

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Thursday, April 6, 1967

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions  
 Reading and Receiving Petitions  
 Presenting Reports by Standing and Special Committees  
 Notices of Motion  
 Introduction of Bills

I wonder if I might direct the attention of the honourable members of the area on my right where we have some distinguished guests from North Dakota, State Representative Oscar Solberg and State Senator Grant Trenbeath of the North Dakota Legislative Assembly. On behalf of all the honourable members I welcome you here today.

We also have in the gallery some 40 students of Grade 11 standing, from the Neelin High School. These students are under the direction of Mr. MacNeil and Mr. Braun. This school is located in the constituency of the Honourable Member from Brandon. We also have 20 students of Grade 11 standing, from the Pine Falls Collegiate. These students are under the direction of Mr. Friesen and Mrs. Cook. This school is located in the constituency of the Honourable Member for Lac du Bonnet. On behalf of all the honourable members of the Legislative Assembly I welcome you all here today.

HON. DUFF ROBLIN (Premier) (Wolseley): ... I am sure the members will be concerned to know that the Honourable Member for Arthur was taken to the hospital last night and is confined there at the present time. I am happy to say that he's resting comfortably but that he will be under observation for the next little while, and I am not able to say when he will return to the Chamber. I know that all will wish him well. During his absence it would be our intention to ask the Honourable Member for Winnipeg Centre to assume his duties as Chairman in Committees.

MR. SPEAKER: Orders of the Day. The Honourable the Provincial Treasurer.

HON. GURNEY EVANS (Provincial Treasurer) (Fort Rouge): Mr. Speaker, before you proceed with the Orders I wish to lay on the table of the House Return to an Order of the House No. 15, No. 16, No. 23, No. 31, No. 39.

MR. SAMUEL USKIW (Brokenhead): Mr. Speaker, I wish to direct this question to the Honourable Minister of Agriculture. Is the Honourable Minister aware of the current developments with regard to the International Wheat Agreement, and if he is, what action is he anticipating that we might take as far as the Province of Manitoba is concerned.

HON. HARRY J. ENNS (Minister of Agriculture and Conservation) (Rockwood-Iberville): Mr. Speaker, this of course is a federal matter. It is my understanding that the conferences are proceeding very satisfactorily and that's all I have to say about it.

MR. USKIW: A subsequent question. Is the Minister aware that we may not in fact get an increase in the minimum and maximum payments, or prices rather; that in fact the negotiations now are pursuing the matter of extending the present agreement for another year?

MR. ENNS: No, Mr. Speaker, I'm not aware of that.

MR. RUSSELL PAULLEY (Leader of N.D.P.) (Radisson): Mr. Speaker, it was just an oversight on my part and I regret it very much, but when the Honourable the First Minister announced the unfortunate circumstances respecting the Deputy Leader I should have asked my honourable friend if he would extend on behalf of this group the sympathies of this group in the fact that he has had a bit of a turn, and we wish him well and a speedy recovery to the House even though we are endeavouring to get the Honourable Member for Arthur and all of his colleagues out of here as rapidly as possible. We, however, wish him personally well.

MR. ROBLIN: I wish I could take my honourable friend's statement at its literal face value, that he's trying to get us all out of here as rapidly as possible. I see little signs of that recently, but I thank him for his kind good wishes and I know the same goes for all members of the House.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. For the third time I raise the question as to when my Order for Return will be answered that was passed on January 26th with respect to the pulp and paper study.

HON. SIDNEY SPIVAK, Q.C. (Minister of Industry & Commerce) (River Heights): Mr. Speaker, the answer is "soon."

MR. JOHNSTON: Mr. Speaker, a supplementary question. Do you intend to answer this Order this Session?

MR. SPIVAK: Yes, Mr. Speaker.

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, I'd like to direct a question to the Honourable Minister of Industry and Commerce. Does he have any comment on a television report carried on the news last evening that a resident of The Pas claimed there was no activity in the offices of the Churchill Forest Products or any sign of activity in the surrounding area?

MR. LEONARD A. BARKMAN (Carillon): Mr. Speaker, we just had a wonderful speech at the Fort Garry Hotel about an hour ago or so. I was just wondering if the Honourable Minister of Industry and Commerce could possibly supply us with copies of this speech.

MR. SPIVAK: Mr. Speaker, I'm assuming the copies you want are from the guest speaker at the ... Mr. Speaker, I'll try and endeavour to get copies.

MR. SPEAKER: Orders of the Day. The Honourable the Minister of Agriculture.

MR. ENNS: Mr. Speaker, if I may just take this opportunity to announce to those members who have indicated their desire to accompany myself and others to the Brandon Winter Fair, that I have made arrangements to have the bus ready at the front of the Legislative Buildings tomorrow between 12:30 and 1:00. Sandwiches and some coffee will be provided for on the bus so that we can get an early start and hopefully get to Brandon at around 3:00 o'clock in reasonable time. I just make that announcement for the members.

MR. SPEAKER: The Honourable the Attorney-General.

HON. STERLING R. LYON, Q.C. (Attorney-General) (Fort Garry): Well, Mr. Speaker, I was presuming that we had reached the end of Orders for the Day. I'll wait for you to call that, Sir.

#### ORDERS OF THE DAY

MR. SPEAKER: Committee of the Whole House.

MR. LYON: I suggest then, if we have reached the end, that you would next call, Sir, the Committee of Supply.

MR. SPEAKER: The motion that the House resolve itself into a Committee to consider of Supply to Her Majesty.

MR. EVANS: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Urban Development and Municipal Affairs...

MR. SPEAKER: Order, please. The Honourable the Provincial Treasurer has the floor.

MR. EVANS: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Urban Development and Municipal Affairs, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried, and the House resolved itself into a Committee of Supply with the Honourable Member for Winnipeg Centre in the Chair.

#### COMMITTEE OF SUPPLY

MR. CHAIRMAN: Resolution No. 111 - passed? The motion before the Committee, that the amount of \$227,914 under Resolution No. 111, Item XVI, 8, Local Government Boundaries Commission, be reduced to \$1.00.

MR. PAULLEY: Mr. Chairman, just before you put that motion I think that it would only be proper for me, as Leader of the New Democratic Party, to restate our position in respect of the elimination of the Boundaries Commission. My colleague from Seven Oaks yesterday afternoon indicated our position at that time being that, while we may have some differences of opinion insofar as the personnel of the Committee may be concerned, we feel that the Commission can achieve a well worth job for the Province of Manitoba and the appropriation should remain in the estimates so that the consideration of the readjustment and realignment of the boundaries in Manitoba may be proceeded with.

In this connection, Mr. Chairman, I would respectfully suggest that members of the Committee dig up in the files of the library or other places, a report of a joint committee of the Province of Manitoba and the urban and municipal organizations, which was established back in 1951 and 1952. The report was tabled in the House, if I believe correctly, in 1953 in

(MR. PAULLEY cont'd).... which there were recommendations of a thorough study insofar as the local boundaries, the boundaries of municipalities in Manitoba. There was a strong recommendation of the municipal men at that particular time that we should undertake a re-organization of the boundaries of Manitoba on economic and population and other areas as well. So actually, not much has transpired since that time. The Commission at that time did recommend certain changes in the Metro area -- government complex; they did not recommend at that time, if memory serves me correctly, total amalgamation but they did suggest that those services that are of a metropolitan nature should be conducted under some metropolitan organization. However, there has been some advance, I suppose subject to a considerable amount of criticism as to what we have with Metro at the present time, but notwithstanding that, Mr. Chairman, to me the objective in setting up the Boundaries Commission was to take a look at the boundaries of the Province of Manitoba, and if this is taken out of the estimates, the appropriation is taken out of the estimates, in my opinion it would just simply mean another year's delay.

So I say in conclusion, Mr. Chairman, while we may not agree entirely with the setup and the personnel of the setup that we have at the present time, we think that the job should be proceeded with and we'll be voting against the resolution as proposed by the Honourable Member for Rhineland.

MR. JOHNSTON: Mr. Speaker, is the Minister not going to answer my questions of yesterday with respect to salaries paid and number of meetings held?

HON. THELMA FORBES (Minister of Urban Development and Municipal Affairs) (Cypress): There is a motion before the House.

MR. JOHNSTON: Well, this is concerning the motion. The motion is to strike out the amount. I'd like to know what use has been made of the amount.

MRS. FORBES: Mr. Chairman, I am prepared to answer questions that I had and I was waiting for the motion. However, there are one or two questions, if I can take them all together. The Honourable Member for Turtle Mountain had asked me if there would be an extension of time this year for municipalities to prepare their tax rolls, and we are proposing amendments to the Municipal Act which will be for you, for your consideration, and we are dealing with that subject at that time. I also have taken note of the suggestion re the school tax rebate and I can assure him that we will give consideration to it.

Now, concerning the -- I think this is the one from Portage, the Honourable Member for Portage, where he asked about the amount of \$18,000 in 8 (a), the amount being \$18,000. This is right. This is the Legal Counsel and Secretary's salary, and the other salaries of the Chairman and the Vice-Chairman were included in Administrative Salaries under 1 (b) of the first item.

I was asked about the number of meetings which the Boundaries Commission held. There were four full meetings of the Commission; there were thirteen public meetings. They met numerous delegations from both municipalities and school boards. They dealt with some 145 consolidations and/or their dissolutions outside the Interlake country. A special meeting was held with the mayors, reeves, secretary-treasurers of the municipalities of the Interlake country, and liaison meetings are held from time to time with members of the departments of the Provincial Government. I think that answers all of the questions that were before me.

MR. JOHNSTON: One of the last questions was: what recommendations have they made to you?

MRS. FORBES: I have no recommendations before me from the Boundaries Commission at the present time. The recommendations so far have been concerning schools.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Mr. Chairman, before the question is put - I don't want to delay the committee - I spoke yesterday on the question that is before us. My position has not changed. I consider that this is a most important commission, dealing with some vital matters for the Province of Manitoba. My concern is that the Commission will not have the acceptance of the people of Manitoba under its present structure. I think that the government has erred in this, that if the government had shown some indication that they were prepared to make a change I would not support the motion that is before us. The government has shown no such indication and I submit, Mr. Chairman, that to proceed in this way will prejudice the work of this Commission and will make its final report a very difficult report to accept in many areas in Manitoba because it will not be considered by those people who will have to deal with it as being an impartial report. So, while I recognize the importance of the work of this Commission, and I want to see the Boundaries Commission

(MR. MOLGAT cont'd)... working properly and doing the work in this regard, I don't believe that under the present circumstances it is so established and I intend to support the resolution, or the amendment.

MR. SAUL M. CHERNIACK, Q. C. (St. John's): Mr. Chairman, I gather from what the Honourable Minister said that the salaries or the payments or indemnities to the members of the Commission have already been passed and that this motion affects the Secretary's salary. Is that correct?

MRS. FORBES: This motion affects No. 111, \$227,914,00.

MR. JACOB M. FROESE (Rhineland): Mr. Chairman, when I introduced the motion yesterday I was very brief in my comments. I stated at that time that we had had several commissions in this province in connection with municipal affairs and we've had a Boundaries Commission before, and we've had these reports and we have them at the present time. What action do we see of them? Very, very little. And then, too, we have the Fisher Commission Report which was a report brought about because of the investigation carried out by the Union of Manitoba Municipalities and the Urban Association. We have the Thompson Report, which was a report on local government and finance. We have these reports - why another one? I can't quite see the logic in this.

Then, too, we've had a Municipal Affairs Committee that conducted hearings when was it? - two years ago. We had hearings in Brandon and Swan River and in Winnipeg, and we heard representations from many groups, especially the municipal groups, people who were conversant with municipal affairs, and what did they tell us? They didn't want any changes in their boundaries. They told us they were quite satisfied the way the municipalities were operating. Many of them had reserves on hand, and we were told time and again by these very people that they didn't want any changes and that they were very skeptic because of what had taken place on a earlier occasion when they had the division vote.

Then, too, Mr. Chairman, this item of \$227,000 would certainly go a long way towards setting up a number of people in research work. You could employ at least ten people, in my opinion, to carry on research for the next year, and we as a House here and as members of this Legislature could direct them into the type of research work that we wanted done. Why can't we do this in place of what this Commission is about to set its work on? I think we can get more information the other way and I think the money would be better spent that what we're proposing in the estimates here. I feel that we should have more of the work done by committees of this House. I have said this time and again. I'm not in favour of these commissions at all. I feel the elected representatives of this province should do the work, and we could get people who would do the research work for the members of the committee, and I feel this is the way that we should be handling our affairs. I feel too many of the reports that we get from commissions and so on, are all directed towards centralization and state control. This is what we find recommended time and again in these reports, and I just don't go with it. I don't subscribe to that thinking.

I also think that this Boundaries Commission had something to do with the vote in the referendum the way it went, because here we had a group, an unknown quantity, whose direction was going to be to change the boundaries of the school districts, of divisions, of municipalities and government - the judicial districts I think are included - and this would be the work of the Boundaries Commission after, if the vote had carried in the referendum. Me, Chairman, could we have more silence? Could we have more silence in the House?

MR. CHAIRMAN: Order, please.

MR. FROESE: What was I on now? I was on the matter of the referendum, and I think this Boundaries Commission did have an effect on the vote the way it went, because here was a body that would have power to change about the boundaries of the divisions after, if the vote had carried, after this was brought in effect and after the people had abdicated their right to a large extent under this new proposal, under the Foundation Program, where you would be taking away the control of the people at the local level and vesting it into a government finance board, a...appointed committee, appointed by the Lieutenant-Governor-in-Council over which we as members even of this Legislature have no control. And this group, this Boundaries Commission, would then have the control to change about the boundaries as they saw fit as they well liked and pleased. We've already heard time and again by various members expressing their concern that this Boundaries Commission is not an impartial group but rather is partial because of the way it is set up, the way it is constituted and with many ex-candidates or subscribers to the government philosophy, and therefore more or less would follow this

(MR. FROESE cont'd). . . . government's dictates and when they are bent on centralization that what could actually come out of this Boundaries Commission? It would be exactly the same thing. It would be more centralization, more state control. This is what I expect from this Commission and nothing else.

