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**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

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**THE LEGISLATIVE ASSEMBLY of MANITOBA**  
**Wednesday, May 25, 1977**

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**TIME: 10:00 a.m.**

**OPENING PRAYER by Mr. Speaker.**

**MR. SPEAKER, Honourable Peter Fox (Kildonan):** Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 10 students, Grade 11 standing of the Windsor Park Collegiate. These students are under the direction of Mr. Osinski. This school is located in the constituency of the Honourable Member for Radisson.

On behalf of all the honourable members, we welcome you here this morning.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements; Tabling of Reports; Notices of Motion; Introduction of Bills.

**ORAL QUESTIONS**

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. STERLING R. LYON (Souris-Killarney):** Mr. Speaker, a question to the First Minister. I wonder if he has any information to give today the House with respect to the dispute at Jenpeg relative to the Soviet suppliers of turbines, an alleged account of \$2 million that's in default.

**MR. SPEAKER:** The Honourable First Minister.

**HONOURABLE EDWARD SCHREYER, Premier (Rossmere):** Mr. Speaker, I expect to be able to reply to that this afternoon.

**MR. LYON:** Mr. Speaker, another question to the First Minister or to the House Leader. With respect to the sitting tonight of the Law Amendments Committee, has the ministry made any accommodation with the City of Winnipeg relative to a Council meeting which they must have tonight before they can appear and make representations with respect to the City of Winnipeg amendment?

**MR. SPEAKER:** The Honourable House Leader.

**HONOURABLE SIDNEY GREEN (Inkster):** Mr. Speaker, when I scheduled Law Amendments, I was frankly not cognizant of the fact that there was a Council meeting. I don't follow the procedures of the City Council. I think the members of the committee would be quite prepared to accommodate the City of Winnipeg. What I would propose to do is that we hear representations from others, if they appear, up until the time that the City delegation arrives. If not, then we have many bills to proceed with clause by clause, so we have no shortage of work to do at Law Amendments. And even if the City representatives can't get here tonight, I would think that a majority of the members of the House would want to see to it that there is another opportunity for them to make representation. So if they make it tonight, that's fine. If they don't, we will see to it that their representations are accommodated. But in any event, the committee will meet, because there is much work for the committee to do.

**MR. LYON:** Mr. Speaker, just on the procedural point, this side of the House would certainly agree to any such accommodation to meet the reasonable requirements of the City of Winnipeg.

**MR. GREEN:** Mr. Speaker, ordinarily, when we hear representations and the representations are concluded as of list, we proceed. The Minister of Labour informs me that there may be some still under Shops Regulations and it's not normal practice, but we wouldn't be sticky about and I'm sure honourable members wouldn't. We would hear whatever representations there would be on that bill as well.

**MR. SPEAKER:** The Honourable Member for Morris.

**MR. WAER H. JORGENSEN:** Mr. Speaker, I should like to direct my question to the Minister of Industry and Commerce, and ask the Minister if he could confirm that the Federal Government have offered the Province some money to set up a metric information booth in the Province of Manitoba.

**MR. SPEAKER:** The Honourable Minister for Industry and Commerce.

**HONOURABLE LEONARD S. EVANS (Brandon East):** The Federal Government, which is the agency responsible for metric conversion, the jurisdiction which is responsible for the weights and measures of Canada, is attempting to promote metric conversion and the dissemination of information pertaining to metric conversion across Canada, and there have been discussions, I believe at the staff level, and there is a considerable amount of co-operation. I think at some time they may set up a booth, either on their own or perhaps jointly with the Province. But it is their initiative and it's their program and it's their responsibility.

**MR. JORGENSEN:** I wonder if the Minister could advise the House the amount of money that the Federal Government has offered the Province to set up the information booth in the Woodsworth Building.

**MR. EVANS:** Mr. Speaker, the Federal Government has every right to set up their own booths in the Province of Manitoba if they wish, using any amount of money that they feel that they wish for that purpose. They don't have to ask our permission, they don't have to ask for our co-operation, they can

si it. ly go ahead and do It is their responsibility. Weights and measures standards are the responsibility of the Federal Government.

### ORDERS OF THE DAY

**MR. SPEAKER:** The Honourable House Leader.

**MR. GEN:** Mr. Speaker, I move, seconded by the Honourable the Minister of Industry and Commerce 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.

**MOTION presented and carried, and the House resolved itself into Committee of Supply with the Honourable Member for Logan in the Chair.**

### COMMITTEE OF SUPPLY

#### ESTIMATES - MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT

**MR. CHAIRMAN, William Jenkins (Logan):** Order please. I would refer honourable members to Page 44 of their Estimates Book. Resolution 83(a) Administration (1) Salaries and Wages \$348,700.00. The Honourable Minister of Mines, Resources and Environmental Management.

**MR. GREEN:** Mr. Chairman, I do want to give the Member for Brandon West some information with regard to the quarry regulations. My understanding, Mr. Chairman, is that there were consultations with the people in the industry. The copies of the regulations were sent out. I don't know if they were face-to-face contact, but copies of the regulations or the proposed regulations were sent out. Objections or suggestions were taken into account, and that the regulation was published on March 13th, 1976, that they were not to come into effect until after January 1st, 1977. Between March 13th, 1976, and January of 1977, there were no objections whatsoever to the regulations and no objections during the course of the distribution of them. There have now been problems indicated to the department by some operators who feel that this is an undue hardship, and there is discussion between the department and these operators to see whether there can be some compromise arrangement reached, but there was a lot of lead time up until that point.

In the meantime, Mr. Chairman, I am informed that there is a bit of marking time in terms of enforcement, so that nobody is being harshly dealt with.

The member asked for some statistics. In the fourteen-year period prior to this regulation being enacted, there were seven fatalities at mining operations resulting from equipment overturning and crushing the operator. Seven fatalities in the fourteen-year period, Mr. Chairman, which I consider a serious rate of mortality.

Many, if not all of these lives, could have been saved or may have been saved if the equipment being operated had been equipped with rollover protection structures and the driver had been wearing a safety belt to restrain him inside the structure.

Six of these fatalities involved equipment used in quarry operations — these are in quarries — accounting for 33 percent of all fatalities in quarries during that period. These regulations come under The Mines Act, the quarry regulations. It is not the same as the gravel pit regulations. These regulations are directly under The Mines Act.

So those are the hard statistics, and the honourable member will be aware that the hard statistics don't always deal with the total situation, that some people have the accident and don't get killed, fortunately. Sometimes it is never reported. But the desirability of the equipment the people are convinced of and the statistics are enough to indicate to me that it's necessary, Mr. Chairman, and as long as the department operates reasonably in bringing people up to this standard of safety, I think that members of the House should be satisfied.

I do indicate that there was considerable length of time given for people to deal with it, and unfortunately the real representations only came after the regulation went into force, that's after January 1st, 1977, and it is now being dealt with between the department and the people making the representation.

**MR. CHAIRMAN:** The Honourable Member for Brandon West.

**MR. EDWARD MCGILL:** Mr. Chairman, I thank the Minister for that additional information and the replies to questions that were posed yesterday.

The extension of time that is now being given to operators to install rollover mechanisms for safety purposes — has there been any publication of that extension? I understand that this was to have been effected by January 1 of 1977, according to the regulations published in the Manitoba Gazette, and that there has been some difficulty whether the operators themselves were not immediately aware of the extent of this requirement. Nevertheless it would appear that by the time of the commencement of operations in the quarrying pits of the province during the current year, that very few, if any, of the loaders and other devices had been equipped with rollover mechanisms, so that will be of some interest and assistance to the industry, I would think, if some extension of time has been given in order for the operators to comply.

Mr. Chairman, one or two other questions were posed to the Minister, and one particularly related to the use of older pits and the responsibility for any user in a current situation of having to rehabilitate a pit which maybe had been in use for many years. And if in fact that is the effect of these new regulations, then it would essentially mean that older pits could not be used because of the liability which the current user might assume for rehabilitating the work over the years of other users. Mr. Chairman, I think perhaps the Minister could provide an additional explanation of that problem which has arisen as a result of these recent regulations.

We did, too, discuss the effect which might be placed upon the acquisition of land by the Highways Department for right-of-way, and in fact for the sale of other lands for various purposes with the royalty which now applies to clay of fifteen cents per ton. I understand that prior to these regulations, Crown land and the clay that might be obtained from Crown land was available at no charge to those who needed that as a base for roadbuilding or for other purposes.

Mr. Chairman, if there is land of marginal agricultural value, which may from time to time be required by this government and its Department of Highways, is it not a probability that the value of this land will change quite drastically in view of the value which this regulation and this government now places upon the clay. The Minister did make some analogy here between certain lands which have been valued in the courts in a way which caused the court to rule that because of certain peat moss deposits that the value had, in fact, changed. Is it not likely that this regulation is about to do the same thing to other land values in our province, particularly those which have minimal values for agricultural purposes?

Mr. Chairman, those are some of the concerns which still apply, and I would appreciate the Minister's explanations.

**MR. GREEN:** Mr. Chairman, with regard to the value of land and the value of clay I will concede that the possibility that my honourable friend raises is one which would be given substantiation or would be given support by the judgment that I have referred to. I don't happen to think it is correct, and I think that the value of land will still consist of what is the market value of land, and the market value of land will not go up, in my opinion, to any great extent because there is a royalty charge for clay taken for the land. But there may be some, I won't deny that. Nevertheless, the feeling is that there should be a royalty charge for clay which is removed, the same way as there is a royalty charge for gravel. It does have an effect on the land from which it is removed.

The question of the extension of time. I don't want the honourable member to refer to it as an extension of time for the reason that the regulation is in force, the department can prosecute it, they are being — I think I used the word "marking time", in an effort to not be unreasonable to operators where this constitutes an undue hardship. I am concerned that it be considered as an official extension of time or an official policy not to do anything, again, because of a recent judgment that I read which I found incredible. There was a treaty Indian who was charged with hunting in a way which was contrary to the hunting regulations — and I just read a very small footnote of the decision of the case — but the defence was that there was a provincial policy not to prosecute, which I have never heard of, which was used as a defence, and again, through some type of court decision that I find impossible to comprehend — it's not the first time that I will be at issue with such decisions — the judge said that the man had a reasonable idea that he could do this and that there would be no prosecution. Now, I just read that in a footnote, I haven't talked to the Minister of Renewable Resources about it, but I find that incredible, especially in the midst of a prosecution. If there is a prosecution occurring obviously obviously the province is prosecuting its laws, and certainly when I was the Minister of Resources there was no provincial policy not to prosecute, the reverse is true, that if there was grounds upon which a prosecution should proceed, it should proceed. The former Attorney-General is here and I am sure he will be just as astonished as I am that a court would find that there is a provincial policy not to prosecute a law, and that constitutes a defence to a prosecution under the law.

