated, and I happened to be the Minister of Mines and Resources when it was in the idea stage. It was Mr. Green who brought it in because in early 1970 or at Christmas in 1969, I believe Mr. Green became Minister of Mines and Resources, but we brought in the legislation subsequently. But I think it is an excellent idea. It is one way of guaranteeing the people who ultimately own the resources get a greater share of that wealth that belongs to all of us. And that of course is the intent of the legislation. I like to think that we have an excellent agency here. We on this side would like to see a higher level of activity and a higher level of participation of Manitoba Mineral Resources Limited. That goes without saying and if and when the New Democratic Party comes back to power, I would like to think that we would bring this corporation, Manitoba Mineral Resources Limited, to a much higher level of activity because we think it's the right way to go to get a greater share of the wealth that is non-renewable, but a greater share of the wealth that can be developed for the people in Manitoba.

I don't have any further questions and I don't know whether anyone else has in the committee, but I would like to thank, Mr. Koffman personally for being with us this morning, and wish he and his staff, his assistant and his staff good luck in the future.

**MR. KOFFMAN:** Thank you, Mr. Evans.

**MR. CHAIRMAN:** If you are ready. Resolved that the Annual Report of the Manitoba Mineral Resources Limited for the year 1978-79 be adopted—pass. Committee rise.