These are the reasons why I made this motion to reduce the amount because I feel that the money could be much better spent, and certainly we have heard from time to time by the government concerned that we as members on this side of the House do not point out to them where we could make savings, where efficiencies could be made and so on, and certainly I feel this is one of them, and therefore I support the motion that is before us.

MR. LAURENT DESJARDINS (St. Boniface): Mr. Chairman, I will be very brief. I want to speak only for a few minutes because of what has been said by the previous speaker. I personally do not agree with -- share all his views. I'm not against the Commission as such, but the reason why I will support his motion is because I feel that there's room for an independent commission, and the government while speaking about this commission always coupled the word "independent", and the speech of the Attorney-General yesterday had nothing to do with this motion at all; this is something else that we could debate at great length any time he wishes. But we are talking about an independent Commission. This is the only reason. If the Commission is not independent, I would agree with the last speaker that we do not need a commission and that the government, who is being well paid to take this responsibility, accept this responsibility, should do the work. But when they say that they will have an independent commission, we are asked to accept this and the public is asked to accept this, and this is certainly the point that we have brought in.

We have only questioned one man as far as his actions and we are not the only one. The Minister of Education himself said that he would ask for his resignation on the spot. I asked the Minister yesterday if the Minister had asked for his resignation, and he is here in this Chamber and I think that we should have this resignation immediately. This is dealing with the one man, with Mr. Posmituck. Now, as far as the other members are concerned, nobody has questioned anything they've done. We have questioned the action of the government who says we are establishing an independent commission and then proceeds to establish a commission of 14 members, five of them defeated candidates, one of them the brother of a Minister, of a member of the Cabinet, three or four at least very well-known active Conservative organizers, and when you have all the people, or practically all of the people, on a commission believing the same thing -- there is nothing wrong in an individual believing in a certain thing but when all the members are believing the same thing, are all of the same political party, well this is fine, but let's not call it an independent commission. If this is the case, the government should say, "We're too busy. We will name our people. We take the responsibility," but not an independent commission. If anything goes wrong, the government later on will say, "This was our independent commission. We had nothing to do with this. We wash our hands of the whole thing."

So therefore I certainly intend to support this motion, not because I'm against an independent commission, but I feel that it is better to have no commission at all than a very much -- a commission tinted in one colour only, a Conservative commission, and I think that it would be that.

MR. CHAIRMAN put the question and after a voice vote declared the motion lost.

MR. CHAIRMAN: 8(a)--passed...

MR. FROESE: Yeas and Nays, Mr. Chairman.

MR. CHAIRMAN: Call in the members.

MR. CLERK: (A counted standing vote was taken, the result being as follows: Yeas, 14; Nays, 39.)

MR. CHAIRMAN: The motion is lost. 8(a)--passed--

MR. T. P. HILLHOUSE, Q. C. (Selkirk): I would like to say a few words on the reason why I voted for this motion by the Honourable Member for Rhineland. My true position in this matter, Mr. Chairman, can be stated as that expressed by the member, the Honourable Member for Seven Oaks.

MR. LYON: I wonder if I might raise a point of order. I am just wondering if my honourable friend, who is quite familiar with the rules, is perhaps now engaging upon a debate which would be reflecting upon a vote which has already been passed.

MR. HILLHOUSE: No, I'm not. Well, in order to be in order, then, to make sure that I am in order, Mr. Chairman, I am going to move this motion: While concurring in this

(MR. HILLHOUSE cont'd).... expenditure, this committee regrets that the government has failed to take effective or any action against a member of the Boundaries Commission who has proven to be unfit for the impartial discharge of his duties and functions thereon."

MR. ROBLIN: Mr. Speaker, I would be glad to say a word on this amendment. Oh, I'm sorry!

MR. HILLHOUSE: In speaking on behalf of this motion that I have made, Mr. Chairman, I'm not opposed to the Boundaries Commission. As a matter of fact I agree with the Boundaries Commission. I think the appointment of that Commission was an absolute necessity and I do believe, from my personal experience with them, that they have been discharging in a very satisfactory manner the functions and the purpose for which they were constituted. I appeared before that Board at Selkirk and I can say that I had an excellent hearing, that all the delegates who appeared before that Board also received an excellent hearing. Now, in saying that, I do not condone the action of the government in appointing so many political appointees to the Commission, but that fact alone, Mr. Chairman, wouldn't influence me in supporting the resolution that I previously supported, because if I did support it on that ground alone I would be condemning individuals without a trial and without giving them an opportunity to prove themselves, but where we have an individual on that Commission who either as a fool or a knave has proven his lack of impartiality and lack of possession of these qualities that are so necessary, so essential to the proper, efficient discharge of his functions and his office, and where the government has a knowledge of that, and where that man even admits that he has by his statements disqualified himself for holding office, and that government takes no action, then I think it is time that this committee censured the government for their failure to take action, and that is the only reason why I am moving this resolution. It is a censure of the government, not of the Boundaries Commission but the government, for failing to remove this man who proved by his actions, whether as a fool or a knave I don't know, but proved that he was unfit to continue in his office.

MR. ROBLIN: I just want to say a very few brief remarks about this because I think that if the Honourable Member's statement was correct there might be some grounds for debate here, but I think his statement is not correct. He started off by saying that he didn't wish to condemn the Boundaries Commission without a trial, but it seems to me he is willing to condemn a member of the Boundaries Commission before all the evidence is in. Now, we have received so far an affidavit provided by the Honourable Member for Gladstone with respect to this whole matter, and when this was submitted by the Honourable Member for Gladstone ...

MR. DESJARDINS: The member has admitted that it was true.

MR. ROBLIN: Why don't you let me make my statement? ... and that was given to the government, and at the time it was provided to us we made it clear that we would look into this matter, and that we are doing. And we have invited the member of the Boundaries Commission concerned, Mr. Posmituck, to furnish us with his statement or his version of this affair, and I am expecting that we will receive this very soon. When we get that and any other information that we find may be pertinent to this matter, we will be in a position to form some judgment as to what should be done.

Now it is perfectly true that Mr. Posmituck has made a statement to the newspapers. Well, we've all made statements to the newspapers from time to time but I think it would be much more satisfactory if we had, in the same form perhaps as the affidavit that we received from the Honourable Member for Gladstone, some indication from him as to what his side of this story is. When we receive - and I expect it will be shortly - when we receive his side of the story we will then be in a position to judge whether further action should be taken and the matter will receive due consideration at that time. So I think in the light of that situation that I would not be inclined to vote for the resolution.

MR. DESJARDINS: It would seem that the First Minister is over-ruling one of his Ministers because if you look to Page 1233 of Hansard, on February 21st, we can quote from the Minister of Education that "if a member of this Boundaries Commission has said something to the Honourable Member Neepawa or he has overheard it, or he knows about this person, I'll be the first one to demand his resignation on the spot." Not three or four weeks after. On the spot. And this is one of the reasons why ...

MR. ROBLIN: Well I just don't think that we should do that kind of thing without giving the gentleman concerned a chance to give us his story, and that's what we are going to do.

MR. PAULLEY: Mr. Chairman, may I say a word or two in connection with the motion

(MR. PAULLEY con'td)... proposed by the Honourable Member for Selkirk. I find, and my members find, that the motion as suggested and proposed by the Honourable Member for Selkirk is quite far-reaching, and some of my members may I suggest, Mr. Chairman, questioned as to whether or not the motion by itself was in order. However, it has been under discussion and in accordance with the rules of the House having been accepted by the Chair and debated, it automatically then becomes in order for further debate in accordance with my understanding of the rules.

It does seem to us that the allegation as contained within the resolution is a little far-reaching in that it states that the government has failed to take effective or any action against a member who has proven to be unfit, and the question arises in our mind as to the proof positive of the actions of the individual. As far as I am concerned, I have read with a great deal of interest newspaper speculation, I read with a great deal of interest the statement tabled in the House by the Honourable Member for Gladstone. I might say, Mr. Chairman, that on looking at the resolution proposed by the Honourable Member for Selkirk I had started to make an amendment, or design an amendment which I feel, as do members of my group feel, that might be far more acceptable and satisfactory, and that was in reference to an enquiry into the matter. However, I must say in all fairness, Mr. Chairman, that after the First Minister made his contribution to this debate and he has given us the assurance that an enquiry is being made into the whole question as to the unfitness or otherwise of the member of the Commission, and as to whether he is a fit and proper person to continue as a member of the Commission, then it is the consensus of opinion of this group that we accept the word of the First Minister that an enquiry is taking place into this matter, and I only ask my honourable friend and the government to conclude the enquiry, or at least to conduct the enquiry as speedily as possible so that before we adjourn the House this year that we may be, in the House, in a position to know conclusively as to whether or not the party under questioning is a fit and proper person to continue on the Commission. This is the request that we make of the First Minister. We accept in good faith the statement that the First Minister has made that an enquiry is being conducted, is in the process of being conducted, and on that basis, Mr. Chairman, I think that in all fairness members of the Committee should reject the proposition of the Honourable Member for Selkirk.

MR. CHAIRMAN: Are you ready for the question?

MR. SIDNEY GREEN (Inkster): Mr. Chairman, just briefly, because I did speak on this matter yesterday, and the motion that is now before the Committee appears to be much in line with what I said. I understood the Minister for Municipal Affairs yesterday to have indicated that she was perfectly satisfied with the Boundaries Commission and its members. Perhaps, Mr. Speaker, I was mistaken in that understanding but that was my understanding, and that's why I took the position which I took on this particular matter yesterday. I had assumed that the government had washed its hands of this matter and was not doing anything further with regard to the evidence that had been presented by the Member for Gladstone. If the government is actively considering this matter and is intending to report to the House as to what the position of both sides is, then I believe and have always believed that the best evidence available should be obtained before anybody is condemned or otherwise prejudiced; and therefore, having heard from the First Minister that this matter is still under investigation, I can't bring myself to vote for a motion which condemns him before the investigation is completed.

MRS. FORBES: I am sorry if the Honourable Member had that inference in regard to my speech in support of the Boundaries Commission, but I think that the Honourable Member should remember that I very definitely stated in the House that I had the question under consideration concerning the affidavit that was placed on the table of the House and that I would be reporting in due course, and I will be reporting in due course.

MR. FROESE: Mr. Chairman, the resolution before us is more or less a two-pronged resolution because it expresses that while concurring I intend to vote for the motion although I do not concur and I have to qualify my vote in this respect. I do not concur in this vote but I have to support the motion, on the other hand, censuring the government on this matter of the Boundaries Commission, so I just want this on the record that I am qualifying my vote in this case.

MR. HILLHOUSE: Mr. Chairman, I am pleased to hear that the Honourable the First Minister states there will be an investigation, but the point that I wish to make is that the Honourable Member for Gladstone made his statement in the House on February 3rd. He said then that he could produce an affidavit. He did not produce the affidavit until after the vote,

(MR. HILLHOUSE cont'd).... the referendum vote on the single-district divisions was taken, simply because he did not want to prejudice that vote. He brought that affidavit into the House the day or so after the vote was taken. Now that would be some time after March 10th. It would be a few days after March 10th. Today is April 6th. The member of this Commission whose conduct I am complaining of, did make a statement to the press and he said he was speaking in, it was just in a jocular manner. Well my point is this, that no member of a Commission of this importance has any right to treat the duties and function of his office in such a jocular way, and that was the reason why I said that I did not know whether the man was a fool or a knave, and whichever category he belongs to he has no right to be on this Commission, and I think that what the government should have done, if they are really sincere and honest in investigation, was to place this man under suspension immediately, and I think that the government should be censured for their omissions in this particular case.

MR. ROBLIN: I think that what we should bear in mind is that one of the points which is germane - I'm not saying now that it's a decisive point - was when he made the statement. Was he a member of the Boundaries Commission or was he a private citizen? Now that has not been established satisfactorily and that's one of the points which I think that we will find out as the investigation proceeds, so I do think the House would be well advised to suspend judgment until we have these facts before us.

MR. RODNEY S. CLEMENT (Birtle-Russell): Mr. Chairman, I would ask the First Minister in honesty and sincerity, what difference does it make whether it was on the Commission or not; he has these thoughts in the back of his head. Surely this is a very weak argument.

MR. ROBLIN: If my honourable friend has never had a political thought in the back of his head from time to time I would be surprised.

MR. CLEMENT: I would suggest possibly last June any political thoughts I had were a little concern of yours the morning after the election.

MR. ROBLIN: Well, I'm managing to bear up all right though I appreciate my honourable friend's consideration.

MR. DOERN: Mr. Chairman, surely the context of a remark made by a person is to be considered. I think the statement by the Honourable Member for Selkirk that a member of a commission should speak seriously at all times makes no sense. Similarly, a member of this Legislature, I'm sure on occasion, I'm sure that some of us in this Legislature on occasion make remarks that may be facetious or said in jest, and so I think the whole question is: under what circumstances was the remark made? Was this a public statement of the man's position or was this simply a statement in a private conversation? I don't know. But all I can say is we must examine the conditions under which the statement was made, and to simply say that he made what may be a frivolous or an asinine statement - he claims that he himself was not serious when he made it - simply to examine any statement verbatim and say that he necessarily was speaking in earnest and that he should necessarily speak with great sincerity and dignity and seriousness at all times, to me is nonsensical. Let's find out what the conditions were of his statement.