The honourable member is shaking his head in as much amazement as I am and therefore I am glad that I am not the only one who sometimes looks with amazement on some decision. — (Interjection) — Pardon me? Mr. Chairman, it doesn't happen when there is a prosecution, and the judge made a decision of that kind on an existing law. I think my honourable friend, the Leader of the Opposition, once prosecuted, — I don't know if he was the counsel, but certainly he was part of the department when they prosecuted a bingo game — I think, it was the Lion's Club — I don't know if the honourable member was the prosecutor. It was a jury trial. The interesting thing was that the defence went in, all of the defendants went in and said, "We played bingo," and it was contrary to the Criminal Code, and the judge told the jury, "You are to go in and bring in a verdict of guilty." The jury went out, came back five minutes later, and said, "We find the defendants 'not guilty.'" Now that was a jury deciding that way, and it shows that all of our entire common law depends on the being able to get a jury to say that it is correct, this is the same difficulty that they had with the Morgenthaler case. I consider it a good feature of the law, my friend may disagree with me, but, nevertheless, it wasn't dismissed on the basis that the Crown ordinarily doesn't prosecute bingo games, it was dismissed

because a jury wouldn't bring in a conviction on that trial, in this case it was a judge.

So, I don't want You to get any impression that it is a provincial policy not to prosecute, it is the province's policy to enforce its laws, but that it will try to deal reasonably with bringing these people into compliance, and indeed, there may be a change in the regulation, but the regulation is in force and we have no policy that it is not in force. So, I don't want the honourable member to say that we have given notice that there is an extension of time. We will deal with the people that are claiming to have a problem in this connection.

The rehabilitation of the old pits, I indicated to my honourable friend in my last answer that when a person comes in and is dealing with an old pit he has to bring in a plan of rehabilitation. If our department says he has to rehabilitate what was previously done, I want him to complain, because I don't gather that that is what is to happen. He is to rehabilitate what he uses, and certainly the price of using an old pit is not that he rehabilitates all those portions which he never had anything to do with. So if that happens, you certainly let us know. You be the Ombudsman and we'll deal with it.

**MR. CHAIRMAN:** I'd like to draw the attention of the honourable members to the gallery where we have 50 students of Grades 4 and 5 standing, under the direction of Miss E. Plett. The school is the Blumenort School, situated in the constituency of the Honourable Member for La Verendrye.

On behalf of all the honourable members I bid you welcome to the Chamber this morning.

The Honourable Member for Rhineland.

**MR. BROWN:** Thank you, Mr. Chairman. On May 18th there was an article in the Globe and Mail which I thought was rather interesting and something which I think should be drawn to the attention possibly, of this particular department as far as health and safety of workers is concerned. This article read in part that "Nickel workers in Port Colbourne, Ontario, have abnormally high according to a U.S. rates of cancer in the nose and lungs' statistical study released in Washington. After reviewing the study the United States National Institute for Occupational Safety and Health concluded that cancer can be caused by compounds containing nickel in suspension in the air." And they go on to recommend a lower limit of the maximum amount of nickel suspended.

I wonder, has the province ever checked into that particular area to see whether we have similar problems in our own nickel mines?

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

**MR. GREEN:** Mr. Chairman, there is a joint study between the Department of Mines, the Health Department and the Workers' Compensation Board with regard to allowable limits of various toxic substances in the air in work places.

I want my honourable friend to know that I certainly appreciate him raising the question; that at the two safety seminars that we held in the past two years and there will be another this fall, the men certainly have raised it. That if my honourable friend will study the report of the Commission in Ontario which dealt with this question, they certainly have brought it to our attention. We can never not take seriously the representations with regard to safer and safer conditions. At these conferences, I think we have moved from an attitude of confrontation that has characterized the first one, namely the union saying the mine owners don't give a damn about safety, all they are caring about is profits, the mine owner saying that there wouldn't be any accidents if the men were more careful, to a much more positive attitude of each side acknowledging that there is something each one of them and we, the government as well, can do about safety.

I do not believe that we have the serious conditions that the honourable member is referring to, but I don't want to avoid exploring just exactly what the situation is. The mill at Thompson is a much newer operation than the ones in Sudbury, probably the newest, I'm not certain of that, but it's certainly one of the newest. We hope that its conditions are more satisfactory. So I can't tell my honourable friend that we have any direct evidence of that type of harmful condition that he refers to, but nevertheless I can tell him that the workers in the mines are echoing that type of criticism and we are obliged and more than willing to follow it up, and so are the mining companies.

**MR. CHAIRMAN:** Resolution 88(a)(1). The Honourable Member for Assiniboia.

**MR. PATRICK:** Mr. Chairman, I believe we're at 83(a)(1). Is there any requirement — I wonder if the Minister can indicate to the House — any requirement of the large mining companies that have to earmark any portion of their earnings for exploration? Is it mandatory? Is there any undertaking of that type, where companies decide not to do any exploration in the province at all, they don't have to do any; or is there any requirement that they should earmark any portion of their profits for exploration?

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

**MR. GREEN:** Mr. Chairman, not as a requirement as you have referred to it. But we have earmarked it. The public has not relied upon the mining company to earmark it. We have said that we are going to take a greater share of the profits that are earned from mining, and we are going to make

sure that it goes into exploration, which I consider to be the most effective way of earmarking it.

**MR. PATRICK:** Mr. Chairman, a second question to the Minister. If that earmarking of the Minister that he is indicating to the House is not too successful — and we've had some three years' experience if we look down the road — if it's not successful, it may be the right course of action for having the mining companies, if they are making profits, to require them to earmark some small percentage for exploration. I know the Minister indicated from his seat that that's not true. Well I know we've listened to the hearing, and it's a government mining corporation, and sure they mentioned two discoveries, but the discoveries were of such a nature that it's not profitable to mine ore that was discovered at all at this stage.

**MR. GREEN:** Mr. Chairman, that's not the share that has been earmarked. The share that has been earmarked is the share that goes into our regulation program, which has not been in effect for three years, which has been in effect for scarcely a year and a half, and which is participated in by every major mining company, with the exception of Inco, because they have enough land of their own, given to them by the public of this province, that they have not bothered to participate in the other program, but they are exploring on their own property. Their own property — I use that term very loosely, because it's property which belongs to the people of the Province of Manitoba, which we have given to them under Orders in Council. But if the honourable member says that our program has not been successful and that the mining company's program would be successful, I tell him that the money that has been earmarked is done in conjunction with the mining company. And far from not being successful in a year and a half, there has been massive exploration exploration in the province of Manitoba, and very, very interesting things found.

The Honourable Member for Lakeside will tell you that we have found a mine, within the shadow of the stack at Flin Flon. The CDC will tell you that they have very very interesting finds of uranium in northwestern Manitoba, this is after a year and a half. There are several mineralized zones found which haven't been reported by various companies, including Manitoba Mineral Exploration Limited, and therefore it is wrong to say that the earmarking has not been successful. It has been as successful as could reasonably be expected.

The honourable member should be aware that you could go for many years and not find anything, and you could go and find something the first time. The Saskatchewan company, which is a public company, the same as ours, in their very first venture found what is considered to be a uranium mine. That's done by the public, by the people of the province, who apparently don't have any more competence than moles in finding mines. Well, on their very first one, very first venture, they have found what appears to be a very rich uranium mine in the province of Saskatchewan.

There will be mines found under this exploration program. There is absolutely no doubt of that in my mind. It's a question of time, and I am satisfied that if the people of this province have patience and continue to make the investment that it will accrue to their benefit as it has accrued to the benefit of the mining companies.

With regard to the program that I am referring to, it is almost all done in conjunction with mining companies. There are some which are done in conjunction with our own mineral resource company, there are some in which we are 100 percent participants after people who are holding the property have decided that they can't invest any more money, but the greatest share and the theory of the program, the philosophy of the program, is that it is done in conjunction with mineral programs filed by private mining companies. So I do not accept the fact that the honourable member says it has been unsuccessful; frankly I did not think we would be as far as we are today as we are with that particular program. If anything that we have interesting now results in a mine, never mind the size of Hudson Bay Mining and Smelting, or the size of Inco, the size of Manibridge, it'll more than pay for everything that has been spent, and that money has been money that we've collected from the mining companies.

**MR. PATRICK:** Mr. Chairman, if the words of the Minister are to be taken seriously, and I have no doubt not to take him seriously, then it seems that the new legislation augurs well for the province. Can I ask the Minister another question? Can he indicate to the House, with the joint ventures with the coanies, the kind of money that it spent on exploration say in the last couple of years as compared to the kind of money that was spent by mining companies on exploration, say, perhaps four or five years ago or would he have those figures of the mining companies, the money that they committed to spend and spent for exploration? Would he have that type of figures?

**MR. GREEN:** Mr. Chairman, I'm now going to proceed from memory, because I gave those figures when I introduced the Estimates, and I indicated that this year we have committed, for the total program, roughly about \$13 million, which would mean approximately \$6 million private sector and \$7 million public sector. Last year it was about \$10 million. The level of expenditure in 1969 may have been in the area of \$7 million or \$8 million. We have maintained: in 1967, it was \$7.5 million, in 1977, the estimated total to the end of the year will be \$16 million.

The level of activity has remained the same, which is the undertaking that I gave when we enacted the regulations. There is a larger public share and a smaller private share, but the level of activity has

remained the same. I have absolutely no difficulty with that, Mr. Chairman. As a matter of fact, if the private share goes down some more, the public share will go up, because we are going to maintain the level of activity. The private share can't increase unless they do more work than they used to do, because the dollars that are being spent are doing the same amount of work.

If they suddenly, and they may, if they suddenly saw interesting things, they would put in more money, in which case it would be matched by the Province and we would have a much higher level of activity. But the level of activity, in terms of exploration work done, is approximately the same, with the provincial share increasing, and the private share, Mr. Chairman, when somebody thinks that that is a big problem, the private sector is usually looking for partners. They have an automatic one in the public of the Province of Manitoba, and I think that our relationship as partners has been pretty good.

**MR. PATRICK:** Mr. Chairman, I believe that the inventory of Manitoba northern mineral resources is very important to this province in the development of Manitoba. Can the Minister indicate if, between the joint ventures and Manitoba Public Mining Corporation by itself, if there is mineral discovered, is there a mine started immediately, or in some inventories or discoveries would there be an inventory, for instance it may not be profitable or necessary or required to mine copper at this stage, but the find, the discovery would be . . . a course of action would be to mine it, say, two years down the road. Is there that kind of inventory with the exploration being taken place?

**MR. GREEN:** Mr. Chairman, there is. And there didn't really used to be. I'm not saying it wasn't there, but we did not have as much involvement in it. Now, when a mining company proceeds to stake ground, get a permit, explore, it is required to do a certain amount of work. When it does that work, if there is anything interesting there, and they have fulfilled the requirements, they get what is called an explored area lease, which entitles them to keep the property on the payment of a rent without being required to explore or spend further money, when further money would not be a useful expenditure. The Manitoba Mineral Resources had several explored area leases. Well, they have one. — (Interjection)— I'm told they haven't got one. I know that they had a mineralized zone that they explored and they could get an explored area lease on it, I'm certain of that. On the two that they displayed to committee the other day, if they do their proper work, they can get an explored area lease, that becomes an inventory.

