

LEGISLATIVE ASSEMBLY OF MANITOBA
Tuesday, 8 April 1980

Time: 2:30 p.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): Presenting Petitions .
. . . Reading and Receiving Petitions . . .

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. SPEAKER: The Honourable Member for Radisson.

MR. ABE KOVNATS: Mr. Speaker, the Committee of Supply has adopted certain resolutions, directed me to report same, and asks leave to sit again.

I move, seconded by the Honourable Member for Virden, report of committee be received.

MOTION presented and carried.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. BRIAN RANSOM (Souris-Killarney): I have a statement, Mr. Speaker, and I have copies.

The Water Resources Branch of the Department of Natural Resources reports that favourable spring break-up conditions during the past two weeks have almost eliminated the threat of spring flooding on Manitoba's rivers. A slow melt rate, characterized by mild days and cool nights has allowed most of the melt water to soak into the ground. The lack of any significant precipitation in Manitoba since March 26th, combined with considerable evaporation losses, has also reduced run-off. Spring run-off is now well under way in southern Manitoba, and many of the smaller streams have already peaked. Most larger tributaries will peak late this week.

Peak stages on the Red, Assiniboine, and Souris Rivers will likely occur between April 10th and April 15th, unless there is heavy additional precipitation. The Red River peaked at Grand Forks on Easter Sunday, and with average weather conditions it is expected to peak at Emerson Friday, April 11, and in Winnipeg on Monday, April 14. Peak levels will be well below flood stage. Up to the morning of April 8, the Red River had risen 6.25 metres from its winter level at Emerson and 2.25 metres from its winter level in Winnipeg.

Indications are that the Red River Floodway will not be used this spring.

On the Assiniboine River and the Souris River water levels thus far have risen one metre or less from the winter level. Peaks well below flood stages are expected early next week with normal weather conditions.

Recent snowfall in the Souris River basin in Saskatchewan and North Dakota and extreme southwestern Manitoba will have no appreciable effect on peak flows in the Souris River in Manitoba.

The Water Resources Branch reports that run-off is just getting under way in areas of heavier winter snow accumulation such as eastern Manitoba, the Interlake, and the Riding and Duck Mountains. However, the favourable spring break-up conditions thus far have reduced the flood potential in these areas. Flooding is unlikely unless there is heavy precipitation during the next week or two. The Water Resources Branch advises that it is monitoring the spring runoff closely and will issue further reports if the runoff situation changes significantly.

MR. SPEAKER: Notices of Motion . . . Introduction of Bills . . .

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. HOWARD PAWLEY (Selkirk): Mr. Speaker, my question to the First Minister, can the First Minister at this point indicate when Manitobans will be favoured with the introduction of his Budget, whether in fact we can receive it in April as the First Minister indicated some time ago it would be given?

MR. SPEAKER: The Honourable First Minister.

HON. STERLING R. LYON (Charleswood): Mr. Speaker, we are targeting for the Budget to be brought down and for the subsequent debate for some time in the relatively near future, it would be a matter of weeks yet.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN: Mr. Speaker, I would like to direct a question to the Honourable Minister of Finance. Mr. Speaker, in view of the fact that the Minister questioned my statistics with regard to mortgage foreclosures approximately a week ago when I suggested that they are occurring at the rate of 45 a week; would the Minister say that there is false advertising in the Winnipeg Tribune of this week's edition wherein I counted, Mr. Speaker, 52 orders for sale advertised foreclosing property in the province of Manitoba?

MR. SPEAKER: The Honourable Minister of Finance.

HON. DONALD W. CRAIK (Riel): Mr. Speaker, I don't have any comment to make on the quality of the advertising that appears in one of the newspapers. I can't verify the numbers used by the member either. My understanding that there have been some cases where, I gather, one or two smaller companies or companies period, development companies, have brought about two different packages that have in total brought the numbers up; that the numbers, whatever they are, are not a total number of individuals, but rather take on the complexion, in fact, that there has been a couple of companies where there have been a number of units in both that add up to the total.

MR. GREEN: Well, Mr. Speaker, in view of the fact that the Minister still questions these numbers, is not satisfied that I have counted them correctly or that they correctly reflect what is happening, would the Minister check to see whether my numbers are correct, and if so, Mr. Speaker, whether or not this is a record high for mortgage foreclosures now achieved under the Progressive Conservative administration.

MR. CRAIK: Well, Mr. Chairman, I am not questioning the member's numbers, I simply repeat the explanation I gave. The Minister of Consumer Affairs may have some information from his Department with regard to substantiating the totals, and I suggest perhaps that if he is able to provide any he would be willing to give an indication of whether the government, in fact, has figures that can substantiate or otherwise the numbers given.

MR. SPEAKER: The Honourable Member for Inkster with a final supplementary.

MR. GREEN: Yes, Mr. Speaker, in view of these numbers, is it now appropriate to ask the Minister the question that was so often put by the First Minister when he was in opposition, with respect to our government: How long will the people of Manitoba have to endure this ideological socialist experiment? Can the Minister advise how long the people of Manitoba will have to endure this doctrinaire ideological experiment in 19th century capitalism?