MR. JOHNSTON: Mr. Chairman, I think the whole question here is whether or not one or some members of the Boundaries Commission are orientated one way politically and it will carry through into their work. Now my honourable friends opposite will probably deny this but they know that in the last election they were using it and using it quite effectively, that if you don't put in a candidate that's going to be in the government, look out! Now isn't this a fact, Mr. Chairman, that the Premier spoke in Selkirk and made reference to expansion; wouldn't it be nice to have another steel mill or another facility along this regard? And the implication was there that "if the right member is returned we'll give this consideration" and it's a known fact that many of the members were campaigning along those lines throughout the province and we have here five members on this Commission, some of them no doubt who used this approach, and if I may quote, Mr. Chairman, the ad that was used in my constituency ... --(Interjection)-- Mr. Chairman, this mentions vocational schools and the placing of vocational schools.

MR. CHAIRMAN: ... motion? I'll read the motion: While concurring in this expenditure this committee regrets that the government has failed to take effective or any action against a member of the Boundaries Commission who has proven to be unfit for the impartial discharge of his duties and functions thereof; whether or not the government has failed to take effective or any action.

MR. JOHNSTON: Mr. Chairman, before I sit down I'd like to draw attention to the



(MR. JOHNSTON cont'd). . . . Committee of an ad that was used time and again in the constituency of Portage la Prairie and it was talked about all over the province, and it was talking about whether or not the government will favour any constituency that doesn't have a government member; and I quote the ad - figure it out for yourself. "Governments build roads. . . . Governments build parks. Governments build vocational schools . . ." and it's tough to get these projects for Portage. Read between the lines. "If you're sitting with the Opposition on June 23rd, get with government. Sit with Duff Roblin and share in Manitoba's growth." -- (Interjection)-- Yes; hear, hear. They're admitting it. They're admitting it. And we have candidates of that party, five of them out of fourteen, and this is the way they were campaigning? Can you expect people to think they're going to get impartial decisions? I doubt it.

MR. ROBLIN: Mr. Speaker, I simply must decline to make myself responsible for everything that is said or written in the course of an election campaign. I'm sure if one cared to examine the record one could find observations perhaps made by other members that they would be able to -- that some of us would be able to wave around with some effect. All I can say is that whether or not the Honourable Member for Portage la Prairie sits on the government ranks or sits where he does, we will still try to give fair and equal and impartial consideration to the requirements of Portage, and I can say to my Honourable Member for Selkirk that if I can play any part in getting a steel mill for his town, the fact that he's a member will not discourage me in the slightest. I'll be working for that as hard as I know how.

MR. JOHNSTON: Mr. Speaker, the Honourable First Minister spoke twice in Portage during that campaign. Why didn't he say that then?

MR. ROBLIN: Mr. Speaker, I never saw that ad until my friend flourished it under my nose quite recently.

MR. CHAIRMAN: Are you ready for the question?

MR. DOUGLAS CAMPBELL (Lakeside): Mr. Chairman, this matter of the outstanding fairness of the government is one that I think calls for some comment in connection with this appropriation, because I want to continue the brief remarks that I made yesterday, Mr. Chairman, and yes, you bet, you can take a look at me to see whether I'm in order or not, because the fact is that we have a motion that deals with this appropriation in the estimates and the whole appropriation is before us on this amendment.

MR. CHAIRMAN: We just have the motion before us at the present time.

MR. CAMPBELL: The motion deals with the concurrence in the appropriation, Mr. Chairman. It deals with the concurrence in the appropriation as well as the latter part, and I'm dealing with the portion of the concurrence in the estimates, and I'll support my honourable friend in the motion but I, like my honourable friend from Rhineland, it's very difficult for me to concur in the appropriation that gives a large sum of money to people whom the government has appointed in this way. My honourable friend the First Minister makes a virtue here of his fairness. Is it fairness or do you think it's just a coincidence that with the exception of Dr. Lockhart, a distinguished citizen of the province, that with that exception that practically every single person on there is a partisan politician? Now is there one that isn't? Is there one? I know the most of them by name and reputation, and is this fair? This is the question. Does this constitute fairness? I'd like to -- I'd like to see a definition, a demonstration of unfairness.

This is what we're critical of. This is the reason for this discussion; not the membership of the Commission - the action of the government in appointing to such an important Commission as this, people who are acknowledgedly partisan, many more of them than are necessary. The thing that should have been done here was to get a reasonable number, five or seven or something of this number, and have the other people, the experts . . .

MR. CHAIRMAN: I believe the Honourable Member for Lakeside went over this yesterday very thoroughly, very well, and there's only about two rules for Committee of the Whole House and one is that the matter must be relevant, and the other is that it mustn't repeat what you've said before, and so I would ask the honourable member to please not repeat what he went over yesterday and if he has something additional to add, fine, but let us try and get on with the work of the Committee.

MR. CAMPBELL: It's true that I did go over it yesterday. This is quite proper, Mr. Chairman.

MR. CHAIRMAN: It's against the rules to repeat it.

MR. CAMPBELL: Yes, but it's not against the rules to answer something that's been proposed from the other side. It's not against the rules to comment on something that my

(MR. CAMPBELL cont'd).... honourable friend the First Minister has said when he raises fairness. I have a right to re-debate the matter that my honourable friends raise. This is what I'm doing. If this is an example of fairness, let's see something that would be unfair, I say. I did want to comment as well, and I suggest to you that I have the right to do so, Mr. Chairman, I want to comment on the attitude of my honourable friend the Leader of the New Democratic Party. He said this afternoon, since this debate started, that the Honourable the Member for Seven Oaks had stated his party's position on this question, which was that the one member of this Commission who had made such an unfortunate statement should be proceeded against. I think ...

MR. PAULLEY: ... Mr. Chairman, I said no such thing. My honourable friend the Member for Lakeside is taking out of context what I said. I said in reference to the continuation of the work of the Boundaries Commission. That was the point that I raised, that my colleague from Seven Oaks said that it was important to continue the work of the Boundaries Commission and that was the point that I raised when dealing with the motion as proposed by the Honourable Member for Rhineland, and not in reference to any particular member of the Commission. My colleague from Seven Oaks did mention yesterday -- make reference to the composition and the personnel of the Commission, but I --(Interjection)-- on a point of privilege. I have the floor. I have the floor, Mr. Chairman.

MR. CHAIRMAN: Order. Order!

MR. CAMPBELL: I'm asking you, Mr. Chairman, is this a matter of privilege?

MR. PAULLEY: Yes, it is a matter of privilege.

MR. CAMPBELL: I am asking the Chairman. I'm not asking my honourable friend.

MR. CHAIRMAN: Order, please.

MR. CAMPBELL: I'm asking the Chairman. Is this a matter of privilege?

MR. CHAIRMAN: Yes.

MR. CAMPBELL: Fine. Thank you. He tells me it's a matter of privilege. Go ahead.

MR. PAULLEY: Of course it's a matter of privilege because my honourable friend was taking me out of context when he was referring to my remarks in connection with the personnel. I stated our position this afternoon was in respect of the continuing of the work of the Boundaries Commission. I made no reference to the personnel.

MR. CAMPBELL: My honourable friend got in with his question of privilege so quickly, Mr. Chairman, that I didn't have the opportunity to complete my statement but I'll complete it now. My honourable friend said that the official position of his party had been mentioned by the Honourable Member for Seven Oaks.

MR. PAULLEY: With respect to the continuing of the Commission.

MR. CAMPBELL: The continuing of the Commission? It certainly deals with the membership of the Commission in every respect, and all the members thereof.

MR. PAULLEY: Poppycock.

MR. CAMPBELL: You gave us a good demonstration of it just a minute ago and it's not unusual. It's quite usual.

MR. PAULLEY: No it isn't.

MR. CAMPBELL: Now then, I'm quoting from Page 2299, yesterday's Hansard, and I'm quoting from the Honourable Member for Seven Oaks. I don't want to take him out of context. "But when you have a member of a commission who admits to making stupid statements, and they are - I'll classify them that way - then I feel that he has given up his right to sit on that commission because anything that might come out of it is then tainted by this asinine type of remark that he made, and I think this Boundary Commission must be above that. I don't think we can at this time go along with throwing everyone out and starting afresh, but surely in the case of this one man against whom a charge was laid and against whom the charge has been proved, I think the government has every responsibility to remove that man and at least take some of the taint away from the Commission. Their job is difficult enough, God knows, without imposing this further burden on them." That's what the Honourable Member for Seven Oaks said.

MR. PAULLEY: May I ask my honourable friend a question?

MR. SAUL MILLER (Seven Oaks): May I answer, since I'm involved in this, as a point of privilege?

MR. CAMPBELL: Sure, you have every opportunity in the world to answer, but I just at the moment happen to have the floor. That's the only problem. My honourable friend, the Leader of the New Democratic Party, who raises a point of privilege and then proceeds in his

(MR. CAMPBELL cont'd).... usual method ...

MR. PAULLEY: You're still taking me out of context.

MR. CAMPBELL: ... to go ahead and make a lengthy speech, isn't --(Interjection)-- No, that's right. You agree with ...

Now all I'm saying, Mr. Chairman, in spite of the attendant interruptions of my friend down here, all I'm saying is that I'm not surprised at the change of face of my honourable friend because ...

MR. PAULLEY: On a point of privilege. That is a point of privilege, Mr. Chairman.

MR. CAMPBELL: ... he always finds that he has to get off ... on the side of the ...

MR. PAULLEY: I demand a withdrawal of that statement. There is no change of face ...

MR. MILLER: Mr. Chairman.

MR. CAMPBELL: My honourable friend for Seven Oaks wants the floor, Mr. Chairman, and I think he should have it because rather than having my honourable friend the Leader of the NDP Party and myself interpret what he said, I think he should have the right to say it himself, because to the extent that my honourable friend the Leader of the NDP Party interprets it why he's bound to get it balled up, and I think my honourable friend should have the right to make his own ...

MR. MILLER: I'm very happy that the former Leader of the LP Party has conceded that perhaps I might be given an opportunity to reply. Mr. Chairman, I might point this out. This was a continuing debate yesterday. We dealt with this. We first heard from the Minister of Urban and Municipal Affairs and frankly it was here -- I'll put it this way, it was my interpretation of her remarks that led me to make the statement I did, and I'm going to read, as the Member for Lakeside did, from Hansard, Page 2282, where in discussing the Boundaries Commission the Honourable Minister ended by saying: "I am one who is quite prepared to wait until we see them in action as a result of that." This is referring to the Boundaries Commission - she was quite prepared to wait.

My interpretation of that was that the government had made its investigations, the government, through her, was prepared to accept the findings of their investigation, what it was, and therefore was reporting to the House that they were quite satisfied with the member's actions, were happy with it, and that they therefore were reporting to the House that we should not judge this thing but simply wait until the reports of the Commission are in and then we could see the results. I felt this was not the way to do it. I wanted to hear, as I have today, a pledge from the First Minister, and after that echoed by the Minister of Urban and Municipal Affairs, that the government was not completed with its investigations, that it was actually studying this matter and that a report would be made to the House, because I felt that for the government to ignore this House and to ignore the events that took place was a high-handed and autocratic manner of handling things, and I felt that they were demeaning the House just as I felt originally the Member for Gladstone had when he brought in unsubstantiated charges. When he substantiated his I felt it was incumbent on the government to then come to this House and, if they were going to bring in a recommendation in support of this man, to substantiate it and convince the members of this House and Manitoba that these charges were not all that they may appear on the surface.

MR. DESJARDINS: Mr. Chairman, I think that we should -- it would be well to go a little further with what was said yesterday to make sure that nobody is being taken out of context. I asked this question right after what my honourable colleague here read to the honourable members, and I asked him a question if he agreed the selection wasn't right, that the government did not proceed in the right way to make the selection; doesn't he feel that it is going to be dangerous to allow this Commission because the Minister has refused apparently, he has refused to do anything about it, and although the Minister of Education has also stated that he would suggested that this person should be fired on the spot, nothing has been done. Does he feel that it's better to go ahead with this kind of commission without confidence of the public, and this is not out of text. I'm going to read the reply: Mr. Miller: "I'm going to limit myself to one individual." This is what this motion deals with now. "I agree with you. As far as I'm concerned I would vote a censure against the government ..." - and this is what we're doing - "... against the government if they do not remove this one individual, but because it has developed as long as it has, I think at this stage to dismiss everyone from the Commission would be wrong." All right, but this motion deals -- we're not talking about the last motion. I think that we're dealing with the one case in which he has proven and which the

(MR. DESJARDINS cont'd).... government should act on now. Let's see how you vote on this one then.

MR. CHAIRMAN put the question and after a voice vote declared the motion lost.

MR. CHAIRMAN: Item 8(a).

MR. DESJARDINS: Yeas and Nays, Mr. Chairman.

MR. CHAIRMAN: Call in the members.

MR. CLERK: (A counted standing vote was taken, the result being as follows: Yeas, 15; Nays, 39.)

MR. CHAIRMAN: The motion is lost. 8(a)--passed. (b)--

MR. CAMPBELL: On (b), I believe that the Honourable the Minister gave some answers regarding the projected expenditures, and -- has she answered that fully? Can I get it from Hansard? Because it's a large amount and I would like to have at least some indication as to what ... And is my honourable friend the Member for Gladstone correct when he mentions that under the terms of the appointment here that any two members of this Commission can hold a separate sitting. Could we get a reply to that question, Mr. Chairman?

MRS. FORBES: Mr. Chairman, in answer to that question, it's my understanding that the Boundaries Commission could sit in hearings in different parts of the province at the same time. The actual number, whether it is two or not, I'm not prepared to say - I will furnish you with this, whether it's two or three. I'm not really sure right now but I will give you that information.