As was told to the honourable member by the President of the company, if one and a half percent copper in that tonnage ever becomes viable, it's gone back to. That's a possibility. It depends on what the price of copper is. If what happened to the price of oil happens to the price of copper, we will be going for some of those explored areas which are not now viable, but that inventory is now available, and we have much better knowledge of it because we have the explored area leases. Furthermore, we are going to be participants in many of them. We are participants and in addition to knowing because we are participants, we have much more co-operation in disclosure from the mining companies which has been worked out co-operatively with them, than we have had in some previous years.

**MR. PATRICK:** Mr. Chairman, the Manitoba Mining Corporation, are they pursuing all types of inventories or discoveries, or is it special metals or a certain type of mining? I believe the Chairman indicated the other day that they are not involved in oil discovery or exploration at all. Is there any limit to what they're looking for, or is it everything and anything?

**MR. GREEN:** Let's put it this way. Maybe legally they could go outside the province, but as a matter of policy they're exploring in the province, and exploration companies have their own character. Mr. Koffman has indicated that they do not have extensive oil expertise, they have participated in oil programs with private sector partners, Asamera was one, Berry Petroleum was another. The CDC they participated with as a partner, another public partner. We don't even object to having a public partner, even if it is the Liberal government that is responsible for the CDC, we don't discriminate against the public as some of my honourable friends would do, so we have that as a public partner.

They indicated that they were not overly interested in the uranium. They did have a look at some of it, but I do not think that they are participants in a claim. So generally the character of the company is to seek out the hard rock minerals such as copper, zinc and nickel, but that is not a limitation. That is merely the general trend that they follow.

Manitoba Minerals, Mr. Koffman did indicate that, that he has a joint-venture with Eldorado which would be uranium as well, so he is in one uranium project as a partner with the public of the Province of Manitoba. If anybody would have a prejudice against being involved with the public it would be Mr. Koffman, but now he is with Eldorado, he operates a public company and he will also, apparently, try to joint-venture under our regulations as well.

**MR. CHAIRMAN:** The Honourable Member for St. James.

**MR. GEORGE MINAKER:** Mr. Chairman, I listened with interest to the Honourable Minister's comments with regard to the exploration activities. I was wondering, he has indicated that he feels that we are keeping pace with the exploration activities by either making it up through public financing and picking up maybe where the slack might be falling off in terms of his total idea of the exploration activity that should take place in our province, picking up that fall-off, possibly, of the

percentage of participation by the private sector.

I am sure the Honourable Minister is familiar with the McParland lectures that take place from time to time in the mining industry, and I believe they are fairly well respected throughout the industry as being serious lectures and being presented by very qualified people either involved directly in the industry or involved through their possibly political responsibility, such as the Honourable Minister himself. I know during the second McParland lectures that took place in November of last year, the president of the Mining Association of Canada, Alfred Powis presented a lecture at that particular one, and there were some interesting comments that Mr. Powis had to make.

If I might, just to point out and maybe amplify something that the Honourable Member for Lakeside was trying to indicate the other day when we got into our debate on the Minister's Estimates, that the amount of moneys that will probably be required and are required right now will be very difficult to be met by public funds.

I might just quote something from Mr. Powis' lecture, and where he says, "Reality vs. Perception." And I quote him. He said, "Perhaps the most dangerous nonsense of all is that Canada has some sort of monopoly on natural resources with which it can hold the rest of the world to ransom and obtain a preferred position in international trade. For example, though we are the world's largest producer of nickel and zinc (in fact Manitoba is the second largest developer in Canada, I believe, of nickel), 80 percent of the world's known reserves of these metals are outside Canada, and in all other important metals our share of known reserves is considerably smaller. Moreover, much of the rest of the world has not been explored as intensively as Canada has."

He went on to say about the outlook for mining in Canada, and our honourable friend from Assiniboia will probably appreciate some of the following comments. He said, "Nevertheless there is a depressing prospect that resource scarcity will result from public policy rather than physical limits. In the first McParland lecture, the Hon. Donald S. Macdonald referred to the conflicting goals of Canadian resource policy, and he went on to say (the Hon. Mr. Macdonald did at that time), "In practice, recent Canadian public policy has focused almost solely on tax revenues to the complete exclusion of all other goals."

In the first McParland lecture, Mr. Macdonald talked about tripling — tripling — of the Canadian mining production by the year 2,000. A Federal government study (and I might quote the study, I haven't had a chance to read it, I don't know whether the Honourable Minister has) which was The Mineral Area Planning Study, Department of Energy, Mines and Resources, 1975, in this government study has concluded that available markets will support such an increase, and that Canada's physical resource base is more than adequate for the purpose. Given the necessary investment, we could triple our production over the next 25 years and still be even more healthy in terms of reserves than today. This is what the Hon. Mr. Macdonald has indicated in the lecture that he took part in.

"However, — I am quoting Mr. Powis during his lecture — Mr. Powis is president of the Mining Association of Canada. Mr. Powis goes on to say, "However if we are to triple our mineral output over the next 25 years, the increase must all come from new mines and other new mines must be developed to replace those which cease production during the period." As we know, we have had mines shut down in Manitoba in the past few years with the ore running out. "As a result we will need as many new discoveries as we made during the 1946-1970 period, some 228 mines, and successful exploration is clearly essential to the realization of our opportunities. The Federal Government has estimated that this will require average annual exploration expenditures of \$200 million in constant 1970 dollars. This is about triple the average in the 1951-1970 period, reflecting the declining yield of discoveries per exploration dollar."

The interesting point is that at the present time I believe that Manitoba rates about seventh in terms of mineral productions in Canada, and if we want to maintain this type of pace and aim for these goals of new mines and new productions, to give you an example, if we convert the 1970 firm dollars into actual 1976 dollars, I think it would be fair to say, and Mr. Powis indicated this in his lecture, he said, "Stated in 1976 rather than 1970 dollars, these figures must be roughly doubled, that is, to achieve the objective of tripling production in Canada within 25 years, we need annual exploration of \$400 million."

Well, if one takes a seventh of that, approximately a seventh, or even a tenth, we are looking at \$40 million worth of exploration that would have to be looked at in our province if we want to maintain and try and triple our production. Further to that, plus mine development \$2 billion per year.

So, Mr. Chairman, when the Honourable Member for Lakeside was indicating that there are many dollars required for this industry if we wish to keep pace and we wish to see it grow, I don't believe he was exaggerating, that can we physically do it? Can we physically do it as a million public taxpayers, find these kinds of moneys, \$40 million a year or more? But not only that, that's just for basic exploration activity. Can we find these?

Mr. Powis went on to state, "However the authors of the Federal Government study previously referred to added a qualification of absolutely overriding importance. 'It must be emphasized that all predictions made here are based on the assumption of an investment climate similar to that which



existed in the last decade.' This admittedly arguable assumption had to be made because of the unpredictable nature of capital investment trends (the Minister would agree with that and I think Mr. Koffman indicated that the other night) which more than any other economic parameter are highly sensitive to changes in political moods."

Mr. Chairman, I think that the Honourable Minister, and I respect his beliefs and his philosophy that he believes that he can do it with his \$13 million, but how far can we go with \$13 million of the combination of public and private money when we are looking at figures like this if we want to keep pace? I believe the key is that we don't have control of all the resources in the world and our market is the world. Our market is the world and we believe we have big nickel reserves. We have. But even that only represents, not 100 percent of the world reserves, but between all of the reserves estimated in Canada, only 20 percent of them. How long can we wait? How long can we wait while these other companies sit back? They won't sit back and wait for us to provide the minerals. They will proceed.

On the other hand, it indicates that even if we triple our production of minerals, that we will still have a reserve base left here for future people that will come and live in our part of the world and become citizens in our part of the world as they are born onto this earth.

So, Mr. Chairman, I respect the Minister's approach to the thing, but I will criticize it; I don't believe it is the right approach. I indicated that in Manitoba it is a very important industry, and I am sure he realizes that, that it represented something like 8 percent of our gross provincial product last year, this year it represents about 6 percent, if we go by the Budget figures, and we appreciate that there are mineral value drop-off. But, there aren't any major new mineral productions being added to this, and if we wish to continue to have a ranking in the Canadian economy as a major province producing minerals, we have to find these mines, we have to develop these mines, and I believe that the amount of moneys and dollars going in right now will not be able to keep us in that ranking that we presently retain. And because of the long period required to develop a mine — it is not just put in the ground and it pops up overnight like a weed, it takes a long time to develop mines — as the Minister knows, that we are not only going to feel it in the next few years but for many years to come until we get back on-track and start to keep pace, and hopefully exceed the pace of the rest of the Canadian industry.

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

**MR. GREEN:** Mr. Chairman, my honourable friend and I are going to get more and more respectful of each other and more and more of the conclusion that the debate that is between us is fundamental. He is not going to convince me and I am not going to convince him, and Mr. Powis is not going to convince me; I know Mr. Powis very well, I have been on many platforms with him, and the argument that takes place between myself and my honourable friend is very similar to the argument that takes place between myself and Mr. Powis. It is really quite useless to bring a representative as an endorsement, because I will readily concede that the mining industry of Canada would prefer that the public not be involved in exploration and the development of minerals. So, I will concede that as being their position. I disagree that mineral development in Canada is dependent upon the mining industry and that they therefore are able to dictate the political structure of the country under suggestion that if the country is not politically structured as they wish it to be that they will not be here anymore.

As far as I am concerned the people of the province should try to adopt the policy which they believe is in their interest and they should try to follow that policy through. The honourable member and I are going to go out and debate this question with each other, hoping each of us to commend ourselves, and that is the only way this particular argument is going to be solved.

On the question of public funds not being available, that you will never get the public to make that kind of investment. Well, two things, Mr. Chairman, the fact is that when the real heavy money was necessary it was the private sector who screamed Uncle and asked for the investment of public funds. The biggest mineral development in Canada now is Syncrude, and the private sector said that it could not put up the funds to develop the Athabasca Tar Sands, and asked for the public to develop it. And it is Mr. Lougheed and the Canadian Government and the Government of Ontario, and they asked Manitoba, they asked Manitoba, they asked us to invest in the Syncrude project, and we said, and I think it is correct, and I think Ontario is wrong, that we consider that national interest, with regard to the public having a share in the petroleum development, should be handled by the national government. And, therefore, we do not have provinces fighting against each other, as the vendors and the purchasers, which we have now with regard to the rest of the oil. So, Canada is our agent for participating in the public development of the Athabasca Tar Sands, and they are involved.