MR. CRAIK: Yes, Mr. Speaker, I have to remind the member that the provinces with the doctrine closer to his own are experiencing the same difficulty, and

collectively. I've gathered from the Minister of Consumer Affairs that the numbers are in fact greater, if you want to look at it on a statistical basis. I think, Mr. Speaker, that question might also provide the opening to make the observation that it is a national problem, not one that is unique to a province, and we repeat our offer to again assist, as much as possible, in conjunction with the federal government, in finding a solution to the problem.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Speaker, by way of further supplementary, in view of the fact that the Governor of the Bank of Canada is in Manitoba today and with the information that the Member for Inkster just released to the House about the increasing number of foreclosures, despite the Ministers' rationalizations, does the Minister intend, or the First Minister, to make any representation today to the Governor of the Bank of Canada while he is present in the province?

MR. SPEAKER: The Honourable First Minister.

MR. LYON: Mr. Speaker, if I can be excused from my duties in the House in about another half-hour's time I expect to be meeting informally with the Governor of the Bank of Canada.

MR. SPEAKER: The Honourable Member for Transcona.

MR. WILSON PARASIUK: Mr. Speaker, my question is directed to the Minister of Health. Can the Minister confirm that Wards E3, E4, E5 and E6 were being closed down at the Health Sciences Centre over two weeks ago, while the Minister was telling us in the House that, according to his staff, no beds and no wards were being closed down at the Health Sciences Centre? Can the Minister indicate why he would be telling us that type of information when he was specifically told that there was information that was contrary to his, but he insisted two weeks ago that these beds weren't being closed down?

MR. SPEAKER: The Honourable Minister of Health.

HON. L.R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, I can't confirm that those are the precise wards, but I can get that information. I can confirm, as I did yesterday, that 79 beds are closed. With respect to the other part of the honourable member's question, I can only say that, as he is aware, the government does not run the Health Sciences Centre; it is run by a board of directors. The information that I gave to this House on March 24th when the issue first surfaced and the information that I have given since, including that which has been made available to me the last few days, is information that has been given to me and is based on assurances that were given to me by the board of the Health Sciences Centre.

MR. PARASIUK: I'd like to ask the Minister if he can now tell us how many acute care beds are still in operation at the Health Sciences Centre?

MR. SHERMAN: No, but I can get that information, Mr. Speaker. There are 1,308 beds in the Health Sciences Centre and 79 have been closed so that would leave a total of approximately 1,230 or 1,229, approximately that number. I can't tell him how many are acute and how many are geriatric and how many are in Childrens but I can get that information.

MR. SPEAKER: The Honourable Member for Transcona with a final supplementary.

MR. PARASIUK: I would like the Minister to in fact get that information and to ensure that we get a proper definition of the term "acute" so that we can know how many beds are then available for emergency and elective surgery. And would the Minister undertake to determine whether in fact the Health Sciences Centre, which is the major general hospital of Winnipeg, now finds itself in a

position where virtually half of the beds presumably for acute care are now being used for extended care instead of acute care?

MR. SHERMAN: Well, Mr. Speaker, I certainly have no information or evidence that would support that suggestion by the Honourable Member for Transcona. Certainly there are beds at the Health Sciences Centre of an active treatment nature that are occupied by long-stay patients, as is the case with almost every general hospital in this country, but I certainly have no information to suggest it's anywhere near the number that he proposes.

MR. SPEAKER: The Honourable First Minister.

MR. LYON: Mr. Speaker, if I may, I just have a correction to make to my statement yesterday respecting Bill No. 2, a correction to the record which I think is of historical significance rather than of substantive significance to the bill.

In my comments yesterday, Mr. Speaker, I made the comment on approximately Page 2 of the statement; "The parallel legislation to secularize the Manitoba schools receive more attention than the 1890 Act concerning the official language. Probably for that reason it was never directly questioned in the courts until this past decade," and then the sentence went on. What I should have said, Mr. Speaker, was this: "Probably for that reason it was never directly questioned in the Supreme Court until this past decade."

With that correction in mind I say to the honourable members that it's been brought to my attention that the 1890 Act was challenged on two different occasions in the courts of Manitoba: once in the County Court of St. Boniface in 1906 and on another occasion in another County Court and, as well, an action in the Court of Queen's Bench which was never brought to trial or to issue.

So as I mentioned, Mr. Speaker, I make that correction for historic purposes rather than dealing with the substance of the Act.

MR. SPEAKER: The Honourable Member for Kildonan on a point of order.

MR. PETER FOX: Yes, as much as we appreciate the correction, I hope you will deduct that time from the Question Period.

MR. SPEAKER: Order please. The Honourable First Minister on a point of order.

MR. LYON: On the point of order and with as much good humour as I can muster, I say to my honourable friend that I hope we never deduct a question of civility or grace from the Question Period because it's a matter of the customs and practises of the House to permit members to make corrections for the record, to Hansard, from time to time. That applies not only to members on this side of the House, Mr. Speaker, it is a right of all 57 members of the House, which I'm sure my learned friend the Member for Kildonan, the past distinguished Speaker of this House, would be the first to acknowledge.

MR. SPEAKER: The Honourable Member for The Pas.