MR. FROESE: Mr. Chairman, the point definitely is ...

MR. CAMPBELL: ... assuming that it is two, and I understand that's what the Act says, then could there be seven sittings of the Commission simultaneously? Could the Commission then be sitting in seven different places in the province at one time?

MRS. FORBES: I would imagine this would be up to the Commission to allocate the sittings according to the number of people they had available - to make available.

MR. FROESE: Mr. Chairman, two is definitely a quorum for these committee hearings under the Act, there's no doubt about that. Two is a quorum; that's all you need; so you could have seven different hearings going on in the province simultaneously.

MR. CHAIRMAN: (b)--passed; Resolution No. 111 -- passed. Resolution No. 112...

MR. MOLGAT: Under this item, has the government any plans for any increase in this assistance, because there will be a substantial additional charge on the Transit Commission now with the new five percent sales tax. As I indicated the other day, on a standard bus costing \$35,000, it'll mean \$1,750 additional capital expense to the corporation for the sales tax, and there's no item here indicating any increase. Now it's possible that through some other department, through the Treasury or some other, there are other plans. The Metro Corporation was asking, I recall, for the fuel rebate, and it may be under another item but I wonder if the Minister would indicate if there is another area of further assistance and what it might be.

MRS. FORBES: Mr. Chairman, it is my understanding that it comes under this item only, but certainly we are looking into the problems of operation of the Transit System, and Metro does have its problems. I believe they've asked the Federal Government for some assistance here too, and I assure you that the whole matter is under study.

MR. MOLGAT: Mr. Chairman, there is no other appropriation anywhere in the estimates for further assistance, however, so we can assume as this time that there will be no change from last year. Has the Minister herself had meetings with the people from the Transit Commission in this regard?

MRS. FORBES: Yes.

MR. MOLGAT: Could the Minister indicate when a decision might be arrived at on this subject? Would it be before the House rises or will the House be advised?

MRS. FORBES: I don't think it will be before the House rises but we have got it under consideration and we will be working with Metro on this.

MR. MILLER: Mr. Chairman, in this regard, it seems clear to me that the government therefore is saying nothing will be done in this year, and I think this would be very unfair and wrong on the part of this government. In other years, last year when this amount was first voted for the first time, it was an amount established because it wasn't sufficient for the needs and it wasn't what Metro requested, it was an arbitrary amount; and at that time I believe the matter was going to be further studied and the whole problem of urban transit was going to be looked into. Well the year has passed, nothing further has been heard. Now the amount voted,

(MR. MILLER cont'd).... or that we're voting on, is identical to the amount of last year, and now we hear from the Minister that further study will be made.

Mr. Chairman, the transit is in trouble in Greater Winnipeg. The annual loss is very very great. As you know, this has to be taken up by the tax on the residential properties or the realty properties in and around Greater Winnipeg, and it seems to me that this government simply is not facing the fact that public transport is a vital necessity in any urban centre, so that I'm not prepared to accept here now the statement that we are looking into it as an adequate explanation or reasonable explanation. They had one year to do it, and unless there's a reason why this should be left at this very small amount representing the total loss, and in view of the fact that the sales tax which we're going to be imposing is going to add considerably to the cost of their operations, plus the increased costs of labour, maintenance and all the other things that go into their budget, the deficit which Metro will be facing through public transportation is going to be much larger this year than last year, and I urge the government to consider before this House rises, and perhaps before we pass this estimate, to raise this amount so at least it keeps pace with the increased costs. Never mind going beyond that but at least keep pace with the increased costs. I think it would be wrong on the part of the government to simply dig its heels in and simply say, "We gave you \$250,000 last year and that's all you're getting this year," because, as I say, it in no way reflects the cost of operating it and the needs of Metro Winnipeg in this regard.

MR. CHAIRMAN: Resolutions No. 112--passed. Resolution 113--passed. Resolution No. 59. Mines and Natural Resources.

MR. EVANS: Mr. Chairman, the first thing I would like to say very briefly is how pleased I am to be back in the department ...

MR. MOLGAT: Mr. Chairman, I had understood that on the conclusion of the Urban Development and Municipal Affairs we were to revert to Bill 56. I've no objections if this is the procedure. I'd just like to know so that my people could be ready.

MR. LYON: I can understand my honourable friend's having that idea because that was the understanding yesterday, that had we completed Municipal Affairs yesterday we would have moved out of Committee of Supply and then gone back to the sales tax bill. I believe my honourable friend would like to open the debate on his estimates and then if there are questions after that we could have those questions and then possibly by 5:30 move back out of Committee of Supply if he is finished at that time, or see his remarks through and any questions through on his salary, move back out and get into Committee dealing with the third reading of Bill No. 56 tonight.

MR. MOLGAT: Well I have no objections whatever, Mr. Chairman. It just seems odd to me that there was such great urgency about Bill 56 last week and this week the urgency has disappeared, but I have no objections to proceeding on this basis.

MR. LYON: Mr. Chairman, I can assure my honourable friend the urgency hasn't disappeared one little bit. We thought yesterday that we might get out of Committee of Supply but that proved not to be the case, and we certainly expect to be back on Bill 56 again, I would hope tonight.

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

MR. EVANS: The Department of Mines and Natural Resources is somewhat familiar ground to me, and very pleasant ground. When I had the pleasure of occupying the seat that my honourable friend from Steinbach is sitting in now, I was assigned the responsibility of watching the Department of Mines and Natural Resources and trying to do what I could to offer criticism from that side - that was from 1953 on - and then on crossing the floor I was delighted to find that my first portfolio was Mines and Natural Resources which I occupied for a year, and then there was another election and I was assigned other duties. But it's a wonderful department with wonderful people and I want to express my great pleasure at being back in it.

I want to welcome to Manitoba Mr. Winston Mair as my new Deputy Minister of Mines and Natural Resources, and to congratulate the province and the people interested in the Mines and Natural Resources on our good luck, our good fortune in being able to attract him to the public service. In the short time that he has had at his disposal so far, he has been able to take a firm grip on the administration of a large department and one with many complexities, and not only that, with respect to the affairs themselves, but he has been able to take a firm grip on the respect and the admiration of his associates and his staff, which is quite a tribute to him and to his qualities, and I want to say to him myself how much I have enjoyed and valued his wise judgments and his untiring support in the department at a time when, carrying two

(MR. EVANS cont'd).....portfolios as I do, I am distracted. There are other matters that are being debated in this House which do take a good deal of time and study, and I could not have done that if it had not been for the very effective support of my new deputy, and so I think we should all recognize that his influence is beginning to be felt in the relations between all Manitobans and the Department of Mines and Natural Resources, and I know that that will be a good influence.

I think I would like to try, in a very few words, to pay a short tribute to the staff themselves and I'm not going to permit myself the time to mention people by name, although I would like to. It's as I remembered it, and it's true today that this staff has remarkable professional and technical competence. There are many of the leading people who have been there for years and who have both experience and qualities for the job. Their devotion to the work, the amount of hours they put in and the hard work they put in, bears comparison with work done anywhere in private or public circles, and I think too seldom do we pause to say, those of us who have some connection with the public service, that there is nowhere in my experience staffs that works harder than the Civil Service of Manitoba, and certainly among those, no one works any harder or more effectively than the staff of the Department of Mines and Natural Resources. Largely this is brought about, in my opinion, by their cordial relations with each other, and there's a wonderful team spirit in the Department, and for that I think I can pay tribute to two distinguished predecessors of mine in the Department who sit on the front bench with me, and I am very glad that that is the case.

Now the one matter that I would like to turn to at once is in response to the requests that have been made for information concerning the Churchill Forest Products and the people associated with them in this great enterprise up north, and I have given the answer on all occasions when questions have been asked on the Orders of the Day, that I would give information at the time of presenting my estimates. And so, I think having promised to do that I should do so, and I propose now to put before the honourable members considerable information, and I'm going to ask your indulgence to read it because a good deal of it is detailed and I want it to be accurate and to have it before you in the Hansard so that it can be referred to. And so I would like now to proceed to reading a statement concerning Churchill Forest Industries (Manitoba) Limited.

MR. PAULLEY: I don't want to interrupt my honourable friend but is it possible that we may have, at least the leaders of the parties, a copy of the statement that you are reading so that we don't have to await the return of Hansard in order that we can consider the statement that you are making. I think it would be far more convenient to us. Although I know the Minister can withhold giving a statement until it is actually read, I think we could follow it much more easily.

MR. EVANS: I regret that I haven't got copies to pass around. I think I could undertake to provide copies for the leaders of the parties fairly soon. I'll ask that that be done as quickly as possible and then at least there will be three copies, one for each party room, and then obviously when Hansard comes out it will be in everybody's hands.

MR. PAULLEY: That's fine thanks, Mr. Chairman.

MR. EVANS: I'll do my best on that. I think I can.

Several Members have asked for more information regarding Churchill Forest Industries who have entered into an agreement with the Province of Manitoba to develop an integrated forest complex in Northern Manitoba. In this regard I believe it would be useful if I reviewed the principal obligations of the Company as set forth in the Agreement between the Company and the government and then indicated progress achieved to date.

The first obligation - 1. Initiation by October 1, 1966, of engineering and locational studies as a preliminary to the construction of a timber debarking plant and sawmill.

(i) On May 19, 1966 Churchill engaged the services of Technopulp, Incorporated of Upper Montclair, New Jersey, a qualified North American consulting and engineering firm, to initiate engineering and locational studies as a preliminary to the construction of a timber debarking plant and sawmill in satisfaction of the requirements of paragraph 2 (e) of the Agreement.

(ii) Ripley, Klohn and Leonoff Limited of Winnipeg were engaged to make the necessary soil tests on the plant site at The Pas in co-operation with Technopulp project engineers to determine the most suitable location for the sawmill and newsprint mill. The company has informed us preliminary reports indicates that the major portion of the plant site is unsuitable for industrial buildings. It is hoped that the remaining area will prove to be sufficiently stable to support the necessary building weights. The preliminary reports by the soil engineers can

(MR. EVANS cont'd)...hardly be called encouraging and demonstrates the need for careful and painstaking evaluation of the situation and highlights the possibility that other land may have to be investigated prior to the commencement of any actual construction.

2. The second obligation - Initiation by April 1, 1967, of engineering and locational studies as a preliminary to the construction of a newsprint plant and/or pulpmill. The company advises it has contracted obligations for the final engineering and technical studies preliminary to the construction of the newsprint mill. These studies are scheduled for completion within twelve months.

3. Third obligation. Establishment by April 1, 1968 of an organization necessary for the purpose of debarking and loading facilities for the acquisition, accumulation, processing and transportation of timber.

(i) Mr. George Litton of Technopulp Incorporation has been appointed Acting Manager of the project and is currently acting in such a capacity.

(ii) Mr. Kaare Andersen has been appointed resident consultant for the forest, logging and sawmill operations and will be establishing residence at The Pas this month. (This month, I should pause to say, he's intended to report in March rather than April) to supervise and manage the woodlands operation. As the Company's schedule advances employment in Manitoba will accelerate.

(iii) The Company has entered into negotiations for supply of timber from its specified area by contract cutters and anticipates that cutting operations shall commence in 1967 as supply agreements are concluded and roads for timber transport are completed. We have been informed that the first cutting contract was made recently.

(iv) Although heretofore the preliminary planning operations of the Company have been conducted efficiently from locations outside of Manitoba, the Company has now opened an office in the Royal Bank Building in Winnipeg and in the Toronto Dominion Bank Building in The Pas.

(v) The company has acquired title to the plantsite and millsite property at The Pas and Arnot.

(vi) During the summer of 1966, the Company arranged for trial shipments of northern timber to European and U.S. mills for evaluation as to quality. Further shipments will be made this year.

(vii) After careful review and consultation with the government's Highway Engineers, the Company has agreed to the location of the roads that the government intends to build under the Agreement with the province.

(viii) The Company expects to have its first mobile debarking equipment in use before spring break-up which will help determine the most efficient methods of cutting and moving timber in the north.

4. The fourth obligation. Establishment by October 1, 1968, of sawmill facilities.

(i) Engineering studies preliminary to the construction of the timber debarking plant and sawmill, commenced prior to October 1, 1966, will be completed within the next few months and construction of sawmill facilities will be commenced prior to December 31, 1967.

5. Commencement by March 31, 1969 of construction of a newsprint and/or pulpmill having a minimum capacity of 300 tons per day and completion of erection and installation by March 31, 1971.

(i) In this regard the Company presently is developing estimates of manpower requirements for its integrated forest products complex and anticipates soliciting the government's assistance in obtaining the requisite skilled labour when required.

(ii) The Company has also informed the government that eligibility for a development grant under the Area Development Incentives Act administered by the Department of Industry, Government of Canada, has been established. The Company will be eligible for a \$5 million grant equal to the "locked in equity" investment in cash by the Company exclusive and separate from any loan capital that they acquire. (And I pause here to direct my honourable friends' attention to the very wording of this statement and we will doubtless have some discussion on this point later.)

(iii) And finally the company has outlined by letter dated January 31, 1967 addressed to the Minister of Industry and Commerce, a procedure whereby the Company will, where possible, give preference to Manitoba contractors and suppliers and will encourage the use of Manitoba labour.

The outline I have just reviewed incorporates the results of the pre-investment studies essential to a project of this magnitude which indicated the proper lead time requisite for the

(MR: EVANS cont'd)... commencement of production under optimum foreseeable economic conditions. The Company advises they intend to continue to employ careful planning and strict cost control to overcome the difficulties inherent in this northern project.

Although the Company is adhering to its obligations it is endeavouring to the extent that it is technically and economically acceptable, to accelerate the dates by which profitable operations may be attained.