The honourable member says that there will be trouble getting the kind of money that is necessary. I will concede that money for exploration is always more difficult than money for development, but if we find a mine I disagree that there will be a problem in getting money for development. The honourable member says, "Well look at the amounts that are required. In 1966 or 1967, a Conservative Administration found \$100 million in public funds to go into a relatively questionable forestry development program, \$100 million in public funds. Translate that into today's

figures is what the honourable member is saying and you've got \$200 million. Now, if \$100 million can be found by a Conservative administration to go into a questionable forestry development, then I say that \$200 million can be found by a New Democratic administration to go into a mining development which has proven, and which is viable, and which is endorsed with private funds to the same extent as public funds. Don't forget that in the Churchill Forest Product development there was virtually no private money, all the risk was public. In the program that we are now involved in, at least, 50 percent is private, and therefore, we have a private risk and a public risk. —(Interjection)— Pardon me? Oh, no, Mr. Chairman, I can assure the honourable member of this, that if in one of our 100 percent developments they find something that is tantamount to a new Leaf Rapids, a new Fox Lake or Ruttan Lake, that if we do not develop it, if the public does not give the money for development, the money will be there.

Albert Koffman said to you the other day that if the find is there I'll find you the \$100 million, that will be the least of our worries. The biggest problem is finding money for exploration, and in that regard, what we are trying to do is to make sure that we do not fall behind. We are not quite as aggressive as the honourable member would like us to be, but we will watch the figures. Right now we feel that we are running equal, that we are not falling behind, and we intend to stay in that position, and we intend to do that, Mr. Chairman, on the basis of really not have having a net loss to the province, because the public revenues that we are using would not be available if it were not for this mining policy.

**MR. CHAIRMAN:** Resolution 83(a)(1). The Honourable Member for Gladstone.

**MR. JAMES R. FERGUSON:** Yes, thank you, Mr. Chairman. In connection with the reply that the Minister just gave to do with our exploration, I was wondering, I have an Order for Return filed February 21, 1977, and this is to do with iron exploration. I understand that there is possibly a million dollars available between the period now and 1979, could the Minister give some indication of what is has taken place to do with this exploration, if there has been any development going on, or whatever the case may be?

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

**MR. GREEN:** Mr. Chairman, what has taken place is I read an article in the Winnipeg Tribune that two shareholders of the company sit in this Legislature and they are going to bring pressure on me to put public money into that private program; that's what I heard.

**MR. FERGUSON:** Then, Mr. Chairman, does the Minister indicate that the Crown holds no mineral rights in that area?

**MR. GREEN:** Mr. Speaker, there may be mineral rights in the area, and it may be that if the private sector musters up the courage to invest some money and deposit an exploration program with us, they may find a partner. But right now the private sector wants us to put up the money to develop their program. That's rugged individualism represented by two members in this House who claim to want to get into government, and when they are in government will be putting public money up to help their private plans, which they have indicated to the newspapers. **Mr. Jnr. FERGUSON:** Then, is the Minister saying that there is not a million dollars worth of funds available for development, possibly some through federal, and this is going to be thrown out the window rather than be used to develop it?

**MR. GREEN:** Mr. Chairman, if the honourable member will look at the correspondence, the Federal Government has answered us to the effect that they don't consider it to be viable. That was the correspondence that we received from the Federal Government. Notwithstanding that, I have indicated to the honourable member that if these rugged individualists can muster up the courage to put up their own money and file an exploration program with us, we might find it interesting to go along.

**MR. CHAIRMAN:** Resolution 83(a)(1). The Honourable Member for Assiniboia.

**MR. PATRICK:** Mr. Chairman, I have a couple of more questions to the Minister. I know the Minister is very enthusiastic about the public and the Manitoba Mining Corporation. Can he indicate to the House what has been, say, Manitoba and Canadian experience in the last 10 years or so, what does it cost to find or explore a mine? Is it \$10 million, or \$20 million, and I am sure that he would have that kind of statistics. What is the Canadian and Manitoba experience in the way of exploration to discover a mine? How many millions of dollars does it take?

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

**MR. GREEN:** Mr. Speaker, I will give one man's opinion. The opinion of Albert Koffman was that it takes about \$25 million under the circumstances in which he is in, to find a mine. He also said that you could find it with the first \$300,000, and I indicated to the honourable member that in Saskatchewan they appear to have —(Interjection)— \$25 million. \$25 million. That was one man's estimate. He also indicated that you could spend \$25 million and not find a mine. So let's not gild the lily. You could spend \$25 million and not find a mine. He also said you could spend \$1 million and find a mine. It's no use, Mr. Chairman, looking at this question with great expectations. You have to be very philosophical about it. You have to say, "We are going to be in the field." I'm not talking about what

my honourable friend will say, I'm talking about the position of the government. That we are in the field; that we know that the field is one in which there are no definitive statements that can be made. What we believe is, that in the long run exploration will pay off and that the return from the investment dollar will prove itself. That has been the experience of the mining companies that have stuck with it. If the people of Manitoba stick with it, they will reap the same kind of return as the mining companies.

**MR. PATRICK:** Mr. Chairman, I know the Minister says that you could find a mine with a million dollars, and that's true. But the Canadian experience, I believe in a mining industry the average that's used or the figure that's used is \$25 million. —(Interjection)— Well, I have some other information, too, that the Canadian experience was \$25 million which is correct, and that's perhaps the amount that's required to spend to maybe make a discovery. But is it not also true that it's only a very small probability that that find will become, say, an actually successful and profitable operation? I'm asking the Minister, does not the Canadian and Manitoba prior experience amply demonstrate that that cost of \$25 million discovery, that also that discovery does not result in a profitable operation? Only a very small percentage of those discoveries turn into a profitable operation, is this not also the Canadian mining experience?

**MR. GREEN:** Mr. Chairman, the figure that my honourable friend is using, I believe is based on the fact that the \$25 million will produce a mine which will pay for its \$25 million and a return on investment. There are many that do not work out that way. There are many that find much more. The honourable member is taking a global figure and trying to put it into an individual situation.

The Member for Lakeside says we have found a mine, in connection with Granges Exploration, which requires development at this stage. I didn't say it, he said it. He says we don't have the money to develop it. If you have found that mine, you have found a viable mine on much less than \$25 million in investment.

**MR. PATRICK:** Well, I'm not sure if the Minister understood me.

**MR. GREEN:** I understood you.

**MR. PATRICK:** Of the many discoveries that are made and we've established that the average experience in Canada has been \$25 million to make a discovery, but of those discoveries then made only a small percentage of those discoveries become a profitable and successful mining operation. That has been in my opinion or I see some Canadian mining statistics, that has been a Canadian experience. So if that's true, it takes \$25 million to make a discovery and then out of those discoveries only a small percentage become profitable and successful operations, so even without enthusiasm that the Minister has, and I hope he has success, but the indications are, from the Canadian experience perhaps it will cost us much more money than we are looking down the road right now. It will probably cost us much more because of the discoveries that we make, and then we discover that only a small percentage of those discoveries become profitable or successful mining operations.

The other question can I pose to the Minister? In the last ten years can he indicate which discoveries were made in Manitoba — in the last ten years — that became successful operations?

**MR. GREEN:** Mr. Chairman, I indicate to my honourable friend that it is my belief that his statistic is wrong. That the statistic of \$25 million to find a mine means finding a mine which can be developed and which can return the \$25 million and a return on investment. That that is the basis of the statistic. That you will find many discoveries that are not viable. We have the Manitoba Mineral Resources Limited with the expenditure of \$3 million, have been involved in three discoveries of mineralized zones, but they are not economic mines. Those are not included in the figure of \$25 million to find the mine.

The way the statistic is formulated, I believe, is they take all the money that's spent on exploration and they divide it by the number of mines that are operating and returning money to their investors, and they get the figure of approximately \$25 million. So it's wrong to say, to further pervert the statistic, because Mr. Chairman, if the honourable member did that nobody would be spending money on exploration. Don't forget that the money that we are spending on exploration with the present program, is basically, other than the Manitoba Mineral Resources Limited, dollar for dollar with private companies who are spending it, and they're spending it, not because they want to put money into the Province of Manitoba, they're spending it because they want to take money out of the Province of Manitoba. I'm not criticizing that. I think that that makes ultimate good sense. Alfred Powis would agree with me 100 percent on that statement; that the reason for the investment of money into exploration in Manitoba is not to put money into our province, it is to take money out of our province. I have absolutely no argument with people who do that. That's the reason for an investment. They then will say that there will accrue to the province numerous benefits as a result of me doing that, meaning the private mining companies. And we say, "Yes, that's true." That's the philosophy of my honourable friend.

One which I believe is wrong headed — to use my honourable friend's statement — one which I believe is doctrinaire, one which I believe is based on hide-bound, wrong-headed ideology, but nevertheless which I respect. I do respect that position. I don't agree with it. I'm suggesting that the public can play a much greater role; and if I need an endorsement — if the honourable member wants

to use Mr. Powis as an endorsement, I'll use Eric Kierans as an endorsement — well, Eric Kierans, he does not come without credentials, Mr. Chairman. He has the utmost of capitalistic credentials. He does not have the credentials of a doctrinaire socialist who is resurrecting the Regina Manifesto, as my honourable friend said. He comes with credentials of being a very successful private capitalist businessman; a head of the Montreal Stock Exchange, that den of Bolsheviks; the Liberal Cabinet Minister in the Provincial Administration of the Province of Quebec . . . —(Interjection)—

**MR. GREEN:** . . . that den of Liberals. And a Liberal Cabinet Minister in the Trudeau administration. Gee, I wish I didn't have to refer to those last two credentials, but nevertheless there they are. He says that in his opinion, with regard to Natural Resources, that the public could play a much larger role. Let's face it, we are still not adopting a hard and fast position one way. We have adopted a position which taxes rather stably — our taxes are relatively stable — I think that even the mining companies will grudgingly admit that at least the Manitoba Tax Program has built-in features which can be reasonably expected to stay the same. Nobody can guarantee anything and I've told him that. The honourable member who is now laughing will have to face the fact that Ontario put on taxes that the mining companies found incredible. This was an Ontario Conservative Government, and that Loughheed put on taxes, when the price went up, which they found to be confiscatory, so they called him all kinds of names. Our taxes are relatively stable. They say that we are going to be competitive on a normal rate of return. If you happen to wind up in landslide or windfall periods, we are going to take a greater share and we're not going to adjust the taxes at that time, we're going to take a greater share.

Now, I can't give my honourable friend a guarantee. I can't tell him that I am going to be the Minister; that maybe the Member for Flin Flon is going to be the Minister and he's going to say, "No, not 35 percent, 60 percent." I can't tell him that. All I can tell him is that this government has shown stability in this area. You will not get, from the mining companies of the Province of Manitoba, a single statement where they have said that they have been told by the government, they have been given one undertaking, and it has not been kept. You will not get that in a period of eight years. Nobody has suggested that to me. They say all kinds of things, but they will not say that there has been deception or unreliability. That has been our mining program.