MR. RONALD McBRYDE: Mr. Speaker, I don't rise to make a correction which we normally make during times other than the Question Period, I rise, Mr. Speaker, to ask a question of the Minister of Agriculture. I wonder if the Minister of Agriculture will be recommending to his colleagues that legislation be brought in to provide farm workers with a minimum wage, vacation pay and statutory holidays.

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. JAMES E. DOWNEY (Arthur): Mr. Speaker, the member brings a matter before the House which I could take under consideration.

MR. McBRYDE: Mr. Speaker, because I am not clear of the jurisdiction there, I would like to address a question to the Minister of Labour and Manpower.

I wonder if the Minister of Labour and Manpower is considering bringing forward legislation that would bring under his jurisdiction, under existing legislation jurisdiction, farm workers in terms of minimum wage, vacation pay and statutory holidays.

MR. SPEAKER: Order please. The question is repetitive.
The Honourable Member for The Pas.

MR. McBRYDE: Mr. Speaker, my question is to the Minister of Labour. I wonder if the Minister will be recommending to the federal government that foreign workers be imported again, in terms of farm labour workers.

MR. SPEAKER: The Honourable Minister of Labour.

HON. KEN MacMASTER (Thompson): I understand, Mr. Speaker, that the organization representing the workers in the Portage la Prairie area and the employers usually come to a satisfactory conclusion, of which they make their recommendations, and when I've received that, I'll deal with it in what I figure is an appropriate manner at that time.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. JUNE WESTBURY: Thank you, Mr. Speaker. My question is addressed to the First Minister, and is further to my questions of yesterday. I wonder if the First Minister would advise the House what representation or what approaches or what requests he made of the Great-West Life in an attempt to persuade them not to move up to 100 senior head office positions to Denver.

MR. SPEAKER: The Honourable First Minister.

MR. LYON: Mr. Speaker, as I mentioned to the honourable member yesterday, she is referring, apparently, to a news item of almost nine months age at the present time. She might wish to refresh her memory from the press release that was issued, I believe by the company in question, as to the changes it was making with respect to its head office personnel, relative or consequent upon the construction of the new corporate headquarters and some \$62 million, I think, worth of further construction that is to go on immediately across the street from us. If my honourable friend has any questions, I suggest again, with the greatest of respect, she direct her questions to the source where she can best get the information, to Great-West Life.

MRS. WESTBURY: My information did not come from news releases, Mr. Speaker. I wonder if the First Minister could tell the House whether he feels any anxiety whatsoever, or responsibility whatsoever, for the moving of these senior head office positions from our province.

MR. LYON: Mr. Speaker, I am beginning to feel the beginnings of some anxiety about the quality of the information that is being fed to the Honourable Member for Fort Rouge.

MRS. WESTBURY: On another subject, also to the First Minister. Mr. Speaker, will the Minister advise the House whether it is his intention to attend a meeting of Western Premiers in Lethbridge on April 21st, and if he intends at that time to make any definitive statement on Manitoba's position with reference to the Quebec referendum or to the constitution or any other related matter?

MR. LYON: It's customary, Mr. Speaker, for the benefit of my honourable friend who is new to the House, for the Premiers of each of the four provinces to attend those conferences. It is also customary for each Premier to participate in the agenda items, one of which I mentioned recently had to deal with the whole situation of Quebec.

MR. SPEAKER: The Honourable Member for Churchill.

MR. JAY COWAN: Thank you, Mr. Speaker, my question is to the Minister responsible for the Emergency Measures Organization. I am intrigued by a statement attributed to the Minister responsible for that organization to the effect that the EMO was not called into MacGregor because the Environmental Department staff decided not to do so. My question to the Minister is: Was it the Federal or the Provincial Environmental Department staff that decided not to call the Emergency Measures Organization into that derailment site?

MR. SPEAKER: The Honourable Minister of Government Services.

HON. HARRY ENNS (Lakeside): Mr. Speaker, the honourable member's information is wrong as it often is. Emergency Measures was contacted immediately and first in the case of the accident at MacGregor and then proceeded to function as it normally does in dealing with the nature of the accident, involving the department most immediately responsible, namely, Environment. It was subsequent to that, that perhaps there was some delay or breakdown in the communications or the orders of things that a judgment call was then made that suggested - and which I am happy to say, Mr. Speaker, was accurate and correct - that there was in fact not a severe hazard to the community of MacGregor, which latter events have proven out. But as I admitted to the honourable member in a question yesterday, that I am not totally satisfied that we cannot improve on the reporting mechanism as between departments and the Emergency Measures' role in dealing with these problems.

MR. COWAN: Thank you, Mr. Speaker. A supplementary to the Environmental Minister: Is the Minister prepared today to indicate if his department has requested information on accidents and incidents involving radioactive materials from the Whiteshell Nuclear Research Establishment during the past two years and can he confirm that his department has not made those reports fully public?

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

HON. WARNER JORGENSON (Morris): Mr. Speaker, I can confirm that I have made the enquiries; I cannot confirm the answers.

MR. SPEAKER: The Honourable Member for Churchill with a final supplementary.

MR. COWAN: Thank you, Mr. Speaker. My supplementary is back to the Minister responsible for the Emergency Measures Organization. Is the Minister prepared to investigate complaints by the Winnipeg Fire Chief that the Fire Department was not notified of the methanol spill by the CP Rail but was notified in fact by an individual, and can he further inform the House as to who exactly, or which department or organization notified the Emergency Measures Organization of this spill?