Churchill has also begun to utilize the special advantages it possesses through the technological and marketing expertise of its principal business associates who are shareholders in Churchill - namely Monoca A. G. of Switzerland, Technopulp Inc. of USA, and G. Haindl'sche Papierfabriken of Germany. (And as my honourable friends may appreciate I will refer to them in this document from now on simply as Haindl.) The Company was originally not anxious to make public the names of shareholders but has now agreed that this be done.

I think it would be useful if I were to provide some background information on the shareholders which we obtained through government, banking and credit channels and which underlines the financial, technical and marketing competence of Churchill Forest Industries.

First, Monoca A. G. of Switzerland - and I might remark here that I am going to repeat, for the benefit of some members who have not been in the House previously, some information given before but there is additional information as well.

First, Monoca A. G. of Switzerland. As I informed the House last year, this is a financial corporation investing in the pulp and paper industry. It was responsible for organizing Churchill Forest Industries and interesting the other shareholders. The Company has a paid up capital of 50,000 Swiss francs but information provided by the Swiss Bank Corporation and the Royal Bank of Canada reveals that beyond the official capital the Company commands very substantial means of which an amount in the medium to high seven figures is in cash or in first rate marketable securities as liquid reserves. All credit sources indicate that Monoca represents highly reputable and responsible private interests. All credit sources stated in their opinion Monoca would not commit itself to any obligation which it could not meet. As announced previously, Monoca and its associates participated together with Celanese Corporation of America and Snia Viscosa, the well-known Italian fibre company, in building the most modern European board mill near Catania in Sicily.

Second - this would be the second shareholder company - Technopulp Incorporated, which is a New Jersey corporation founded in 1950. The Technopulp Organization performs management consultation, engineering and administrative work in the pulp and paper field. The Organization's North American headquarters are the offices of Technopulp Incorporated of Upper Montclair, New Jersey. It also maintains offices throughout Europe. Because Technopulp's staff, experienced in all phases of the pulp and paper industry, includes specialists in areas ranging from engineering to economics, finance, law and administration, the Organization has been able to furnish complete interim management for projects during the development and mill start-up. The Organization also supplies high-level operating personnel for production. This approach followed by Technopulp for the \$60 million Celanese - Snia Viscosa project in Italy, will be applied to the Manitoba complex being engineered by Technopulp.

The following is information on this company received from various sources: First from the Commercial Counsellor of the Canadian Embassy in Washington, D.C. Technopulp Incorporated had offices in United States, Spain, Germany, Switzerland and other foreign countries with head office in Upper Montclair, New Jersey and that the Company specialized in forestry and basic wood products and particularly in pulp and paper mills. The Company was reported to employ 74 professionals and over 100 staff. The Company has laboratories in United States as well as in Madrid and Geneva and makes use of a pulp and paper laboratory in Grenoble, France. The firm has acted as consultants to the Government of Mexico and the Government of Egypt in the fibres field. The Company has undertaken development work in nearly every country in Latin America, Britain, Germany, France, Spain, Portugal and Korea. This Company is favourably known in the United Nations Special Fund; the Export-Import Bank; the International Development Association; the International Bank for Reconstruction and Development and the Agency for International Development.

2. From the Montclair National Bank and Trust Company, Upper Montclair, New Jersey: Information developed by us indicated that the Technopulp Organization has important financial backing here, in Canada and in Switzerland, in addition to its own strong financial position. Mr. Kasser -- I might pause here to mention that Dr. Kasser, the term used here is Mr. Kasser, is the President of Technopulp Incorporated - but the reference from which we drew



(MR. EVANS cont'd). . . . this information is that Mr. Kasser is a minority partner in a modern paper mill owned by the Celanese Corporation of America. Mr. Kasser keeps balances with us in the high six figures and his net worth is considered to be in the eight figures. We entertain an entirely favourable opinion regarding Technopulp and Mr. Kasser and would highly recommend them for any engineering work in the pulp and paper field.

Bank of Montreal, Winnipeg: Information available to them shows that Dr. Alexander Kasser is President and one of the principal owners of the Technopulp Organization, and is highly regarded. They stated their informants believe the organization to be very reliable and very capable in the field of paper engineering. Dr. Kasser was reported to have an excellent reputation in the community and in trade circles. They confirmed that the Technopulp Organization has offices in the USA, Spain, Germany, Switzerland and other foreign countries, with head offices in Upper Montclair, New Jersey. Information developed by the Bank indicated that the Technopulp Organization had executed paper mill engineering contracts involving substantial amounts with completely satisfactory results from the principals. In addition to engineering Technopulp provides management services for pulp and paper projects during the development and plant start-up, and also supplies high-level operating personnel for production. Our information indicates that the Organization recently built a \$40 million pulp and board mill in Sicily and \$20 million paper mill for the Snia Viscosa Group which is associated with the Celanese Group of America in Italy, a \$5 million esparto grass pulp mill in Almeria, Spain and that it contracted under the Export-Import Bank of Washington, D. C. for a \$4,750,000 allocation for Indian Rayon Company Limited, Bombay, India, a rayon pulp mill from local raw materials.

From the Export-Import Bank of Washington: Technopulp had performed consulting and design engineering for the pulp and paper business since 1952. They stated the group is staffed with personnel having long records in the design and construction of pulp and paper mills, power plants, buildings, etc. and with process engineers experienced in the manufacture of all kinds of pulp and paper. They listed typical major projects the company had been associated with including the St. Regis Paper Company; U. S. Gypsum Company; Certain-Teed Products Company; Forest Fiber Products Company; The Ruberoid Company; Swanee Paper Corporation; Personal Products Corporation, which is a subsidiary of Johnson and Johnson, Doeskin Products; National Biscuit Company; Calcasieu Paper Company; Cassiar Asbestos; Industrias Klabin de Parana and others.

Arthur D. Little Incorporated of Cambridge, Massachusetts, confirmed that Technopulp Incorporated was an engineering consulting firm specializing in the pulp and paper industry. A. D. L. advised that Technopulp conducts feasibility, appraisals, pre-engineering studies, cost reports and development studies. It engineers complete processing plants and supervises construction and plant start-up. The firm has offices in several Overseas countries including Switzerland, Italy and Spain. It has a small forestry division as a Branch of Technopulp A. G. which is located in Chur, Switzerland. It has a long list of clients including Hardboard producers, pulp and paper companies and paperboard manufacturers. It has engineered pulp and paper facilities utilizing sugar cane bagasse and other agricultural residue. Their work has involved small plant modifications and additions up to engineering and start-up of complete pulp and paper facilities. The Technopulp Organization engineered and started the SIACE paperboard mill at Fiumefreddo for Snia Viscosa and the M. Sindona group. Snia Viscosa is a large distributor of viscose fibres, a well respected firm in the industry. Technopulp's contribution was the design, engineering, construction supervision and start-up supervision of the complete facility which went into production in 1964. The equipment incorporated into their design is always from equipment manufacturers that are the leaders in their respective field in United States, Canada and Overseas, depending on what is needed.

That then is information all referring to Technopulp. I turn now to a new name, another corporation, also a shareholder of Churchill, the third of the names in question and this is the Haindl Company.

It is a leading European newsprint manufacturer and was founded in 1849. It is now West Germany's largest newsprint producer. Newsprint accounts for approximately one half Haindl's total production of about 300,000 tons per year of paper. Haindl's existing production represents well over 50% of Germany's present newsprint production. It has Germany's largest and most modern paper plant and has announced the construction of another 100,000 ton newsprint plant at Schongau to be in production in 1968. Haindl will bring to Churchill's project 100,000 ton newsprint mill the latest and most efficient concepts developed in the course of its

(MR. EVANS cont'd)... own expansion program plus extensive marketing experience. This Company has assets in excess of \$50 million and maintains marketing outlets in other countries in Europe.

The following is information on this Company. That is to say on Haindl.

The Commercial Counsellor, Canadian Embassy, Godesberg, Germany advised that this was a family owned company that had been in operation for more than a hundred years. They reported the firm started off very small and throughout the years it developed into the second largest paper manufacturing enterprise in the Federal Republic of Germany, with a yearly output of approximately 300,000 tons of paper. The Company has four plants which are situated in Augsburg, Schongau, Hegge and Walsum.

Main production line is newsprint and magazine paper. In addition to that they produce machine-coated qualities as well as all sorts of printing and writing paper. The Schongau plant produces 75% of the German newsprint paper. Consumers are newspaper and magazine publishing houses. They employ 2,400 people altogether. Annual turnover is about \$60 million for the four mills. The Commercial Counsellor also reported that the Company is the sole partner in the Company of Interrot-Speditions-Gesellschaft mbH, Hamburg - My honourable friends will undoubtedly get a better idea of the title when they see the text - as well as partners in the Company "Format, GmbH, Buerbedarf - und Papierwaren Hegge/Allgaeu and G. . Haindl'sche Kraftwerke K.G. (I'll see that Hansard gets the spelling of them and of course they will also appear in the copies that I'm able to distribute.) In addition the Company owns considerable real estate in Augsburg, Schongau, Hegge and Walsum.

The Bank of Montreal, London, England reported that this Company was a family business and very important in Germany, producing newsprint and satinised printing paper. It confirmed branches were operated at Schongau, Upper Bavaria, Hegge near Kempten and Walsum/Lower Rhine and stated the principals enjoyed an excellent reputation.

The August Lenz & Co. (Canada) Limited with headquarters in Munich reported that Haindl was one of the most important papermills of the Federal Republic of Germany, with an annual production amounting to 300,000 tons which represented a turnover of more than \$60 million. They advised the main products of the four plants in Augsburg, Schongau, Kempten and Walsum, were newsprint, printing and writing paper containing wood as well as machine-finished glazed art paper. They confirmed the Company was expanding by setting up another newsprint machine with an output of 300 to 350 tons per day. They also reported the capital of Haindl was in the hands of the family of the founder of the firm, George Haindl.

The Midland Bank Limited of Newcastle, England reported Haindl had been established in 1849 and was a limited partnership, owned by family interests. They reported the partners were highly regarded and that the financial position of the Company was entirely satisfactory.

The Burgel Credit Report Agency of Bonn, Germany advised the partners and managers enjoy a favourable reputation and are considered as trustworthy in every respect. They said this important company was well managed and that the principals also participated in other industrial undertakings as well. Burgel recommended the Company for business relations.

Canadian Commercial Counsellor in Bonn, Germany was also consulted and reported that Haindl was a large well known German Paper Company, basically owned by the Haindl family. Annual sales of approximately \$60 million were confirmed by the Canadian Commercial Counsellor and reported that Dr. George Haindl who is President of the Company is also President of the Augsburg Chamber of Commerce and a leading citizen of Bavaria.

There has been some comment regarding the authorized capital of Churchill Forest Industries Limited. This Company has been incorporated and organized under the laws of Manitoba with an initial authorized capital of \$5 million. May I point out again that the authorized capitalization of the Company refers only to the share capital and not the actual investment which may be made. Other channels by which a corporation can obtain capital are through the issue of bonds or debentures or other securities.

One member suggested that if this development was capable of making a profit it should be carried out by the Government and not by private enterprise. Well, we don't agree. We believe it can be a profitable venture or we wouldn't have encouraged anyone to take it on. We are equally convinced that the success of this project will depend to a large extent on the technical and marketing capabilities of a group experienced in the pulp and paper industry. This can be best done by private enterprise. The marketing aspects alone are formidable and involve breaking into markets now served by solidly entrenched producers in other areas. We have an agreement with an experienced group. They understand the problems they are facing.

(MR. EVANS cont'd)...They are confident they can succeed. The Company have entered into certain obligations and we are confident that they will fulfill them.

After listening to some of my honourable friends it seems to me that I should point out that the government's role in this development was three-fold. First, and an extensive and long drawn out process - to interest a Company or group with the experience, background and capability of carrying the development to a total success. This involves financial, technological and marketing capabilities. We have assured ourselves on all these points in respect of the partners of Churchill Forest Industries.

Our second job was to provide new job opportunities for the local people in Northern Manitoba and to encourage the early development of an unused asset in Northern Manitoba.

(a) The province will benefit from the project in the form of increased revenues from stumpage, added employment opportunities in an area with a large Indian and Metis population and the utilization of presently unused timber. By 1971 the project will provide direct new employment for approximately 1,000 persons. Annual new payrolls at that time will be in the neighbourhood of \$4 million.

(b) The Government has undertaken to accelerate its northern road program and to complete forest surveys more rapidly than originally planned. The forest survey had already been started prior to the Churchill agreement. As far as the Government is concerned, operating revenues from this development will exceed new operating expenses directly attributable to the project by a margin well in excess of that required to repay any capital expenditures directly attributable to the project.

(c) In addition, substantial indirect benefits will accrue to the government and to the people of this province - increased revenues to the Government through taxes on increased income and expenditures. I should read that again. Increased revenues to the Government through taxes on increased income and expenditures. Retail sales at The Pas are expected to increase three or four times the present level.

.....continued on next page.

MR. MOLGAT: I wonder if I might rise on a point of order at this time. Prior to the beginning of the statement the Leader of the NDP requested of the Minister copies of the statement and I understood we were to get them at a later date. It's obviously a very involved statement. I believe, Mr. Chairman, that copies have been given to the press. I'm not objecting to copies being given to the press but it would seem to me that if copies can be given to the press then copies can be given at least to the Leaders of the Parties in the House while the statement is being made so that we can follow it and make notes on it.

MR. EVANS: I undertook to get copies when I could. I did not undertake to do it before I was finished my statement. I'll see that my honourable friends have copies as soon as I can get them. There were copies prepared for the press. I am not aware of any additional copies being available. I nodded to the gallery when the request was made and I have no doubt they'll be forthcoming soon.