The Member for Assiniboia should be aware that the Federal Government, from things that I have heard, is largely copying what we are doing in the north, with their regulations. They are first of all going to a basic tax and an incremental tax. We were the first to do it. I believe Saskatchewan has now done it, and I believe that the Federal Government is either doing it, or talking about doing the same thing, and they are also talking about regulations which will require 50 percent participation on the part of the Federal Government in areas where they control the mineral resources. So the policies that they are adopting seem to have the same philosophical drive to them, and Liberals are flexible. They will try to satisfy the person who happens to be sitting in front of them at the time. That appears to be, at the moment, the willingness to be a greater feature in their mineral resource development.  
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**MR. PATRICK:** Mr. Chairman, just to perhaps again indicate to the Minister, I know that he's very enthusiastic about the government course of action in mining, and I wish him all the luck in the world. I hope that he's successful and has got some magic to find some mines, and some successful ones. But the facts are that even the other day, the Chairman, Mr. Koffman, in the committee said that because of Canadian and most provincial policies, he felt that there has been less money put into exploration by mining companies. That was his statement. So it seems that the government may have to get involved in more exploration, and this is fine. The only thing is, perhaps it may be more difficult to find a mine today than it was, say, 25 years ago, because quite a bit of exploration has taken place. We don't want to get ourselves into the same sort of situation that we did with Saunders Aircraft, where we kept pouring in more money and more money.

Again, the argument that I'm making with the Minister — I'm sure he has the statistics there and he knows much better than I do with that kind of information — but again, we're talking about, it takes about \$25 million to find a mine. That has been the Canadian experience. Now, out of that \$25 million, in the prior Canadian experience, only 60 percent probability that that mine was discovered. Only 60 percent of that, after you spend the \$25 million, but not only 60 percent probability that you will discover for \$25 million a mine, then there was the fact that when you made the discoveries, only a small percentage of those discoveries that you made . . . Again, I'm talking about the Canadian experience, and I'm sure the Minister must have some statistics, better than I can get, in his department of what the experience is in Manitoba, and what the experience is in Canada.

The information that I have is that the Canadian experience has been, of those discoveries, only a small percentage become viable mining operations, so it does take a lot of capital. If that's the result that there's only small, then I would say we would probably be spending much more than \$25 million to find a mine, it's many times that figure, because if the past experience is any indication at all of the discoveries which cost \$25 million, and then out of those discoveries only a small percentage become viable mines, then we've got to look down the road at spending much more than \$25 million

for one find, or one discovery. That's my point.

**MR. GREEN:** Mr. Chairman, I again am going to challenge that statistic. I believe my honourable friend is taking two statements and putting them into one. That's my belief. I can't prove it at the moment. It is a fact that of all the discoveries that are made, few become developing mines. That is a fact. But the figure on \$25 million to find a mine, is based on viable mines discovered. I can say that, Mr. Chairman, knowing that Falconbridge did not spend anything near \$25 million to find the Clark Lake mining property; I do not believe that Sherritt Gordon spent \$25 million to find the Leaf Rapids property; I do not believe that the Hudson Bay Mining Company spent \$25 million to discover the Centennial Mine. And if we take all of their exploration programs all over the world, and wherever they are, I can assure you that it's my impression that it will not work out that \$25 million in exploration programs has not resulted in viable operations on which they then make a return.

Let's, for the moment, for the sake of argument, discuss the futility of my honourable friend's position. Let's assume that it's \$50 million. You are now assuming that \$50 million is required to discover a mine. Are you writing off mining as an industry in the Province of Manitoba? So the \$50 million is going to be spent. And if the \$50 million is spent, it's based on the fact that there will be a return on it. And if it's based on the fact that there will be a return on \$50 million, then there is no reason why the public should not be willing to have that return as well as private enterprise. Absolutely no reason in the world. So however you make it, unless you say mining is not viable, there will be no future mines in the Province of Manitoba, then the public has every logic to go ahead and spend on the basis that they will continue to spend. I have to say, to go back to where I was before, Saunders Aircraft is not a good example, because you could spend and spend and spend, and not discover a mine. We did produce aircraft. On the other hand, the viability of mining and the ultimate probability of investment and return is much better than Saunders. On the one hand, it's not as good because it's not as certain. You can drill a lot of holes and not find any copper. What you are certain of is, if you manufacture, you will build an airplane. It will be there. But the ultimate chances of success are much better than they were on Saunders, because we are engaged in what has shown itself to be a viable industry and in which companies who are seeking the same return, are putting up dollar for dollar. That wasn't the case with Saunders.

**MR. CHAIRMAN:** The Honourable Member for St. James.

**MR. MINAKER:** I listened with interest with regard to the Minister's claim of the stability, or at least the political stability that he tries to develop for his government, yet it's very interesting to note that when they became government, with the stroke of a pen they eliminated mining leases, unless they happened to be an Order in Council. This, I don't think gives stability to the industry when they start to wonder what will happen if, say, the Member for Flin Flon happened to become the Minister of Mines, who wants to nationalize the mines. What happens then? This stability, I can't quite follow. And I think the industry is concerned in the same way, because of experiences within the province, and experiences outside of the province, adjacent.

I wonder, Mr. Chairman, if the Honourable Minister can advise, has there been any discussion with Manitoba Hydro, and his department, with regard to exploration of uranium. I don't know whether the. . . I realize you must have received a good pointer in nodding that you didn't hear what I was saying. I was asking if the Honourable Minister had had any discussions, his department officials, with Manitoba Hydro in looking for uranium deposits and sharing in the cost of exploration in uranium. I believe the Ontario Hydro is sharing in the cost of exploration with Shell. Why I raise the question is, I'm wondering, has his department or the government developed a uranium policy with regard to stockpiling and the discovery and development, because I understand the Manitoba Hydro is still entertaining the idea of possibly ten years down the road, nuclear power plants as a possible approach. I believe the cost of uranium has risen, something like \$8.00 to \$40.00 per pound in the last three years, so I would presume that would become a very important factor in the feasibility of nuclear power plants in our province, where the source of the uranium would come from, and hopefully would be internally.

I'm wondering, is the Minister at this time prepared to comment on the government's policy in this regard to uranium stockpiling and the possible potential use of it by Manitoba Hydro, within say a ten year period of time.

**MR. GREEN:** No, Mr. Chairman, there is no policy. There is a policy of uranium exploration. Furthermore, I can say almost with certainty that Hydro has not been either approached, or approached us with regard to participating in uranium exploration.

With respect to stability and leases, I can tell my honourable friend that when I became Minister of Mines, one of the first things that happened is, an Assistant Deputy Minister brought me a package this thick — I'm showing my honourable friend documents about 2 ½ inches thick for the record — and put them on my desk, and said, "Sign them." I said, "What are these?" He said, "They are renewals of mining leases." I said, "What do you mean?" He said, "Well, these are 21 year leases which have expired, and we give them renewals." I said, "What do you mean, we give them renewals? What are the terms under which the leases are held? What do they have to do? Under what basis are

the renewals given?" And he said, "We've never been asked before." So I said, "Well, I am asking. On what basis, I, as the custodian," as the Member for River Heights used to say, the custodian of the resources of the province, "am signing a renewal of 21 years on a mining claim lease that is held by a private company, for another 21 years. What are they required to do? What are the terms of the lease? What is the value of the lease in terms of dollars to the province?"

As a result of that, we had extensive meetings with the mining companies. And we didn't cancel the leases, we refused to give 21 year renewals, which nobody was entitled to. Would my honourable friend say that I should just sign the renewal of a lease because somebody asked for it? We developed a policy as to what has to happen if you, to the exclusion of anybody else, take mineral resources, and prevent other people from utilizing them or exploring for them. We developed a very extensive program in conjunction with the industry, which said that these are the terms and conditions upon which these leases will be held, and then we permitted everybody to convert from the lease that they held to the new lease, which was a stipulation in the regulations at the time that the lease was granted. Anybody who went along, has the lease. Mr. Chairman, I believe that we let some of the old leases run out and even granted new leases on that basis, renewals on that basis. We worked with the industry for about a year, if not more than that, developing a program. And again, for the most part, the association agreed that there had to be sensible conditions which prevented them from dealing with land which was leased to another person who was merely going to sit on it for 21 years, and then another 21 years, hoping that perhaps there would be a discovery in the area, and then they would sell those leasehold rights.

Well, Mr. Chairman, I agree. The honourable member says that with the stroke of a pen, I undid the industry. What I wouldn't do, Mr. Chairman, is, with the stroke of a pen, give away 21 year leases on Manitoba mineral resources, with no understanding as to how those resources were going to be developed by the Province of Manitoba. Those things were in my office, I was asked to make the stroke of the pen and I didn't do it. That's one of the things of which I am most proud, that I didn't stroke the pen and merely give additional renewals of 21 years, without a firm understanding as to how those resources would be used for the people of this province. That's what I was told, "we've never been asked before, we renew the lease, that's our policy." Well, we have now been asked, and we don't renew the lease. We have a program as to how these rights are held, which belong to the people of this province and which others are asking to use exclusively for their benefit.

It's the same policy, Mr. Chairman, not much different, than the Conservative Government developed with regard to recreational leases. They gave out recreational leases in Falcon Lake, in the Whiteshell, but on condition that the people are going to use them, and not on the basis that they're going to speculate and sell them. They still require cottage owners in those areas to maintain their premises and to use them properly. You can transfer a lease, you can sell your cottage, but the holder then has the same responsibilities to the Crown as the previous owner.

We changed the stipulations of the lease. We think they make sense. That's one of the areas in which other than those people who wanted to continue to hold and do nothing, on the basis that someday it would become worthwhile, other than people of that kind, I think that the lease changes have been generally accepted.

**MR. MINAKER:** Mr. Chairman, I think the Honourable Minister indicated what I was referring to was that there were existing leases that were not up for renewal that would be cancelled if they did not follow the new regulations. I think that's what we're referring to as the instability of the industry where there might be a general contract with a former government, whether it's right or wrong in the opinion of the new government, that regulations would change and that their lease could be cancelled if they didn't pick up the new terms of agreement that were set. This is what we were referring to in our comments. I thank the Honourable Minister for his explanation on the other renewal leases that I was not referring to.

Mr. Chairman, I wonder if the Honourable Minister can advise us if there has been any development with the Federal Government with regard to the lifting of restrictions for the Tantalum Mine minerals that the Federal Government has restricted. Has there been any development at all in that particular area?