MR. SPEAKER: The Honourable Minister of Government Services.

MR. ENNS: Mr. Speaker, the supplementary question allows me to correct perhaps a mistaken impression left by some of the reported comments that I made on the subject matter yesterday. Firstly, I want to indicate to the honourable member that a reorganization of Emergency Measures Organization was ordered, in fact was suggested by the First Minister and government immediately following our experience after the last flood of a year ago. It is coincidental that it is just about at this time that we are in a state of readiness to implement some of these changes.

One of the problems that the honourable member points out deals with the reporting and response mechanism that is now in place, which obviously, and I am prepared to acknowledge, does not in all instances appropriately address itself to the problem. The Fire Chief, Fire Chief Coulter in this instance, felt, and I think correctly so, that the in-place technique that the railway officials in this instance should have been aware of and should have been completely familiar with, could not be relied upon. But again, Mr. Speaker, it has been fortunate in these

instances that the situation was handled, and I think it bears underlining, correctly, appropriately, safely and that indeed no danger and or no serious accident other than the loss and damage to the car was in fact in place.

MR. SPEAKER: The Honourable Member for St. Vital.

MR. D. JAMES WALDING: Thank you, Mr. Speaker. My question is to the Minister reporting for Manitoba Hydro. I'd like to ask the Minister whether it's his intention to table in this House a copy of the letter that he sent on February 1st, to the Premier of Alberta, and whether such letter makes the statement that the sale of any Manitoba Hydro power to Alberta would be at the equivalent rate to thermal power production in Alberta?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, I'll undertake to table that letter, and then the member can read the contents of it directly.

MR. WALDING: A supplementary question, Mr. Speaker. What assurance can the Minister give to the people of this province that any firm power sale to Alberta would be sufficient to recapture all of the generation and transmission costs involved in the sale?

MR. CRAIK: Mr. Speaker, these matters can be pursued further where there is appropriate time to examine them. The letter which the member has referred to will give some of the background of the initial assumptions. There will be other assumptions examined during the course of the further study that has been agreed upon by the three provinces.

MR. SPEAKER: The Honourable Member for St. Vital with a final supplementary.

MR. WALDING: Mr. Speaker, I assume from the Minister's reply to that question that he can give no assurance to the people of Manitoba that there will be no subsidization of Alberta in any proposed firm power sales to that province.

MR. CRAIK: Mr. Speaker, the member will, I think, see upon reviewing the letter referred to that there is no assumption made in there of any sort of subsidy.

MR. SPEAKER: The Honourable Member for St. George.

MR. BILLIE URUSKI: Thank you, Mr. Speaker. I direct this question to the Minister of Agriculture and it relates to the statement that he made to this House last week. I would ask him, with respect to the Beef Income Assurance Plan, if he would care to clarify his statement with respect to the Beef Income Assurance Plan on one hand in one part of his statement, saying, ". . . the plan has been a contributing factor to the decline of the province's cattle," and yet on page 2 where he indicates that he supports a voluntary Beef Income Stabilization Program which would allow producers to operate? Can the Minister indicate whether or not the Beef Income Assurance Plan that has been in effect was in fact a voluntary program?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. DOWNEY: Mr. Speaker, the program that the member refers to, the entry of that program was voluntary for a period of five years. Once you signed up there was no more voluntary participation, you were a part of that contract for that particular period. The kind of program which has been discussed with the Federal Minister and other provincial Ministers has been a type of program that would be a pay-into-the-program on a yearly basis on a voluntary basis, not a signing of a long term contract of the same type that we have seen here in the province over the last few years.

MR. URUSKI: Mr. Speaker, it appears that the only difference is whether it's a short term or a long term stability in the program. Could the Minister indicate whether or not the contract allowed for the opting out of producers if they paid back any moneys that were owing to the plan; that they could opt out at any time which was not necessary to make the announcement that the Minister made in this House of trying to confuse producers even more than he has already done in the last two years about the paying back, and the changes in the program that he has made?

MR. DOWNEY: Mr. Speaker, I think that most of the people and particularly the cattle producers of this province would say that there has been a difficult time understanding the program from Day One. It was a program which has created a lot of problems for the beef industry in the province. It's created problems for those individuals who have had to pay back to the province moneys which they need to carry on with the production of beef and would in fact say that the type of program that we are dealing with is one that was not formulated and put together in full consultation with the cattle industry. I think it's important that in putting together a program that that kind of consultation take place and I think that we're able to do that now and I think that as far as a payback to the province or opting out of the provincial program under the last administration were allowed, 1470 opted out without any changes in the contract. We haven't done anything any different in that particular regard.

MR. SPEAKER: The Honourable Member for St. George with a final supplementary.

MR. URUSKI: Thank you, Mr. Speaker. Could the Minister now indicate to us what incentive programs he intends to bring in, since in his statement he indicated that only incentive is necessary now to increase cattle production and it was his government and his members who indicated that incentive programs to increase cattle production in Manitoba were a direct result of low prices in this province, when in Canada we have been . . .

MR. SPEAKER: Order please. May I suggest to the honourable member perhaps he is debating rather than asking a question. Would the honourable member care to ask a question?