MR. PAULLEY: I wonder, Mr. Chairman, might be approached to have them sent down. They may be up there now. I'm sure that the honourable Minister would agree with me that it would be far easier and far better even for the consideration for my honourable friend's purpose if we could follow him at the time and I wonder if the boys upstairs might just happen to have some.

MR. EVANS: Well I am sure if they're within earshot they've heard the discussion and I ask them now to prepare them as quickly as they can. If it requires them to be reproduced I am sure it will take some little time to do it.

I was speaking about the retail sales at The Pas - retail sales at The Pas are expected to increase three or four times the present level which is now about \$6 million a year.

Traffic on the Hudson Bay rail line will increase by \$1 million a year in the early stages increasing to \$5 million at full operation.

New employment created directly by the project will result in the creation of an additional 1,170 jobs elsewhere, some 400 directly in the area and some 700 in other parts of the province.

Power sales will be made of over \$2 million a year.

(d) Indirect revenues to the province when the project is at full operation including Corporation Income Tax, Personal Income Tax, liquor, gasoline taxes, etcetera are estimated in excess of \$1 million annually.

(e) The project offers excellent employment opportunities for Indian and Metis in all phases of the project - cutting and forwarding, water transportation, debarking, saw milling and loading.

(f) At the present time there is only limited cutting for sawlogs, pulpwood and mine timber in the proposed reserve area. With the proposed project, improved cutting practices can be carried out since there will be a steady local market for the smaller timber. The prospect for integrated logging over a long-term will permit the preparation of a proper forest management plan, which should improve the yields in the area. The establishment of the proposed project will be beneficial to the forest products industry of the Province in several ways:

First, for the existing operations, the availability of a market for pulpwood will reduce their costs of sawlogs by permitting integrated logging and it will increase their operating potential as they can operate in stands of mixed size rather than only areas with a high proportion of large timber. The cutting experience of existing operations should enable them to obtain most of the pulpwood contracts and to expand their operations.

(ii) The proposed operation is expected to be a model for modern efficient operations. It could be used to stimulate improvement elsewhere in the Province. The manufacture of high quality graded lumber will be a standard for existing sawmill operations.

(g) Another aspect of the gain to Northern Manitoba will flow from the training of people. Many of the operations which must be carried out if this plant is to be successful must be carried out by skilled people. Training facilities will be provided for the imparting of the necessary skills to people of the North. The Pas Technical School will play an important role in this training. And the skills to be imparted are not only those that would be necessary in the mills themselves but will also be necessary to harvest the pulpwood in the outlying areas. Thus, a highly skilled labour force will be built up which, if they take advantage of the opportunities being offered, will be second to none in the pulp and paper industry in Canada.

The third responsibility of the government was to ensure an equitable deal for the people of the Province. One member compared the agreement that we had made with Churchill to the sale of Alaska and Louisiana. Well, surely he wasn't serious or he hasn't read the agreement.

(MR. EVANS, cont'd) . . . . Contrary to most forestry agreements in Canada this agreement grants only cutting rights, grants only cutting rights in a reserved area. I'll say it a third time - grants only cutting rights in a reserved area. The Government retains the rights to lands in the reserved area for townsites, highways, railways, parks, summer resorts, mining exploration and development or for other purposes required for industrial, mining, agricultural or recreational development of the province. New roads to be built in the area are open to the public and should help to stimulate other developments.

In this regard I state categorically the Agreement with Churchill Forest Industries is an equitable arrangement consistent with practices elsewhere and conditions found in Northern Manitoba. Let me just review the highlights and compare them with other agreements in other provinces.

(a) First in the matter of tenure. The Manitoba agreement is for an initial term of 20 years with a provision for two renewals of 20 years each. B.C. agreements are for 21 years with provision for renewal. Alberta agreements are for 21 years with provision for renewal. Saskatchewan agreements are for 30 years with provision for renewal. Ontario agreements are for 21 years with provision for renewal. Nova Scotia agreements are for 50 years with renewal option for 40 years. So much then for the tenure factor.

(b) Stumpage. Under the Manitoba agreement stumpage is 37-1/2 cents per peeled cord for 7-1/2 years; 75¢ per peeled cord for the next 7-1/2 years and thereafter at a rate according to a formula geared to the price of newsprint. This fee includes forest protection and ground rental similar to Saskatchewan.

In Alberta stumpage is \$1.00 - \$1.50 per cord for spruce; 45¢ per cord for white spruce; 30¢ per cord for balsam; 45¢ per cord for poplar; and 55¢ per cord for jackpine or 75¢ per cord for all species.

In Saskatchewan stumpage is 70¢ per cord for spruce; 80¢ for jackpine and 35¢ for poplar. Provision is made to increase the rates after 1980.

In B.C. stumpage is charged at 17¢ per cord for salvage pulpwood and 55¢ per cord for all other pulpwood generally with reductions for the first 12 years.

Ontario agreements for the first three to seven years set stumpage rates at 70¢ per cord for spruce; 10¢ per cord for jackpine; 10¢ per cord for poplar; and 65¢ per cord for balsam.

British Columbia, Ontario and Quebec levy logging profits taxes on forest industry operations but these taxes are special income taxes, not stumpage. The purpose of these taxes is simply to direct revenue from the federal to the provincial government.

Nova Scotia, prior to the mill start-up and for the first 10 years agreements provide for rates of \$1.00 per cord for softwood and 50¢ per cord for hardwood. In the recently announced pulp deal for Newfoundland stumpage is 50¢ per cord which includes ground rent and fire protection.

(c) Protection for Existing Cutters. By existing cutters I mean people who are operating in those woods now with some rights to cut timber. Existing cutters in Manitoba are protected to double their present operations. This is more favorable than other areas. For example at Hinton, Alberta existing cutters were only permitted to complete cutting under their current licenses which were not renewed.

(d) Forest management. Under the Manitoba agreement the developing company is required to prepare a forest management plan of the area. In B.C. the government prepares the forest management plans. The Manitoba arrangement is the normal one.

(e) Fire protection. Manitoba is responsible for fire protection and suppression. It is true in some provinces a fire guarding tax is frequently assessed. For example in one Nova Scotia agreement it is 3/4 of 1 cent per acre with a maximum charge of \$5,000. In New Brunswick the tax is 5 cents per acre of productive forest land with an offsetting credit allowed for company trucks. In Newfoundland recent agreements do not make a charge for fire protection. --(Interjection)--: Is that \$5,000 annually? \$5,000 annually.

(f) Ground rents. Churchill Forest Industries do not pay ground rent. This is similar to Saskatchewan and Newfoundland. In some provinces a nominal charge is made ranging from 1¢ per acre to \$1.00 - ranging up to \$3.00 per square mile of productive forest.

(g) Road construction. The Manitoba agreement provides for the construction by the government of several arterial routes within the timber area and a shared cost program for access roads. A two-mile access road to the plant site is also to be built. Total mileage about 100 miles. The Saskatchewan Government is building a \$400,000 8 mile access road and has agreed to build 200 miles of multi purpose roads.

(MR. EVANS, cont'd) . . . .

(h) Forest Inventory and Timber Area. The total area reserved under the Manitoba agreement involves some 40,000 square miles of which 13,000 is water and muskeg. A further 7,000 square miles is unproductive. And here is another point that I'd like my honourable friends to note, because it's a cardinal point. As soon as timber inventories are completed the Government has the right to reduce the area to what is actually required. That's in the agreement - my honourable friends have copies of the agreement. As soon as timber inventories are completed the Government has the right to reduce the area to what is actually required."

In Saskatchewan the pulp development has achieved a management licence covering 18,000 square miles of forest, which is not too far from the actual productive area contemplated for our agreement.

In addition to these more common items found in most agreements for pulp and paper projects, the following are other incentives provided in other provinces.

(1) Financial. Saskatchewan and Newfoundland are both providing substantial guarantees of Company debt. In addition, Saskatchewan is taking a share of the equity; Saskatchewan has guaranteed a \$46.5 million loan at 5.2% in U.S. funds. Newfoundland has agreed to guarantee some \$80 million for the proposed Melville Pulp and Cellulose Co.

(2) Water Supply - The Nova Scotia agreement with Scott Maritimes Pulp provides for special Government assistance in the acquisition of land, construction of facilities and financing for a fresh water supply system, costing in excess of \$2 millions.

(3) Water Pollution Control - In the MacMillan Bloedel agreement, the Alberta Government has undertaken to pay for all effluent treatment capital costs in excess of a specified sum;

(4) Motive Fuel Tax Exemption - Some jurisdictions exempt from gas tax the gasoline and diesel fuel used in woods operations. This is done more as a general industry incentive rather than for a specified project and hence is not the subject of an agreement but rather legislative provision in the appropriate statutes.

(5) Timber Harvesting Contract - Saskatchewan has undertaken, through a Crown Corporation to provide timber delivered to the mill at an agreed price of \$18.50 per cord for the initial years. From the Company point of view, such an arrangement has appeal since it removes timber supply problems during the planning, construction and start-up and permits concentration on other areas.

In summary, there is no clear cut, uniform pattern of timber supply arrangements for pulp and paper mills. Each province has evolved a pattern of timber allocations over the years and the incentives offered for pulp and paper mills relate to the desire for industry, improved utilization, etc. In general, however, there appears to be recognition that for a major investment an assurance of all or a significant portion of the supply is essential.

Stumpage or royalty charges are levied in all areas and they range from negligible to substantial, reflecting primarily proximity to or remoteness from market, density of timber stands, costs of harvesting, incentives to utilization of waste material, desire for industry, etc. Other charges such as ground rent, fire guarding taxes, etc., are common, particularly in higher demand timber areas.

Underlying the actual terms of the various agreements there must be an appreciation for the comparative location factors for a similar operation situated in different locations. A great many factors have a direct and an indirect bearing on the costs of operating pulp and paper mills and each government entering into an agreement must take these factors into consideration. Take in northern Manitoba, for example, the proposed mill site at The Pas is several hundred miles further from markets than competitive mills in southern Manitoba, northwestern Ontario and the Maritimes resulting in additional freight rate costs of several hundred thousand dollars per year. Many of the productive timber growing sites have been logged over, resulting in less efficient harvesting than in solid stands found in other areas. The productive growing sites are scattered resulting in more costly access and transport to the mill than is the case in more favored growing areas. The northern location compounds this problem through a longer rotation which requires a larger harvesting area. The remoteness from supplies adds to capital and operating costs.

The Manitoba Agreement deals in a practical manner with the special problems inherently faced by a Company, establishing its operations in the Northern Forest area. The incentives granted by the Manitoba Government are realistic and do not exceed similar incentives granted by other authorities in similar circumstances. The Agreement also contains adequate safeguards

(MR. EVANS, cont'd) . . . . for the Government.

As I told the members of the Legislature at the 1966 session the Agreement between the Province and the developing group was reviewed by two well known consulting firms prior to the execution by the Government. Both firms who were knowledgeable with conditions in Northern Manitoba stated the agreement represented an equitable basis for northern development and recommended it to the Government. I would like to read excerpts from their letters. In effect I think in ordinary words, what they said --(Interjection) - you have this? Not all of it however. I suppose if it were to be put in the man in the street language what they said to us was that if you want a woods industry up north you are going to have to compete for it, and you'd better hurry because somebody else could get it away from you and they are learning to make paper out of other things besides wood. They said to us further that what you are offering in this agreement could do the trick and it isn't out of line with offers being made by other governments elsewhere.

I propose to read to my honourable friends first the letter of Stadler Hurter International Ltd. of February 18, 1966, and it's addressed to the Department and refers to the agreement and starts "Dear Sirs: We have reviewed your Agreement for the granting of timber rights to the Company known as Churchill Forest Industries (Manitoba) Limited for the initial establishment of a lumbering operation and newsprint mill and the ultimate establishment of a pulp mill for the Northern Forest Products project.

The essence of such an agreement is to establish the conditions under which the company may make the necessary financial investments and operate competitively on a world-wide basis, while at the same time safeguarding the interests of the Government.

The northern forests present to your Government the opportunity to foster the expansion of industrial activity in an area presently quite dormant and yet of high potential value. To accomplish this, however, it must be recognized that operations will encounter many problems peculiar to the area apart from the nature of the operations themselves. Some of these problems are as follows:

- (a) the under-developed nature of the whole area
- (b) the higher transport costs due to its remoteness
- (c) difficulties in attracting working staff
- (d) extreme weather conditions

Each of these problems will to some extent, adversely affect the costs of production for timber, pulpwood, pulp or newsprint, and before any private interests would be prepared to make the necessary capital investments in such undertakings, they would have to receive some compensating considerations, particularly during the early years to permit them to maintain their competitive position.

We believe the Agreement accomplishes this by having the Government supply the aerial photography and forest inventory for the area, and by fixing the stumpage rate realistically at 75¢ per cord on a liberal volume basis.

The Agreement also calls for a 50 percent reduction in the stumpage rate for the first 7-1/2 years which is a desirable incentive for the early years of operation.

We note further that after the 15th year stumpage rates are to be adjusted in accordance with the then current newsprint price index, which will serve to increase the rate after this period of time when the Company will be in a position to afford it.

The building of a short all-weather road by the Government to the plant-site and the sharing of costs on the other roads by the Government is reasonable, and forms part of many other agreements under similar circumstances.

The interests of the Government are protected by the following means:

- (a) Guarantee bond by the Company to ensure its adherence to the contract in the early years.
- (b) Adequate capitalization by the Company with the paid up capital permanently available for operating and financing.
- (c) Setting up reasonable but rigid time schedules and productions for the various phases of operations by the Company.
- (d) Setting forth impartial methods of arbitration in cases of disagreements.
- (e) Limiting pollution of waters. We particularly mention this point as pollution has become a serious problem at established mills, and is best regulated at the outset. In this connection, while the Agreement stipulates that the Company generally must not dispose of bark into the water, it should be permitted to so dispose of those small quantities of bark which normally escape in the effluent from the bark disposal system (bark screens).