**MR. GREEN:** No, Mr. Chairman. Perhaps I can take some responsibility for not following up a little harder than I did at the beginning. It is a rather small amount of money to the mine, but it is important to the mine. For instance, when you have a mine that's operating in that quantity, then \$100,000 means a good deal to the mine. I think that last year the mine showed an operating loss, but really there is no cash flow loss, and the operating loss has only to do with the strike that took place. I think they were out of production for at least three months, and they still showed a very nominal loss and no cash flow loss. That mine is one of the investments of the MDC which we put a million and a half in and haven't been required to put in an additional cent since that time. It's an investment which the Board of Directors of MDC serenely believe will pay off its investment plus a return, and this year should show a considerable improvement, not because of anything other than it will be in production for a full year.

Last year was a good year, the loss is largely attributable to depreciation or depletion. The cash flow has been maintained.

We asked the Federal Government to permit the sale of caesium, or, if in their judgment, they thought it should not be permitted, we asked them to do two things: We asked them to use the caesium for research here in Canada; or in the absence of that type of program, we asked them to stockpile caesium as they did with uranium. It's okay, if they say that it shouldn't be sold to the Soviet Union, I'm not going to enter into a debate on international policy of the Canadian government, that's something which the Canadian Government said, but then they should stockpile it to preserve the integrity of the mine. I am sorry I have nothing further to report. I will take my honourable friend's urgings that perhaps I will personally involve myself again and try to get some definitive answers from the Federal Government.

**MR. CHAIRMAN:** The Honourable Member for St. James.

**MR. MINAKER:** Mr. Chairman, I don't know whether this is the proper area to ask the Minister under, but in regard to the mines that have shut down in the last few years, is there any potential at all that they might be reopened? Are there any deposits in the general area that with a slight economic change that they might become operational again?

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

**MR. GREEN:** There is extensive mineral exploration in the area of Lynn Lake in the hope that there will be deposits found which could reactivate the Farley Mine. There is extensive exploration, both with the mineral exploration company and Sherritt-Gordon and the regulation program. There are also some interesting deposits in the area of Wabowden, the Buckle properties which have been there for some time and which the various partners in that organization, because there are partners, there is and there are others — have been arguing about whether they should proceed or not. And I believe that Falconbridge is the main mover there and they do not, at this point, feel that it is viable, but they are looking at it. There is a possibility that that mine will be activated. In the meantime, the Clark Lake facilities, they have not asked that they be dismembered or dismantled, they want them mothballed in the hope that they will be reactivated if the deposits are viable and can be mined. So of those two, yes.

Bissett, there was some activity there when the price of gold was going up to \$200. What is the price now? I think it must be down. The price is down. I don't wish to exude any enthusiasm, but I can tell the honourable member that there was activity, there were approaches to our office, even suggestions to us that they might want to be involved with the public. Mostly, I suppose, because they wanted some money. But nothing has come of that and we don't intend to invest unless we can see pretty good prospects of a return.

Sherridon, the hotel owner at Sherridon is sure that he is sitting on a mine. You can go out to Sherridon, he will tell you that there is a mine there. The mining companies don't agree, but if the honourable member ever goes to Sherridon I invite him to go to the hotelkeeper there, Mr. Mons. He will tell him that there is a mine in Sherridon, Sherritt-Gordon should never have left there. I don't know of any prospects for a mine there.

The open pit mines of Inco, they could open if the demand for nickel goes up, those are reasonable prospects for opening again. Soab The Mines, Pike, those mines could be reactivated if the price of nickel went up and the demand for nickel went up.

**MR. CHAIRMAN:** The Honourable Member for Thompson.

**MR. DILLEN:** Mr. Chairman, I just wanted to enter into this debate because there is some indication coming from the Opposition that mining companies would want to pay taxes, that they really want to pay them. I think that mining companies generally are just like people, they don't like to pay taxes. And the least that they could possibly pay, the better it would be for them.

You have to examine, I think it is necessary for the members of the Opposition to know just to what extent the public is already involved in mining development. The Mineral Area Planning Study that was talked about by the Member for St. James was a program that was almost entirely funded by the Federal Government and it put together, I am not sure now if the Provincial Government was involved in it on some cost-sharing arrangement, Mineral Area Planning Study. I am told that it is a 50-50 arrangement between the Federal and Provincial Governments. But, you can imagine the kind of information that is being made available by public investment for the benefit of the mining industry, that is placed on file for them and it is available to them for the asking. We have already done that as people in this province, as an assistance to the mining industry in order for them to be able to go to a central location and get all of that information provided to them on mineralization or zones or whatever the term the geologists use for an indication that there may be some prospects of an ore body.

But it does a number of other things as well. I think that there was a tremendous amount of geophysical work that was done by the province, by the public, which also has some assistance to mining. I think, if my memory serves me correctly, that it was the public that was involved in the construction of a railroad through the Sudbury area that resulted in the finding of the ore body at

Sudbury: So even as far back as that point in time, the public was involved in some way in finding mines.

When I said that the mining companies would prefer not to pay any taxes at all, I believe that that is the position that they were once in, that they didn't pay any at all. Governments decided that they should pay something, everybody else has to pay, that they should pay some tax. As taxes were imposed, I think the term that is used in Ontario for the taxes that were imposed on the mining industry in Ontario, referred to by the head of one of the major mining companies operating in Ontario, is that he referred to the taxes imposed by the Conservative Government in Ontario on the mining industry as regressive. And that is a Conservative Government. But they also impose taxes. They wanted some increased revenue to do the kind of things that they wanted to do.

I think the same person referred to the Manitoba taxes — and I think it is probably because there is a New Democratic Party government in Manitoba as opposed to a Conservative in Ontario — that he had to make the term just a little bit worse so he called it penal in the taxes that were imposed. The tax policy of the Province of Manitoba was referred to by this person as penal, but he referred to the tax policy of the Government of Ontario as regressive, which indicates to me that any form of taxes at all is either regressive or penal. In other words, they would prefer not to pay any taxes at all. And if they could get away with it, they wouldn't want to pay any wages either, because if you can get away without paying taxes it should follow that you should try to keep your wage rates as low as possible.

And somebody over there, I think the Member for, I Wolseley said be fair. Well, you know have to refer to the Falconbridge Nickel Mines that were being discussed here — we have a mine in northern Manitoba; it's now closing, Falconbridge. When the Frawcondo (?) Mine was opened in the Dominican Republic, I want to read now from The Miners' Voice, a publication of the United Steelworkers of America, and this portion was adapted from a report by the Development Education Centre in Toronto, a non-profit group that conducts research into international corporations. Additional material provided by the Research Department of the National Office of the United Steelworkers of American in Toronto. This is what they say.

I quote directly from The Miners' Voice, "as the Dominican project is known, was proudly opened by the head of the Dominican Republic, Joquin Balleguera (?) in June of 1971, while local militia with machine guns dotted the nickel-bearing hillside overlooking the plant. According to newspaper accounts when a union attempted to organize construction workers at the foreign-owned . . . Nickel project last year, Mr. Balleguera (?) sent in the army to straighten things out. While the soldiers kept order, the contractors fired 32 allegedly leftist leaders. 'We saw no alternative than to crack down hard,' explained Ian H. Keith, general manager, "and the strike was broken in eight days'."

You know, for those of us who take the time to read, to study, to depend on the research facilities that are being provided by the International Metalworkers Federation, a worldwide body, by one of its affiliates, the United Steelworkers of America, the United Mine Workers, who are doing the kind of research into the activities and the attitudes of the mining companies throughout the world, we have become a little bit concerned that they try to portray an image, in one part of the world, of good corporate citizens, while at the same time they're operating in a fashion that is probably the most horrendous of any corporation operating anywhere.

I'll give you an example again. We have a case of Falconbridge again, and I don't want to jump on or focus on Falconbridge entirely, but I am using them solely to demonstrate that all mining companies are the same, there is no exception.

I talked about poverty datum line. Where Falconbridge is operating in South Africa, the poverty datum line has been established at, I believe it is roughly \$100 a month, is what is considered to be the poverty datum line. Anybody who earns wages less than the poverty datum line is living in poverty. And we are talking about miners. We are talking about people who do the same job as their Canadian counterparts here in Canada or in the United States of any other part of the world. While the poverty datum line, established by the Government of South Africa, is around \$100, they are paying miners somewhere between \$40 and \$60.00.

You know you could cry about the conditions, and it is, I suppose, the black miners who are required to work in the most dangerous locations. It is not unusual. Of course we don't get those reports here unless you read the information that is being put forward by the research people of the steelworkers' union.

I think the most recent figure I had was about 40 miners a month are being killed in the mines in South Africa, and they are the same companies that are operating here. We seem to have this preoccupation with — I think the Leader of the Opposition calls it — increase the incentives and there will be more mines. If you increase the incentive there will be more exploration. And I repeat again, because this same message keeps coming back over and over again, that somehow there has been a stifling of exploration in this province because of the New Democratic Party Government. The exploration has been curtailed since 1973-74, but not as a result of the policies of any of the governments across Canada, any of the provincial governments across Canada, whether they be Conservative, Liberal, New Democrat, Social Credit or whatever. The reduction in the amount of



exploration is directly related to the price of the product that is being produced.

Copper is one. You know in 1974 or 1975, somewhere in that year, I am not just exactly sure which year it was, the price of copper fell from about \$1.50 a pound to 58 cents, and we had Mr. Koffman explain to us the other night that the price of producing a pound of copper is 73 cents, so they are getting less than the cost of production. Do you think anybody in his right mind is going to go out and try to find more copper so that he can lose more money? And how do you explain that to the shareholders, at a shareholders' meeting, that you spent \$2 million or \$3 million searching for more copper, and then you explained to them in the previous sentence that you have lost money on the mines that you have in production now. Now anybody with any business sense knows that you say, "Well, that's it. We are not going to do it."

But it is only if it is not going to cost any money for development that they will proceed, so that they can put ore bodies in abeyance until such time as they can proceed with development when there is an increase in price.

You know, I want to put on the record, Mr. Chairman, the attitude of this organization called Tudale Explorations Limited, who have some uranium deposits in Ontario that they are looking at. They also have an iron ore deposit under about 2500 feet of prairie overburden and limestone. If anybody is familiar with iron ore mines, generally speaking, iron ore that is being developed today, because of its relative price, whether that iron ore is close to the surface and can be mined using the open pit method, it is being brought into production. But, if it existed anywhere else in Canada under 2500 feet of solid rock, I can tell you that it wouldn't be brought into production anywhere else either.

But, nevertheless, this company, according to Don Atkinson who is the Tribune business writer, says that this company told a shareholders meeting that the Provincial Government is not interested in helping to prove the economic feasibility of mining the iron ore deposit at Neepawa. Well, once that message was put clear, that the province was not interested in putting public money into proving that deposit, the company President, S. J. Lesavage, he said that a letter from Manitoba Mines Minister Sidney Green last year stated that the Provincial Mines Department staff had reviewed the Neepawa iron ore deposit and were not prepared to recommend any provincial help with the economic study. Mr. Green wrote that if the iron ore deposit is as valuable as the company thinks it is the firm should be able to raise enough money on its own.