MR. URUSKI: Yes, Mr. Speaker, I'd like to know what incentive programs the Minister now has for farmers with respect to increasing the supply of beef? Is it only to get rid of the stability of incomes to the farmers by getting rid of the Income Assurance Plan or has he got some other plans?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. DOWNEY: Mr. Speaker, the first incentive that had to be provided to the cattle producers of this province was to take the albatross from around the necks that was left under the NDP government. I think as we indicated in our statement, the long-term stability of the industry should be provided under a national stabilization program so that the competitive advantage that the producers of beef have in this . . .

MR. SPEAKER: Order please. Order please. May I suggest the Honourable Minister is debating. The Honourable Member for Rossmere.

MR. VIC SCHROEDER: Thank you, Mr. Speaker, a question for the Minister of Education. Could the Minister confirm that the students at Elkhorn School are still out and have been out since about the 10th of March.

MR. SPEAKER: The Honourable Minister of Education.

HON. KEITH A. COSENS (Gimli): It is my understanding, Mr. Speaker, that the majority of students at Elkhorn are still out of school.

MR. SCHROEDER: A supplementary question to the Minister of Education, Mr. Speaker. Could I ask the Minister how many of the students at Elkhorn are in school and could I ask the Minister to inform the House as to precisely what his department has been doing to insure that these children will be back in school and specifically what his department has been doing in the last several weeks?

MR. COSENS: Mr. Speaker, I have met with both parties to the dispute in that particular area, both the school board and the parents, and subsequent to those meetings both parties got together and the school board deferred their decision to close the high school at Elkhorn. However, subsequent to that decision the parents in that area have decided that they will still keep their children out of school pending a decision on whether their school staff will be reduced by one teacher or not - that is the issue at the present time.

I have been urging both parties to get together and find some resolution to this problem, because I deplore, as much as I am sure the Honourable Member for Rossmere does, the fact that these children are out of school, they are the ones that are suffering, while the two parties in dispute are attempting to get together and find some resolution.

MR. SPEAKER: The Honourable Member for Rossmere with a final supplementary.

MR. SCHROEDER: Thank you, Mr. Speaker. Again to the Minister of Education, could he confirm that all of the students are out at Elkhorn, or is it correct, as he said in his first answer, that some of them were out, and also could he inform the House as to whether his department has done anything in the last several weeks. He has indicated that there was a meeting between himself and the trustees and the parents, but he didn't say when. My question was, in the last several weeks, was there anything done by either him or his department to get this matter resolved, and further, could he indicate whether he is considering appointing an arbitrator to get this matter settled quickly?

MR. COSENS: Mr. Speaker, I think my first answer indicated really the procedure that had been taken by myself to get the two parties together, I would suggest with some success, because that did result in a subsequent decision not to close the particular high school in question. However, another issue has arisen recently and again I find that the two parties are stalemated. Again I am encouraging them to get together to reach some resolution to the problem.

In answer to the member's other question, I understand there is one student back at school in Elkhorn today.

MR. SPEAKER: The Honourable Minister of Natural Resources.

MR. RANSOM: Mr. Speaker, I rise on a matter of Privilege of the House. During the review of my Estimates on Tuesday, March 25th, during questioning concerning the presence or absence of some information, the Honourable Member for Rupertsland said, and I quote from Hansard, "The Minister's Department has been practising file-burning, or book-burning, or whatever they do to destroy such files, shredding, maybe."

And Mr. Speaker, at the time I asked the honourable member to withdraw, either to substantiate or withdraw that remark. The honourable member chose not to withdraw the remark, the Chairman took the question under advisement, and for the period since the 25th of March, the question had not been dealt with, even though Hansard was available for quite a period of time between last night and the time that it came out.

Now, I've taken the trouble to check the record last night, Mr. Speaker, and when the Chairman asked the honourable member to withdraw, he simply made some comments about his intention and then he said, "I should withdraw the information as it is printed in Hansard, but that is not the way in which I phrased the question." Mr. Speaker, it seems to me that this is a rather serious question when a charge of that nature is made, and a member, sometime later, having had the opportunity to peruse Hansard, is able simply to allege that Hansard does not accurately reflect what he said, that that is not what he said, and Mr. Speaker, I

would ask you to take this question under advisement to determine whether in fact there has been a breach of the Privilege of the House.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. HARVEY BOSTROM: Mr. Speaker, I believe this matter was resolved last night during the committee. The Chairman of the committee raised this issue, I had indicated at the time when the original question of privilege was raised that the Chairman should take it under advisement, look at Hansard to see exactly what was said during the debate, and to respond to the House, and if it was in question that I had made some remark that was unparliamentary or that should be withdrawn, that I would withdraw it. And Mr. Speaker, my recollection of the debate is that I was posing that issue as a question to the Minister, not as an allegation or a statement. The issue in question was, what was happening to certain information that was in the files of the Department of Parks. I know it was in the files of the Department of Parks, and it is a policy that the Department of Parks had with respect to the development of the Whiteshell Park.