(MR. EVANS, cont'd) . . . .

(f) Protecting the rights of cutters presently operating in the area.

In summary, it is our opinion that the proposed Agreement deals in a practical manner with the special problems inherently faced by the Company in establishing its operations in the Northern Forest area. The incentives granted by the Manitoba Government are realistic and do not exceed similar incentives granted by other authorities in similar circumstances. The Agreement also contains adequate safeguards for the Government.

Based on the previous studies we have made for this project, and the information available to us, we are of the opinion that the proposed agreement is reasonable and fair to both the government and the private investor and we can see no objection to the Manitoba Government entering into such an agreement with the Churchill Forest Products (Manitoba) Limited.

Now I would like to quote only some shorter passages from a much longer letter. My honourable friends find this long - I find it long as well but I think it is only right that I should on an important matter of this kind lay as much information in front of the House as I can.

--(Interjection)-- Very well and you'll have a copy of my remarks as well to study at your leisure to make sure that everything is entirely correct.

As I indicated, the advice of these technically qualified people fell into two categories. One is the agreement and whether it was fair and adequate; and second, dealt extensively with the need to offer some kind of incentive or we wouldn't get the development at all, and I am going to read from a letter directed to us by Arthur D. Little, Inc. - excerpts which deal with these two matters. First of all having to do with competition and the need to proceed with reasonable speed to make the development. The first one under their title of "Need for Incentives:" "In attempting to attract a large scale pulp or pulp and paper development in the North, Manitoba is competing with other areas in North American and overseas, where forest resources and specifically the pulp potential offer an important, if not the only basis for industrial development. As an example, the Province of Newfoundland has for some time been attempting to obtain a pulp development in Labrador. The State of Alaska is attempting to expand the pulp industry to utilize additional volumes of mature and over mature timber. Several areas of the north Pacific Coast of the United States have large quantities of pulp mill and logging waste for which facilities are being considered. In addition Africa and South America are becoming the sources of available wood fiber and are actively attempting to obtain pulp developments."

Still dealing with the point of need for some reasonable speed and the factor of competition, the letter continues on page 5: "We have already named several areas with timber resources that are actively attempting to obtain investment in pulp and paper facilities. If development in any one of these areas or others not discussed are more attractive to an investor interested in Northern Manitoba the development will most likely occur there. Areas such as the Pacific Coast of the United States with a well developed forest products industry have substantial volumes of low cost mill waste available. This provides an excellent basis for pulp production. Many large pulp and paper companies already have facilities in this area which can be expanded or have operations into which pulp and paper production can easily be integrated. In the southern United States, fast growing pine provides excellent raw material for pulp with wood cost, because of easy access, not excessive even with severe competition for wood in some areas. Alaska has vast areas of timber near tide water and while high labor costs are a disadvantage, low cost stumpage rates and the availability of ocean shipping near at hand compensate for this expensive labour."

"Each of these areas are competing with northern Manitoba for the investment in pulp and paper facilities. The Pas and Lake Sipiwesk areas fulfill the basic requirements for pulp and paper mills but are far from the principal markets. The markets even then are restricted, being primarily the central United States and overseas. The overseas market is limited because of the short shipping season through the Port of Churchill. The incentive to be provided by the government of Manitoba, directed at improving access to timber and improving the cost of producing pulp and paper in the north are necessary to overcome the disadvantage of remoteness and the limited availability of necessary services."

Turning to page 7 "The other factors are primarily technical and involve developments in hardwood pulping and are continuing to increase the use of this pulp in paper finishes. In the past 10 or 15 years the use of hardwood in pulp has increased substantially and will continue to increase. The world has vast quantities of fast growing hardwood that are not presently utilized.



(MR. EVANS, cont'd) . . . .

"The yield of timber from the world's timber lands is improving. An example is the southern United States where fast growing pines are providing increased fibre yields per acre. It is likely that many tropical areas can provide land for growing long fibre wood on short rotations, (for example 8 to 10 years). Short fibre hardwood is already being grown on these short cycles and experiments with other woods show great promises. This is very significant when it is realized that pulpwood requires as much as 80 years to mature in northern Manitoba." This is a very fundamental fact, that it requires 80 years to grow pulpwood in northern Manitoba.

Those are the factors which they cite to urge us to conclude an agreement with some reasonable speed or which they urged us to conclude an agreement reasonably quickly in order that the market is not supplied by other people and we lose our chance altogether. In addition to the kind of hardwood that they have been talking about they are now making paper out of all sorts of things including the -- what remains after the harvesting of sugar. It's called a bagasse I believe, b-a-g-a-s-s-e, and they are now in research laboratories, processes being well advanced now which can produce paper and good quality paper from all sorts of things which are much less expensive to acquire than wood.

Well then we turn to the point about how are we to achieve this in northern Manitoba and whether our agreement was a good one from the point of view of the people of Manitoba or not, and I offer you the comments of the Arthur Little Company with respect to the agreement which they reviewed and gave us these comments before we signed it.

"We find this agreement provides a very equitable basis for this development. On one hand it requires the Company to proceed with an orderly development of facilities in the north. These facilities include logging of pulpwood, establishment of a newsprint mill at The Pas, a saw mill at The Pas, facilities for pulpwood loading at Arnot, the facilities for pulpwood handling and shipping at Churchill. It also provides for future expansion of the operations, including the possible production of pulp at The Pas.

"On the other hand, the agreement commits the government of Manitoba to providing certain services, fire protection, low cost stumpage, building sites, and to share the cost of a road development program.

We believe that the commitments made by the government provide the incentives necessary for providing this type of development that the north needs, do not exceed incentives granted in similar cases elsewhere, and will allow the development of forest management plans that will not only maintain the forest resources of the area but will allow both the quantity and the quality of those resources to be improved over the years."

Then I turn in this letter to page 8 where they comment again up on the agreement under their title of the "desirability of the agreement."

"We believe the Memorandum of Agreement between the Government of Manitoba and Churchill Forest Industries (Manitoba) Ltd. is not only fair and equitable to both sides but is the minimum required for the successful development of the northern forest resources. On one hand, the agreement commits the company to an orderly and workable plan of development for an integrated forest products industry ideally suited to the areas of timber. This development will provide much needed employment in the area, will open up access to large areas presently cut off from those already developed, and will provide the Forestry Branch with the opportunity to put management plans into effect."

And a final comment with respect to the agreement is to be found on page 12 and reads: "In summary, we believe that the agreement provides for contributions by the company towards the establishment of a highly desirable forest products development in northern Manitoba. In order to make it possible for the development to succeed the government has agreed to certain contributions, most of which would be necessary just to maintain the forests. It is also our view that the government contributions do not exceed those normally required under similar conditions."

Those, Mr. Chairman, constitute the quotations that I want to make from those reports and I continue with my own statement. The northern portion of Manitoba is sparsely settled, lacks transportation facilities but has natural resources which provide the basis for industrial development. The climate is severe and labour and capital are lacking. In order to attract industry and area development capital, it is necessary for the government to create a business environment conducive to investment and which will permit business to operate and prosper in the area.

(MR. EVANS, cont'd) . . . .

The opening of the northern part of Manitoba is no easy task. The report of the Committee on Manitoba's Economic Future summarizes the situation and recommends the incentives the government would have to grant in order to develop the timber resources of northern Manitoba.

The COMEF Report had this to say and it's a quotation:

"The development of the timber resources of northern Manitoba will not occur until measures are instituted to make such developments an attractive investment opportunity compared with other projects in Canada and elsewhere. To make such an investment attractive the Government must be prepared to grant substantially larger reserve timber areas than in other parts of the Province and for longer periods; provide power at reasonable cost; provide fire protection; provide assistance in townsite development and community development facilities. The risks for the development of northern forest resources are great and the task is one for corporation commanding large resources of technical knowledge, experience and capital. Government must provide a favourable industrial climate to attract investment because capital will only flow to those areas and developments where the gains are commensurate with the risks taken."

The Agreement between the Government and Churchill Forest Industries is reasonable and in the best interest of the Province.

The Government has acted in a manner consistent with the efforts of other governments to stimulate economic development in accord with historical precedent. An examination of other agreements entered into by other provinces clearly indicates that the inducements made are as desirable as, and often more desirable and costly than, those offered by the Province of Manitoba.

An offer similar to that made to Churchill Forest Industries, and this is a new matter that I'm introducing now of some importance, an offer similar to that made to Churchill Forest Industries to explore and locate a lumber and paper complex in northern Manitoba, including a comprehensive feasibility study, was made available to a large number of Canadian, U.S. and European companies. Very few of the parties contacted were interested enough to follow up the offer. The type of concessions offered by the Province of Manitoba do not exceed the recommendations made by the Committee on Manitoba's Economic Future prepared several years ago. The bulk of the inducements granted do not necessitate any new expenditures for the Province. In actuality, they only rearrange the priority of those the Province was bound to make in any case. A study of agreements entered into by other provinces for the development of their forest resources reveals other provinces made inducements more significant and costly than the Province of Manitoba. The agreements offer a multitude of various types of inducements with some provinces, such as Saskatchewan, even offering wood at fixed prices. All inducements granted by Manitoba have a dollar limit and are easily ascertainable - there are no open end commitments.

I want to repeat as I have said on previous occasions this development is a major breakthrough for the north. It makes possible the utilization of resources that were going to waste. It will provide new employment opportunities for the north, top grade lumber for our manufacturing and construction industries, the basis for important new industries in Winnipeg and a boost for our export business. And that concludes the statement that I want to make to the Committee at this time.

MR. PAULLEY: Mr. Chairman, just a question to my honourable friend the Minister of Mines and Natural Resources. Does this encompass his whole statement on his Department or is it just in reference to Churchill Forest Industries, because interesting as my honourable friend's discourse to this point has been, I'd like to also hear from him. I realize that after reading that lengthy report my honourable friend might be tired but I suggest, however, that the reason that I asked for the copy of the transcript at the offset of the Committee meeting this afternoon or my honourable friend's estimate was we would be able to consider the question of Churchill Forest Industries and I'm sure that my honourable friend would agree with me that we're not prepared in the absence of being able to study his statement to proceed with that. So as tired as my honourable friend may be, I wonder if we could hear something else of the Department or whether the Leader of the House procedure might have some other plan in his mind for the conduct of the House.

MR. LYON: Perhaps I could be of help, Mr. Chairman, by asking my honourable friend after hearing his comprehensive statement, they might wish to get the copy of it and then

(MR. LYON, cont'd) . . . . digest it before carrying on in that particular field. We would be pretty much at the disposal of members opposite if they wish to carry on in Supply until 5:30 on other matters or to hear further reports from my honourable friend on other aspects of his Department or if they wish to rise out of Committee at this time and go into the sales tax, we'd be prepared to do that. Whatever would suit their convenience.

MR. MOLGAT: Is the Minister going to make statements on the other aspects of his Department?

MR. EVANS: Yes, I have some general remarks to make which I set aside because I was conscious that you were waiting for information on this subject and for that reason I put the statement ahead that I would normally have made on the forest section of my estimates.

Now I would like to make some general remarks concerning the Department and then if it suits my honourable friend I'll make -- my honourable friends -- I'll make individual statements having to do with each of the resolutions. Some of them very short -- even by my standards. So in that case I would like to lay before the Committee certain considerations now having to do with what we think about the Department; what we think our responsibilities are and what our policy is going to be, because if our accomplishment is to be judged it has to be in relation to what it is that we're trying to do.

We think that it's people that count and not things or money because things and money are only tools to make things better for people. But as we share in the hundredth anniversary of Canada in this year we must concern ourselves not only with the prosperity of our citizens but with other things that contribute to their well-being, and I don't think that well-being of people is encompassed entirely by any means merely in matters that have to do with their prosperity. It's true that we have certain handicaps of climate and distance in this province and our basic resources are in some respects limited, by comparison with sister provinces and other areas, but with the human resources that we have and with the know-how and with the determination to move ahead we can and will ensure our people equal opportunity in Canada in the years to come. We're pretty young as a political entity here in Manitoba. We'll be celebrating our hundredth anniversary in 1970. But I think it isn't generally realized that we're very much younger than that and very much younger than certain other parts of Canada as an economic unity, an economic unit. We exported our first wheat out of here in 1876. But as an industrial economy Manitoba goes back not much farther than the end of the second world war, going back certainly into the early '50's and perhaps the late '48's, and with the growing demands for our land and water and forests, our minerals, our fish and our wildlife and for open spaces for outdoor recreation and a good life for Manitobans tomorrow and in the future, we must be concerned now with the conservation of our natural resources and to develop them on properly considered plans.

Well what do we mean by a good life for Manitoba people? This is not limited to wealth or to the abundance of the gadgetry with which we surround ourselves these days, but rather we mean jobs for people, meaningful jobs; jobs themselves give satisfaction as well as monetary return. Living must enable men and women to enjoy recreation of their choice and it is the total environment that we're talking about and we must not be set aside just to develop resources and maintain natural beauty but we must be concerned that this development be carried on in a way that serves all of the interests of the people, both immediate and long-term, with particular regard to the inhabitants of the province. We must develop all of our natural resources to the fullest extent and at the same time however we must be mindful of those who come after. And a reconciliation of these two interests is not easy either. We cannot and still hold our heads up pass on to our children and their children an inheritance that is less than we received. I think we should pass on an inheritance that's greater than we received, even in the wild, even in nature and I am convinced this can be done. It will take time, it will take a great deal of planning, it might take some money, but I am sure that we can increase our inheritance. We must not only exploit our resources but we must also through wise husbandry and the fullest use of all available technological and resource management skills pass on the natural heritage in a better condition than we received it. To do less would be to fail in stewardship.