At this meeting there were two University of Manitoba professors and consultants to Tudale Explorations, Dr. Don Anderson, a geologist, and Dr. Chris Anderson, a geophysicist, who told the shareholders meeting the only way to prove the economic feasibility of mining the ore deposit is with more drilling and that costs money. Both men told the Tudale press conference three years ago that the possibilities apparent at Neepawa may be worth getting excited about, but they added that only drilling and analysis of recovered iron ore material will show whether a mining project would be worthwhile.

One shareholder at the meeting in the St. Regis Hotel asked if the fact Neepawa is represented by a Conservative, Jim Ferguson, in the Manitoba Legislature, could be the reason for the Provincial Government's lack of interest. I am reading directly from this paper. Later, George Henderson, Conservative MLA for Pembina, told the meeting that he and two other Tory MLAs are Tudale shareholders and might be able to offer assistance in presenting the company's case in the Legislature. —(Interjection)— That's socialism. You know, that's mining industry socialism.

You know' I don't even believe that we give out welfare to people who have difficulty without ensuring that there is some means of recovering the money, in the case of a person . . . It is a constant bet. But for the shareholders, the great free enterprise shareholders, they don't object to taking public money, that's not called welfare in their books, it's called incentive. If only we could get enough money out of the public. You talk about the guy who gets injured in a mine, that has difficulty establishing Workmens' Compensation claim, runs out of benefits for his sickness and accident after a year, he's got no money to maintain his house, buy food, buy his groceries, he's got to come to the public. The Member for Pembina says, "Let them starve," but I haven't heard him present anybody's case to this Legislature who is under those circumstances, not once. But he is prepared to come to the Legislature to present the case of Tudale Explorations Limited, in order to assist them to find a mine.

There was some mention also this morning about an article, I believe it was something to do with nickel, the people who are employed in the nickel industry in Ontario, particularly Port Colbourne, I believe it was, having higher cases of cancer per population than the norm. This is nothing new. The United Steel Workers of America, have been telling the Government of Ontario, and they've been telling the government as it's been explained here that these substances in the mining industry are a hazard to health unless adequate protection is taken. The people who are employed in the early smelting operations in Sudbury were dying off, they were not living long enough to receive a pension, and that was happening 10, 15 years ago.

But, the Tory Administration of Ontario, proven time and time again its insensitivity to the

requirements of working people under those conditions, they have just continued to slough it off. It is not unusual. We have a case, as well — and it received broad public coverage — of the water supply, Yellowknife, being polluted with arsenic from the tailings at the mine. All of these things, somehow you get the impression when you speak to Conservatives that this is all right, they should pay no taxes, they should be able to pollute without any restrictions whatsoever, they should be a hazard to the health of the workers employed in the industry, and government should remain silent about it, close their ears and close their eyes.

**MR. CHAIRMAN:** The Honourable Member for St. James.

**MR. MINAKER:** I was going to ask the Honourable Member for Thompson if he might advise us when a Conservative ever said that the mines should not pay taxes?

**MR. DILLEN:** Well, Mr. Chairman, I think if my memory serves me correctly when I say that during the Conservative Administration, I'd have to check back to be sure, but I don't believe that the mining industry paid any taxes on the first three years of development, during the Conservative Administration. That indicates to me that the Conservatives are not interested in taxation or having the mining companies pay taxes for that trade. —(Interjection)—

Well, it is born out by the facts. The Conservatives did not impose any taxation on any mining company in the years that they were in government for the first three years that they went into production. You call that production. Let me tell you what happens, you are working right in the ore body at the time of production in developing that mine, and the product that comes out is ore, it is not rock. I am trying to go from memory now again, but, I'll check this out so that we can put it on the record to be sure, that prior to 1970 —(Interjection)— Well, you didn't collect any. It must indicate that you weren't interested in taxing the mining companies.

Again, in the ten years that I am aware, I don't believe that there was any taxes paid, or very little in the form of taxation was paid directly to the province by the Hudson Bay Mining and Smelting Company.

**MR. CHAIRMAN:** The Honourable Member for Pembina.

**MR. GEORGE HENDERSON:** Well, Mr. Chairman, since it has been brought up a number of times in this Legislature, I thought I would just like to set the record straight on what was said. I attended the shareholders meeting, at the Tudale Mine, in the St. Regis, and during the evening they were complaining that they had been getting a very tough deal from the Provincial Government, and all that I said was that if they had the facts that would back that up I wouldn't mind presenting their case, and that was all there was to it.

I'd like to set the record straight too, is that I am a very very minor shareholder in that company, it is just a matter of a dare between the Member for Gladstone and another gentlemen. Well, it happens to be in his constituency, and one day we said well let's try and have a little adventure in a mining company, and it is a very very small investment in it. Now, when you are saying that I am thinking that we should get public money in it, I've never said that in the House, I have never said it once. And also, where the member is saying that I had said, "Let them starve." I was talking about welfare at the time, I was talking about able bodied people that were able to go to work, and I said if they were offered work and wouldn't work I'd let them starve, and I said you'd finally go to work long before they starved.

**MR. CHAIRMAN:** Resolution 83 (a)(1) Salaries and Wages, \$348,700—pass; Other Expenditures, \$81,100—pass; 83(b) Petroleum, (1) Salaries and Wages, \$186,100. The Honourable Member for Virden.

**MR. MORRIS MCGREGOR:** Mr. Chairman, I would like to bring up a problem that certainly, in my part of the province the constituency of Virden, and that is pertaining to surface rights. While these agreements were drawn up in the late Forties or early Fifties when oil was just a hopeful prospect there, and later on it became a fact, and these leases were in the order of five years and they were being renewed without negotiation. That has gone on ever since, and I have one farmer, Wallace Gabriel, that has some thirteen of these surface right leases. He has just renewed them in the last 60 days, and while he tried to put pressure on the oil company involved, or oil companies, they simply got their old thing out and said that was the agreement back in the Fifties and it is the same today. The question, and I put this to the Minister privately earlier, that surely we don't want government interference, but surely when you look at the prices, of say — just in very recent years when the price at the wellhead, in 1971, was \$2.74 per barrel to the royalty holders — today that is what, \$9.72. I am talking now of the land operator, the people that work the land. Earlier this week when most farmers back in the Fifties had a two-wheel drive tractor, today you have a four-wheel drive tractor and 30 or 40 or 50 or 60 feet of equipment behind you and you have two or three or four of these access roads, if you like to call it that, to the oil well, and maybe indeed that farmer doesn't have any interest in the oil. It just does seem unfair when we look at the prices of farms in the 1950s compared to today or in the last year or two.

I can't for the life of me see why this hasn't been looked at. I can think back to the time the oil people, the Chevron Standard and Dr. Barry of Barry Oil came in and had a very good meeting with the Minister. The Premier and probably his Deputy were there. They never got what they were after,

but they did appreciate the concession that was made that made it more liveable. I think of the words of Dr. Barry at that time, he appreciated doing business with the former administration, he appreciates doing business with the present administration, and he was interested in that corner because it tied in with his interests south of the line, but he did see some concern with the cost of explorations, how they had gone out of proportion.

I say today to the Minister, through you Mr. Chairman, in Alberta they have what they call Surface Rights Boards where they do sit down, I understand, with the oil company, with the landowner, and consider what the new price is. It seems to me, and I certainly wouldn't be one to recommend extra staff, but surely some of the Minister's staff could form a three or four or five man Surface Rights Board, to sit down with the oil companies. All people are fair if they are approached. I can realize one little farmer in Virden trying to put a deal through Chevron Standard. Chevron Standard basically handles all the manoeuvring of all the oil companies out there, there are some on their own, but basically they're the agents for them all. But I think the influence of the Minister and his department, with a Surface Rights Board would put some threat — I realize it couldn't be done and say you have to give this price — but I think something in this order would certainly be more satisfying to those people who know that their dad ahead of them may have drawn up this agreement. Every five years it comes up for renewal, no negotiations, it doesn't matter what the oil is bringing, it doesn't matter what the land is bringing, we do know that is multiplied many many times from the mid Fifties the early Fifties, from these leases. I just wonder if the Minister is familiar with how that Surface Rights Board operates in Alberta, and would he be inclined to set up such a board to sort of be the arbitrator on these kind of disputes that seem to be very one-sided at this moment. Thank you, Mr. Chairman.

**MR. GREEN:** Well, Mr. Chairman, I rather welcome the honourable member's remarks which have more than justified the public of the province feeling that they are entitled to a larger share of oil revenues when they went up so dramatically. I can recall that the oil companies were quite chagrined when we passed laws which required a sharing of these revenues, which they claimed was a change of the rules and which I indicated was always a part of the government's authority, that is the right to change regulations, the right to tax. This right has to be exercised with some degree of responsibility, and of course, that is a subjective thing. We believe that we did exercise it with some degree of responsibility.

My honourable friend has heard the Member for St. James say that with the stroke of a pen we change the rules. Now the Honourable Member for Virden is saying that with the stroke of a pen the government should go into the area of private contract between — I don't want to indicate that I'm not giving some serious consideration to what has been said — but nevertheless basically it's a suggestion that a private agreement arrived at between a farmer and an oil company should be altered by the government, because the oil company is getting a greater benefit of it than was deemed to be the case many years ago.

I'm not going to act as counsel for the honourable member, but if there is automatic agreement every five years without any negotiations, I don't know whether the farmers have looked at whether such an agreement would offend the law of perpetuity. Is it suggested that they continue to option without termination, without limitation? Because I question whether such an agreement is possible. However, there may be a termination of 99 years or something which probably would not do the farmer any good. But first of all, I would wonder whether there isn't some legal remedy for the person who entered into the agreement.

I do think that it is possible that talking to the companies in a collective group could make them realize the dramatic change and maybe getting them voluntarily to do something. I will tell my honourable friend that I will look into the suggestion that is made in Ontario. I will furthermore read his remarks more carefully, and as soon as the Session is over, I will see whether or not it is advisable to take any type of action, either as a good officer or in any other way. But I do warn my honourable friend that this is, despite the fact that it results in a gain to one and not as much of a gain to the other, it is a natural consequence of the commercial law contract. It is not something that a government ordinarily changes. But there may be accommodations that will be made, I'm not certain, I haven't discussed it with the oil companies. I will undertake to look at the matter more fully when the session is over.

**MR. MCGREGOR:** I appreciate the Minister's approach, Mr. Chairman, in looking into it, and I just would like to keep the records straight, I mentioned Alberta, he mentioned Ontario. It may be similar to Ontario, but it was really Alberta I was comparing notes with. Thank you, Mr. Chairman.

**MR. CHAIRMAN:** The Honourable Member for St. James.

**MR. MINAKER:** Mr. Chairman, I wonder if I could ask the Honourable Minister, has his department or his government, are they developing any policy with regard to encouragement of more exploration and increased production of oil in the province, in particularly the area where the known reserves are? Are they considering some adjustments to the incremental tax to try and encourage either opening up of wells that are capable of producing, or looking for new wells?