This Minister and this government wants to try to make the case that that information is not available, and Mr. Speaker, I know that information is available, should be available, and should be in the files of the Department of Parks. During the heat of debate at that time. I phrased the issue in such a way, I believe, that I was asking the Minister how this information could not be in the possession of the department at this time. What had happened to that information? And I asked the Minister at that time, I believe, that the question was put, how did the information disappear? And I believe I asked, were they practising some destruction of files, or what? And when I look at Hansard, Mr. Speaker, it appears as though the printing in Hansard puts that issue as a statement from myself.

I believe, Mr. Chairman, that I phrased that as a question, not as a statement, not as an allegation. And Mr. Speaker, the Chairman accepted my remarks last night and he was satisfied with my explanation of the issue, and now, Mr. Speaker, the Minister, even though he was here in the committee last night, heard that, did not raise any issue with it at that time and seeks to raise a further issue with it at this time.

I would ask him where that information is, because we still haven't heard a proper answer from the Minister.

MR. SPEAKER: Order please. The charge that was levelled by the Minister of Natural Resources, and indeed substantiated by the Honourable Member for Rupertsland, that Hansard is not reporting correctly what members are saying, is a very serious charge. I would hope that perhaps the House should look at this and probably refer the matter to the Privileges and Elections Committee for their consideration. I do not have the authority to make that kind of request of the House. It's up to the House to handle the matter. I think it is a serious charge, Hansard does come under the responsibility of the Speaker, and the Speaker cannot defend himself in the Chamber.

The Honourable Member for St. Johns.

MR. SAUL CHERNIACK: Thank you, Mr. Speaker. I would like to ask a question of the Minister of Agriculture to ascertain whether his department lacks the competence to study and investigate the ways of identifying livestock for authentication of ownership?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. DOWNEY: Mr. Speaker, the question is asked about work that my department is doing. No, I don't feel that my department is incompetent in doing certain work.

MR. CHERNIACK: Mr. Chairman, in view of the fact that the Minister says he doesn't believe that his department is incompetent in doing its work, then may I ask the Minister to explain why it is necessary that having himself moved and brought in a bill to the Legislature, empowering an organization to raise funds from its own membership and from all people who sell cattle, but do not withdraw

their support; an organization whose purpose and intent is to provide for financing an organization to initiate support or conduct programs dealing with the well-being of the cattle industry, why it is necessary for his department to take to a self-sustaining, self-perpetuating organization and pay them a contract of some \$33 200 to do what he indicates to me, I believe, his department is competent of doing on its own?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. DOWNEY: Mr. Speaker, the member is referring to a project that, in fact, members of his party were asking what was being done as far as the identification of cattle or the actual problems that were created because of cattle rustling. I would indicate to him that we are working with the cattle producers; we are having them do a study and recommendations on how best the situation could be dealt with. It think, Mr. Speaker, it is truly demonstrating how we can work with the agricultural producers of this province.

MR. SPEAKER: The Honourable Member for St. Johns with a final supplementary.

MR. CHERNIACK: Mr. Speaker, does the Minister then wish to inform the House that his department has to pay \$33,200 to a private organization which has its own fund-raising capacity to do that work which is firstly within the purposes and intent of that organization itself; and secondly which he, I believe, would indicate is within the competence of his own department to do?

MR. DOWNEY: Mr. Speaker, I feel that the contract that was entered into is to have work done for the better interests of the cattle producers, and in return, all the people of the province of Manitoba, far better than the \$20,000 a year for \$80,000 given to the Farmers' Union of this province without any strings attached, representing less than one percent of the farmers of Manitoba, by the NDP Government that was before us.

MR. SPEAKER: Order. Order please. May I suggest that the Honourable Minister is debating rather than providing answers to questions.

The Honourable Member for Brandon East.

MR. LEONARD S. EVANS: Thank you, Mr. Speaker. I would like to address a question to the Minister of Finance, who is responsible for Manitoba Hydro, and ask him a question pertaining to the proposed pricing, possible pricing, of Manitoba Hydro power in the province of Alberta. He has indicated that the pricing in the first 18 years may be tied to the cost of alternative new thermal generation in Alberta. My question is: Will the Minister be using the expertise that is within the Manitoba Hydro Corporation or will he be using staff from his new Department of Energy?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CRAIK: I am using both, Mr. Speaker.

MR. EVANS: In this respect also, Mr. Speaker, could the Minister advise the House whether they intend to - they, I mean the provinces including Manitoba - intend to use the services of outside engineering consultants to any extent?

MR. CRAIK: Mr. Speaker, the three-province study will be carried out primarily by consultants.

MR. SPEAKER: The Honourable Member for Brandon East with a final supplementary.

MR. EVANS: Yes, well a supplementary then, Mr. Speaker, the Minister is also quoted as saying that in the final analysis I expect the deal will take a judgmental decision by the Premiers. In other words, Mr. Speaker, it seems to me

the Minister is indicating that in the last analysis it will be a political decision, and this is my question: Is the Minister indicating that the political decision in the last analysis will be overriding the economic considerations in this matter?

MR. CRAIK: No, Mr. Speaker, I believe the member is perhaps reading the wrong intent into those words. In the final analysis I expect the economic viability will lead to a logical decision. There are going to be other factors and considerations. Even given the fact that it is economically viable, it will have to be taken into account by all of the provinces involved.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. RUSSELL DOERN: Mr. Speaker, I would like to direct a question to the Minister of Government Services and ask him if he can confirm that the province does use a number of private contractors for the pick-up and hauling of garbage?