Well this is no easy task. Both as private citizens and industry and as government, I think there are serious responsibilities which must be assumed and it is of those responsibilities that I am speaking in this context. Facing those responsibilities of the proper use of our present resources for the present generation and the guarding and if possible the improving of them for the future, we are now reviewing the policies with respect to every area of concern

(MR. EVANS, cont'd) . . . . within my department. We must be good stewards and in the modern context that means we must be good managers, good resource managers. I don't think the phrase matters much but the phrase 'resource management' is comparatively recent. What we used to hear of merely was to harvest resources or to exploit them or to use them or to convert them to use, but there's a different concept today, they have to be managed; and a substantial part of that responsibility of government is discharged by my department whose estimates are before you now.

We are just now considering from every angle the concept of multiple resource use, or as the phrase is commonly used 'multiple land use'. In this context and in discussing matters of my department I will be referring to land but strangely enough that includes land and water and the things that the land covered by water can provide. I'm not suggesting that every acre of land should be used for every resource purpose. This is obviously impossible as some uses are incompatible with others. What I do mean is that our land and water must be put to the best use, and that might be either a single use for a given acre or it might be a combination of uses. For most areas a combination of uses is both possible and desirable and indeed the pressures placed upon our resources demands that kind of planning and that kind of development. Within my department alone we encompass such diverse interests as mining, forestry, grazing and the outdoor recreation through hunting and fishing, and it's our intention to ensure that all our interests are taken into account in the multiple resource use programs.

While the estimates do not call for great increases in expenditure they do contain all the elements of research, resource inventories, land and water capability studies, multiple-use planning, long-term program planning and actual operational programs. All these will be carried out within the context of the broad policy objectives outlined.

I propose to touch briefly on several areas of activity of my department as we come to the individual branch estimates, and I'm going to suggest that with as many different kinds of things to talk about, it would be a most useful thing if we could just concentrate our discussion on the various resolutions as we come to them - the forestry, the fisheries, the land, all the other matters, and I think we can have an orderly discussion in that way.

In particular, I propose to announce a new policy with respect to the sales of Crown lands and I have - yes, I hope my honourable friends will be pleased - and I propose to speak at some length on the Churchill Forest Industries Ltd. I don't propose to speak at length again except to discuss the points that my honourable friends will want to bring up.

There is one further statement that I wish to make at this time and it affects all aspects of my department's work and that's why I include it in my opening remarks. One of the continuing concerns of sociologists and psychologists these days is the continued and mounting strain on people and in almost every occupation and in almost every way of life you find continuing strain on people, and I dare say that some of our concern this morning in Law Amendments Committee can be traced back to those who know about it to the strain of modern life, the strain upon people conducting their daily jobs and their daily responsibilities. But here's the point that has reference to my department, that is getting back to the great outdoors is one of the sure and reliable ways to restore peace of mind and mental balance and I have never heard that statement challenged. Recreations--(Interjection) - I'm sorry I didn't hear --(Interjection) - This is right, and I think that we have drawn great strength in every element of economic and other life in our province by the people who come up from the farm with mental balance and physical strength and we're indebted to that. But we want to give a chance to people who have then graduated from that stage to go back and refresh these qualities as they can, and not all of them, including myself, is suitable to go on the land and drive a tractor and raise a crop.

But recreation isn't just amusement. I think the modern concept today is that recreation is an important thing and not something to be treated lightly. It's a vital necessity for men and women to help them to meet their responsibilities and the strain of modern living. There is of course a Department of Tourism and Recreation concerned specifically with the development of community recreation, the development of tourism and the management of provincial parks. There is also an agency, the Water Control and Conservation Branch of the Department of Highways which is concerned with how we manage our water. We must remember however that outdoor recreation has no meaning except in the concept of beautiful land, clear air and water and the trees and animals that they support; nor can all the outdoors recreation that is required be provided in our provincial parks - and here I refer not just to boating and water skiing, camping, picnicking and the like but also to hunting fishing and all the many

(MR. EVANS, cont'd) . . . . healthful activities that individually and collectively may be termed outdoor recreation.

I want to make it clear that my department is vitally concerned both with the maintenance of the natural heritage and its employment by our people from day to day. As increased prosperity ensures to our people more leisure and more money to relax and enjoy life in the great outdoors, so must our actions be intensified to ensure the continued integrity and beauty of the outdoors to round out the sense of contentment and well being of our people. This must be so so that our young people will be content to make this province their home and to contribute their skills and efforts to that future. I pledge the continuing concern of my department for these things of mind and soul concurrently with the resource development task, and in this there will be co-operation without reservation with all the other departments concerned.

Now, Mr. Chairman, there's another matter that I want to refer to which is of a general nature and doesn't apply particularly under any one of the resolutions, and if I may continue to present these notes I will do so. I'm going to refer to Resolution No. 59, Administration, because that's the point under which the funds are provided for what I'm going to talk about. There are many things that I could say respecting the activities under Resolution 59 and I want to just touch on three points briefly. We're just now embarking on some reorganization within the department to strengthen on the one hand the planning and co-ordination functions - and the importance of which I have just been talking about - and on the other hand the centralized financial and administrative structure. These changes are necessary to carry forward the new impetus in multiple resource management in concert with programs of all the other departments.

In the area of conservation education great strides have been taken in the Fisheries Education Program. It deals with a variety of information that we think will help to make better fishermen. Over the past five years we have altered the course to suit their needs and their wants. The last course covered such things as electronic fish finding, the care and maintenance of outboard motors, mending and cleaning nets, how to keep production records, first aid, navigation methods and equipment, some theory on fisheries management and biology, hints on how to produce more fish and discussions on the most efficient operation of a fishing camp - a very wide selection of practical matters that are of importance to the fishermen. We think the courses are valuable from two points of view. First, they provide fishermen with useful necessary information; and second, they give them an understanding of the industry and a sense of participation in a much bigger operation than just taking a fish out of a net. I think it's important where possible to give people satisfaction in the work that they are doing in addition to the money that they earn from it.

It's hard to evaluate these programs, but we do know that at least one life was saved by a fisherman who learned artificial respiration on the course. We know that they take better care of their equipment than they used to. We know that one fisherman who attended an early course has applied to come back to every one since because he liked it so much and got so much out of it. We know that the men who attended past courses told us that they found them useful and they recommended them to their friends. And so we think this resources education program, particularly as it applies to the fishermen and perhaps it's the most intensive application of it so far, is worthwhile and we propose to continue.

I'd like to turn now and say something about the Canada Land Inventory. I think as I remarked a few minutes ago, the whole concept in this department is one of land use, land whether covered by trees or grasses or water, and I want to refer to the Canada Land Inventory as a basic change and to make possible a basic change and a great improvement in the utilization of our natural resources of all kinds. Really the whole department could be called the Department of Land Use, even having some reference to the land used for agricultural purposes. Manitoba in common with all other provinces in Canada is presently involved with the Canada Land Inventory project, a co-operative provincial-federal program. It is a comprehensive survey of the land to determine its capability and use for various purposes. It will include assessments of land capability for agriculture, forestry, recreation and wildlife including sports fish; information on the present land use and assessment of social and economic factors relative to land use. The relatively abrupt transmission from an agriculture economy to a complex rural urban industrial economy has been accomplished by changes in land use and future changes may be expected as further economic and population changes occur. Effective planning for changes of this nature requires as a basis farm knowledge of the physical quality and quantity of our resources; as well, competition for land for various

(MR. EVANS, cont'd) . . . . alternative uses combined with increasing governmental and private concern regarding economic and social planning has made apparent the need for an improved knowledge regarding the productive capability of lands, their location and their expanse. Some idea of the size of the task I think can be grasped from the fact that there are some 57 million acres of land, approximately one-third of the total area of Manitoba. The land to be inventoried runs roughly south of a line drawn through Flin Flon although it comes over the top of Lake Winnipeg and comes down and cuts out a part of the area of Manitoba east of Lake Winnipeg, nevertheless about a third of the total area comprising about 57 million acres which will be inventoried to find out what the quality of land, how much there is of it, and what it can be used to produce.

A team of agrologists, biologists, foresters, geographers, recreation specialists and supporting technical staff has been established and are actively engaged in this work of the detailed, practical inventorying of 57 million acres of land in Manitoba to help accomplish some of the purposes that I referred to in my opening remarks.

The total cost of this project is going to be about \$1-1/2 million of the inventory alone, and with one small exception the money is provided by Canada, although Manitoba provides some of the supervision and pays some small part of the salaries. It's only about 2-1/2 cents an acre but it's a lot of money just the same. But it's a small cost when related to the potential information which will be available to the people of this province so they can better plan, develop and utilize their resources to provide for them a better place to live and to work and to play.

As a part of the Canada land inventory program, the Federal Government, Department of Forestry and Rural Development ARDA Branch, have developed a geographical information system designed to facilitate the recording and analysis of data obtained from the Canada land inventory and other sources by the use of computers. Well this is really reaching out into the future for ways of recording data and retrieving data that is likely to astonish even the experts, and the experiment for this is being done here in Manitoba and by our people. The experiment on how to do it is going to cost about \$100,000 so it's a serious operation, but I am informed that by co-operation with the Dominion Bureau of Statistics experts and other people provided by the companies who make these machines, it is going to be possible to record information concerning the qualities of land on a map, shove it into the computer to record it, keep on shoving in all the maps you like, shove in data from other sources and by other means as well, and it all gets stored away, then when you want to find out certain factors respecting any area drawn up on a map, you can shove a blank map into the computer and it comes out with all the information marked on the surface of the map. Well --(Interjection)-- yes, indeed you do, and this will be -- if we recall the convenience now that we have in going into, for example Air Canada offices, to book a passage and they say, "Where would you like to go and when and what flight," and they make some marks on a card and shove it into the thing and out again, and he says "You're booked." And that has gone all the way down to is it Toronto? It's Montreal, is it? where not only have you been assured that you are going to get on, but that space has been booked for you and nobody else is going to get it and it's the kind of magic that nobody dreamed of a short time ago.

I want to tell my honourable friends about this gigantic task of recording a great deal of information about each of 57 million acres, which is a job of really frightening proportions. We are going to have the help of two of the most advanced possible computer techniques which make a recording system possible - recording a massive data possible, and retrieving it in time to be of some use. It's easy enough to retrieve material if you put in squads and squads of people to do it, but if it comes out months or years later, what's the use, because the chance of using it has probably gone by. So, with this inadequate description of it, I do inform the committee that we are going to have a modern computer which will in some respects be the leading computer technique of the world.

One of the most significant findings of this research has resulted in the development of a map scanner, which now enables statistical data as well as data recorded in that form to be recorded in a computer. The handling of map data by computer opens up a whole new area of information correlation. This new development being carried out by Manitoba as a Federal-Provincial program under the ARDA administration to determine the geographical information system can be used by a provincial government in terms of cost, efficiency and information handling, improved decision making, related to land use. Well, what does that mean, improved decision-making related to land use? It really means that if you'll think of

(MR. EVANS, cont'd) . . . . having a settlement in a given area of Manitoba where there is no settlement now, you have got to find out a lot of things. Is there enough productive land in the area to support the people decently when they get there? Is there likely to be enough to support themunicipal services that will be necessary including schools and roads and all the other things? If there isn't enough arable land there, is there enough grazing, and if those two are not sufficient, are there sufficient values that can be taken off in a sustained yield basis from the woods? Can fishing be engaged in within a reasonable radius of the settlement, and in general, to examine all of the factors which we hope will enable us to prevent the establishment of communities which, once established, then begin to use up the capital with which they came and eventually fail because it was not what, the term is, a viable community. They couldn't earn a living when they did settle down. All they did was to lose the capital that they brought with them and become problems for government to help and, worse still, problems for themselves; and we have had areas which are well known to all of us where settlement probably should not have taken place, or having taken place, where they should have found other economic production which would help them to stay there.

Well, people demand and expect more service today than ever before. For example, they have referred to other uses here of computers, but shouldn't the government provide the kind of service for our own citizens as efficient as the service provided by the computer system that I referred to about air craft regulations, regarding a request for grazing land, or a site to build a cottage, or an industrial development potential, or agricultural development, forestry development, where to go for various kinds of hunting, fishing, camping and other recreations for the Crown and privately-owned lands of the province, and what about the planning and development of roads, hydro, telephones, hospitals, schools, towns, etc? Would the utilization of computerized data facilitate more rational decisions?

We think it will. We believe this experiment will succeed. The rapidly developing field of computer science and its application is here, and we as a government wish to keep abreast of developments and application of this technology in order that we can better serve the people of this province.

Well those, Mr. Chairman, are the additional matters which perhaps could be considered as the introduction of my Estimates, and I do appreciate the courtesy with which the House has allowed me to wade through some very massive statements, and I think it was perhaps justified by providing information that should be given.

MR. LYON: Mr. Chairman, I move the Committee rise.

MR. MOLGAT: Mr. Chairman, could we enquire as to the procedure this evening? Are we going to continue with this department?

MR. LYON: No, we will move the Committee rise now, Mr. Chairman, and then this evening we will ask Mr. Speaker to call the third reading of the sales tax bill, and continue with that.

MR. MOLGAT: Third reading on the tax bill?

MR. LYON: Committee of the Whole House, third reading. Bill 56, if that makes anybody happier.

MR. CHAIRMAN: Call in the Speaker. Mr. Speaker, the Committee of Supply has considered certain solutions, has directed me to report progress, and asks leave to sit again.

#### IN SESSION

MR. JAMES COWAN, Q.C. (Winnipeg Centre): Mr. Speaker, I move, seconded by the Honourable Member for Pembina, that the report of the Committee be received.

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

MR. SPEAKER: It is now 5:30 and I am leaving the chair to return again at 8:00.