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

**MR. GREEN:** Mr. Chairman, the answer to both questions is yes, but I don't want the honourable member to jump to conclusions. We would want to see whether there are means of doing better with the wells that we already have, and also incentives to exploration, or direct exploration ourselves.

With regard to the incremental tax, we are looking at that with a view to seeing whether there is a way of making that tax more in line with progressive increases in prices such as we have with the mineral tax. I think probably Manitoba's petroleum taxes are as low as anybody's in the country, given the new prices that have been obtained. We may not be as good as Alberta, but we're certainly better than Saskatchewan. That's not the reason that there is diminished oil production in the Province of Manitoba. For instance, there is no oil exploration or development in Ontario. Has nothing to do with the government of Ontario, has to do with the fact that that's not a good place for oil or exploration or development, at least, thus far, probably not in the foreseeable future. Manitoba's oil situation is less attractive than Saskatchewan's and still less attractive than is Alberta's, and I don't think that fundamentally there is going to be any tax policies that change that.

We have a situation in petroleum that we do not have in minerals, and that is that we do have a volumetric tax in petroleum; and a volumetric tax is a problem, because it costs more to take the oil out than the volumetric tax will leave, once there is nothing left in terms of a profit then some oil is left on the ground with a volumetric tax. We are concerned with that, and that's why with the mineral we have a tax on profit which leaves much less opportunity of oil being left on the ground, as long as there is something that can be made the oil companies will pay some taxes, and will continue to remove the oil. So we have looked at making arrangements with wells that are intended to be abandoned, to see whether new arrangements can be made to operate those wells on a net profit basis, so that we can exploit them further than they have been exploited. We did almost arrive at such an agreement with one operator, but I think it did not go to conclusion.

We are still intent on seeing whether such arrangements can be made, which will not — well it could have double effect, it could . make exploration a little more attractive because producing wells will last longer and it could result in us getting more productivity out of our producing wells. That is the effect of a volumetric tax. It's not something that was instituted recently. It's been the way of taxation in the petroleum business in Manitoba, and I believe in the other provinces. Mr. Cawley tells me that fairly well on the continent it is standard, that one-eighth of a barrel — not one-eighth of profit — one-eighth of a barrel goes to the Crown. We know that that leaves some oil, so we are looking to see whether we can improve upon that.

**MR. MINAKER:** I am now getting a little encouraged that the Minister and his department recognizes that there is maybe some adjustments have to be made in order to encourage the continuation of the oil production of the known reserves. I wonder if the Honourable Minister can advise, I believe that there is something like close to 800 known wells in the province, and I think classified as "capable wells, and "I understand that there's something in the order of 670 or something like that, that are in actual production. So it leaves something like 100 wells that would appear to be capable of being operative, but aren't. I am wondering, are they wells that are marginal in terms of they might be what — ten barrels per day? Could the Honourable Minister advise what seems to be the economic rate point under present conditions with regard to the operation of wells in our area?

**MR. GREEN:** 1976 - wells capable of production 802; wells producing 680. Previous producer abandoned in 1976, 24; other wells abandoned 3; new wells drilled 16. The difference between wells capable of production and wells producing? Was that the question that was asked? I'm not certain. Some of those wells are in the process of making application for unitized fields and water flushing, etc. They are still not abandoned, but they are in the process of finding ways of making them more productive. So that would probably be the main difference between 802 and 680. That compares by the way, to show you what's happening with wells capable of production, 904 in 1970, 802 in 1976, and if you're interested in using that statistic to show the decrease in producing wells since the advent of the New Democrats' democracy, be my guest. It's a bad statistic, but you go ahead and use it how you like.

**MR. MINAKER:** I asked the Honourable Minister if he was able to provide a figure on what appears to be an economical operating range for wells now under present conditions. Is it ten barrels per day, or where is it?

**MR. GREEN:** Mr. Chairman, I'm advised that it depends on the location of the well and the field as to how much will eventually come out of it, but it varies between a minimum of about four barrels a day, and of course it goes up to any figure beyond that point. But there are producing wells which are viable at four barrels a day.

**MR. MINAKER:** Mr. Chairman, I wonder, has the Minister's department had any producers approach them indicating that if there was some kind of an incentive that they might get involved in some fairly good production or new projects, and if the results occurred that they might invest a lot of money in our province and try and develop production to quite a noticeable change in what it is today?

**MR. GREEN:** Mr. Chairman, there has been, of course, programs, the Asamera program was a fairly extensive program, turned up dry wells but it was a fairly extensive program of 25 wells drilled, so we have been involved in that type of thing and the Manitoba Mineral Resources is now the part of owner of several producing wells with Berry Petroleum. We are involved, I indicated, with Canadian Development Corporation, in a drilling program.

I really ask the honourable member to believe that the main problem is that Manitoba is not the most attractive place for oil. —(Interjection)— Well, if the honourable member wishes to file an exploration program he might find that we are a willing partner. The fact is that we do, we are engaged — new drilling licences issued in 1976 — 16, as compared to 9 in '75. New producers, three in 1976 as compared to two in 1975, and none in '72 and '73, two in '71, two in '70.

There is nothing dramatic in these figures. What is obvious is that we are dealing with a depleting resource and it's going down. We don't believe that there is, on the part of oil interested people, a rejection of Manitoba for political reasons, we just feel that . . . We're in the same position as Ontario in that respect. The politics is not the main feature, the main feature is the attractiveness of the ground for oil. To answer the honourable member's question specifically, yes, we are involved in trying to make ourselves as attractive as we can.

**MR. MINAKER:** Maybe the Minister misunderstood my question or didn't completely understand. Hasn't the Government of Manitoba or his department been approached by existing producers in the province stating that they would be willing to look at setting up pilot projects or developing existing reserves, and if the anticipation that they expect is there, that they would be willing to spend millions of dollars and increase the production, I understand, in the order of maybe 40 percent per day. Has the Minister or the government not been approached in this regard, if in fact there was some review of the present taxing situation that it might make it more feasible, more attractive.

**MR. GREEN:** The answer is that yes, we have received, from time to time, suggestions that if programs were paid for out of royalty tax revenues, that we could inspire additional programs, but there is not much percentage in that, Mr. Chairman. If we want to do the programs out of royalty tax revenues we could do them ourselves. We'd just take the revenues and spend them on developing oil fields. We don't feel that a tax program is one that can be substantially compromised. There has to be an understanding that there is a return on the resource to the Province. We are prepared to use that return to go in partnership with them and other things, but we do not wish to start bargaining the tax position. If the program is merely to proceed on the basis that it's done out of royalty revenues, we can do that ourselves, Mr. Chairman. We're not saying that we want to exclusively do that ourselves, we're willing to talk to the companies and will continue to talk to them.

One thing that we have done with mining companies is that we have met on a regular basis for the last seven years, more than that, since I've been the Minister. We have met with the independent oil producers only once or twice, and I think certainly that is something that we could be doing again.

**MR. MINAKER:** Mr. Chairman, surely the Honourable Minister or his department has looked at the economics of this thing. That if there's a potential of 4,000 barrels per day more of oil being brought on to the surface that will benefit the provincial product by what, \$36,000 per day, and then there's a tax benefit to the Province off that, in addition to that, instead of us now bringing in 4,000 more barrels a day from outside the province, whereas the outlay or a cash flow out of the province' this has to have some economic impact, I would think. And hasn't the government or his department given consideration to this fact, that maybe by some negotiations with these people that want to do this, that in the long run it will be more beneficial, both for the government and for the people of Manitoba, to let them go ahead and do this and maybe give them some kind of tax concession? Because I would think instead of having a cash flow out of \$36,000 per day, you are now retaining it within the province and further to that, you are gaining in your tax revenues, so that I know the Honourable Minister of Industry and Commerce indicated the impact that the increase in the cost of oil would create on the economy of Manitoba. Well, here is an indication where we could possibly have a 40 percent increase in our production if the estimates are correct.

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

**MR. GREEN:** Mr. Chairman, no such economics have been presented to me, and I rather doubt that one can present that type of economics. We have just heard the Member for Assiniboia indicate that it is very risky and it never guaranteed anything, and I would think that the same is true of oil exploration and development. Some of the things that we can do are to try to increase the effectiveness of existing production, but I don't think that that economics would accomplish what my honourable friend says, but if any types of proposal which make sense and can have the economical effect that my honourable friend is referring to are presented to us, then yes, we will have to look at them. I am not aware that that kind of economics is justified. No representations have been made to me which would indicate that we can look for that kind of economics. However, if presentations are made, yes, we will look at them.

**MR. CHAIRMAN:** Resolution 83(b)(1) Salaries and Wages \$186,100—pass? The Honourable Member for Virden.

**MR. MCGREGOR:** Mr. Chairman, just one final question. A year ago I asked about the deep well, considered the deep oil well drilling. I think it is in a region considered the Winnipegosis region, and I think I got a reply during the off season, and since then, have there been any of the wells drilled? I think we are talking about the 5,000-foot depths rather than the normal one of something in the order of 2,500. How many, and are there any hopes indeed in that region?

**MR. GREEN:** There are some under discussion, but there have been no further wells drilled to the ones that I advised my honourable friend of between the sessions.

**MR. CHAIRMAN:** Resolution 83(b)(1)—pass. (b)(2) Other Expenditures \$267,600—pass. (c) Mining and Engineering Inspection (1) Salaries and Wages \$430,500—pass. (2) Other Expenditures \$125,100—pass. (d) Exploration (1) Salaries and Wages \$626,300.00. The Honourable Member for St. James.

**MR. MINAKER:** Mr. Chairman, I wonder if the Honourable Minister can advise, of the classes, I understand, that have been held for the prospectors, how many have graduated and how many are actually in the field now working?

**MR. GREEN:** I think that there are about 20 people that participated in the course, and I gather that those that participate graduate. I don't know how many are in the field. There are four of the 20 who took the course who are participating now in the field. These are new graduates, but there may be an additional number this year. I think that we are estimating about ten this year.

**MR. MINAKER:** Are they all working for the government or are they . . . ?

**MR. GREEN:** If they are prospectors, they would probably be participating in our Prospectors Program, which involves us in financing 50 percent of a prospector's program, including his wages if he goes out into the field, which people are doing.

**MR. MINAKER:** How many people have we got?

**MR. GREEN:** We do have figures on how many prospectors' programs we are participating in, do we not? This would be financially available. I will give it to you in a moment.

**MR. CHAIRMAN:** Order please. The hour being 12:30, the hour for adjournment, Committee rise and report. Call in the Speaker.

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

### IN SESSION

**MR. SPEAKER:** Order please. The Honourable Member for Logan.

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

**MOTION presented and carried.**

**MR. SPEAKER:** The hour being 12:30, the House is now adjourned and stands adjourned until 2:30 this afternoon.