MR. SPEAKER: The Honourable Minister of Government Services.

MR. ENNS: Mr. Speaker, I will have to take that question as notice.

MR. DOERN: Mr. Speaker, since I believe it is a fact, I wonder whether the Minister would look into the charges in the city of Winnipeg Council, that there has been price fixing in this field, and I wonder if he would compare the firms that the city has indicated have been price fixing in their jurisdiction and see whether the same firms are dealing with the province, and determine whether there are any instances in that regard.

MR. ENNS: Mr. Speaker, I would be happy to look into that. I remind the honourable member though that I am looking forward to dealing with my Estimates in Room 254 as soon as the Honourable Member for St. Boniface has dealt with lotteries and my friend, the Minister responsible for Sports and Fitness, and we can perhaps discuss it at that time.

MR. SPEAKER: The Honourable Member for Ste. Rose.

MR. A. R. (Pete) ADAM: Yes, Mr. Speaker, to the Minister of Agriculture. In view of the fact that the honesty of some of the directors of the Manitoba Livestock Cattle Association, who are involved in questionable ownership of cattle dispute, how can he in good conscience allow these people to find means of identifying cattle when some of them are involved in disputes of ownership of cattle themselves?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. DOWNEY: Mr. Speaker, I believe that in this country that everyone is innocent until proven guilty, and if the member has evidence that would convict or put people in the light of being dishonest and has information, he should provide it to the proper authority. But at this particular point, all the people who are involved in the Cattle Producers Association are elected by the citizens of their own community, and if that is the desire of the electorate, then that has been handled normally.

MR. ADAM: Yes, Mr. Speaker, the member insists that these people are capable of identifying cattle, the ownership. I have asked the Attorney-General to provide an investigation as to why directors on the Cattlemen's Association have been involved in ownership of cattle that they didn't own, in other words, rustling.

MR. SPEAKER: Orders of the Day.

The hour for Question Period having expired, the Honourable Government House Leader.

BUSINESS OF THE HOUSE

HON. GERALD W.J. MERCIER (Osborne): Mr. Speaker, before proceeding with the Orders of the Day I might just confirm, Mr. Speaker, a change in the order of Estimates inside the House as discussed with the Opposition House Leader. Following the completion of the Department of Natural Resources, Mr. Speaker, there will follow the Department of Health, then Community Services and Corrections, then the Department of Education.

Mr. Speaker, I would now move, seconded by the Minister of Government Services, 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 a Committee of Supply with the Honourable Member for Radisson in the Chair for Natural Resources and the Honourable Member for Virden in the Chair for Co-Operative Development.

CONCURRENT COMMITTEES OF SUPPLY

SUPPLY - CO-OPERATIVE DEVELOPMENT

MR. CHAIRMAN, Morris McGregor (Virden): I call the Committee to order. We are now in Co-operative Development, Resolution 40, 1.(b). The Honourable Minister.

HON. ROBERT (Bob) BANMAN (La Verendrye): Mr. Chairman, Thank you. It's my pleasure to introduce to the honourable members the Estimates of the Department of Co-operative Development for the year 1980-81. The co-operative enterprise in Manitoba is an important element in the total social and economic structure of this province. It covers a broad spectrum of economic activity.

MR. CHAIRMAN: The Member for Logan.

MR. WILLIAM JENKINS: Mr. Chairman, is there a new format for dealing with Estimates? I know we have a resolution before the House, but it hasn't been passed yet and until that is passed, I think that the Minister's statement should come on 40(a), not on 40(b), the Minister's Compensation.

MR. BANMAN: Well Mr. Chairman, I think it's been an established practice, and I stand to be corrected, that the Minister is allowed to make that a statement and then we go through the Estimates.

MR. JENKINS: Yes, but on (a), not on (b).

MR. BANMAN: No; my understanding is that (a) is kept over as the last item which is to be discussed by the committee, and the format as spelled out in the other Estimates that I went through is precisely the one that we're following here, that we start off with the second item and the (a) item is carried over and is the last dealt with.

MR. JENKINS: Thank you Mr. Chairman. You must be following a different procedure here than what they are in the House, because in the House the format - and the format when I was in the Chair in the House - we always started with the Minister's Salary which was Compensation. The Minister made a statement - I know that there is some contemplated change being made in a resolution that is present before the House or has appeared on the order paper, but at the present time the proper procedure is, we start on (a), which is the Minister's Compensation, and I would appreciate it if the Minister would make his statement there, we will then make our comments on (b).

MR. CHAIRMAN: I think your Chairman was slightly wrong. I should have

really - and I think the Member for Logan is reasonably correct that the Minister does make a statement on 1.(a), no reply, and then we're on to 1.(b). And as much as I believe I was in error, and anyway, it's 1.(a).

The Honourable Minister. Thanks for correcting me too, committee.

MR. BANMAN: As I mentioned, the co-operative enterprise in Manitoba is an important element in the total social and economic structure of this province. It covers a broad spectrum of economic activity, and in some areas it is a dominant force - agriculture being one specific example. The significant size and the size of the co-operative enterprises in Manitoba can perhaps be best illustrated by statistics which show that the 276 co-operatives and 197 credit unions and caisses populaires registered in this province have more than 240,000 and 351,000 members respectively, and over \$1.6 billion in assets. These statistics, Mr. Chairman, do not include federally registered co-operatives operating in this province. If they did the figures would be much more significant. The role and objectives of the department are to create an environment in which the co-operative enterprise can achieve stability and growth and an environment in which it can operate according to the principles upon which it was founded. This, Mr. Chairman, has been achieved through the provisions of the modern legislation, as expressed in The Co-operatives Act proclaimed in June 1977 and The Credit Unions and Caisses Populaires Act was proclaimed in November 1979. Both acts had been developed in close consultation with the Co-operative Credit Unions and Caisses Populaires systems in Manitoba and the central societies which are representative of these systems. The acts incorporate much of the recent changes in both the provincial and federal corporate law and provide an efficient and progressive legislative system. The acts provide for protection for members and reflect the principles upon which the system was established.

The department therefore serves two main functions; one being the regulatory body on the Co-operative and Credit Union and Caisses Populaires system; the other as support to development of those systems to the point of self-sufficiency and self-reliance. Much of the efforts in the past year have been expended by the department in assisting Co-operatives to comply with the requirements of the new Co-operatives Act. This program including assistance with statements of articles of incorporation, updating and drafting of by-laws and other legal requirements. This program is now nearing completion.

A close working relationship with the Credit Union and Caisses Populaires and Co-operative system has been developed and is being maintained. With the coming into force of The Credit Unions and Caisses Populaires Act in November of this past year, the department will over the next two years be assisting the Credit Unions and Caisses Populaires to comply with the requirements of the act similar to the assistance given to the Co-operatives. This program is expected to be completed some time in the year 1981.

During the past year, Mr. Chairman, major efforts of the department were directed towards northern Manitoba, particularly the commercial fishing activity and I'm very happy to report that all Co-operatives have been consistently improving their financial position with no recorded losses for the past period reported and it looks like 1979 has been the best year yet. Some of the plans for the coming year, Mr. Chairman, include the development of a monitoring system which will serve as an early warning and which will provide the department with accurate and prompt information on the position of Co-operatives and Credit Unions and Caisses Populaires in order that it can react readily where action is deemed necessary.

The department is also strengthening its ability to assist in the area of recruitment of development officers specializing in agriculture and one particular officer specializing in the area of housing. This, Mr. Chairman, will improve the ability of the department to respond to the needs of Co-operatives in these specific areas.

I would also at this time, Mr. Chairman, like to extend my thanks to the staff of the department of Co-operative Development for their assistance and support over the past years and would like to say in summary that the emphasis toward stability and orderly development of the Co-ops and Credit Unions and Caisses Populaires systems will be maintained in the ensuing year. Thank you, Mr. Chairman.

MR. CHAIRMAN: 1.(b)(1)--pass. The Member for The Pas.

MR. McBRYDE: The Minister's statement gives us a very short summary of the existing situation. I think the one area where we have to disagree with the Minister is in terms of the importance and the emphasis that is given to this department. I suppose one small example, Mr. Chairman, when the Minister was giving his statement, the Minister was the only member of the government side besides yourself that was in the Chamber, whereas there were seven members from the opposition in order to hear about and ask about the Department of co-operative development. But, Mr. Chairperson, the most significant thing is that this department, since the Conservative government came to office, has been reduced and been declining, and has had less and less a role to play in terms of assisting with the co-operative and credit union development since 1977.

Mr. Chairperson, in the estimates of 1977-78 the figure for this department was \$1.6 million, in terms of the efforts of the department to stimulate and encourage co-operatives, and to stimulate and encourage and assist credit unions and caisses populaires within the province of Manitoba. So, what we have seen is a significant or drastic decline in the importance of this department and in the efforts that this department has been putting forward, which is one aspect where we disagree with the government on. As members of the opposition, we feel that the co-operatives and the credit unions have a major and crucial role to play in the economy of Manitoba, and not a minor and insignificant role as the present government appears to believe, by its actions.

I think the Minister is probably quite well aware that in terms of rural Manitoba, the credit union movement has been one of the main methods, the main mechanisms for small communities such as the Minister's own home community of Steinbach and Morden and Winkler and communities in southern Manitoba; has been one of the main instruments by which the community is able to accumulate some capital; is able to keep funds within the community. Mr. Chairman, a look at the economic history of rural Manitoba would show that, in fact, what has happened economically is that the banking system has basically drained money out from the rural part of our province, and that those communities that have gone into credit unions and have gone into the co-operative movement, have in fact been the ones that have been able to develop. They've been able to develop that, Mr. Chairperson, in terms of being more self-sufficient in terms of capital, that is the capital that has been generated in their community, has been used in their community to regenerate more capital. Mr. Chairperson, economically that is the way that things should happen in terms of development, rather than having money go from one part of our province to another part out of the province of Manitoba, as it does with so many of our economic institutions in the province of Manitoba.

Mr. Chairperson, that is one of the reasons why the New Democratic Party would like to see an increased emphasis, increased efforts in terms of the credit union and caisses populaires movements in the province of Manitoba; not just a maintenance action, and not just standing back and letting the existing situation stay as it is, and not the type of stagnation to develop within the movement that has developed in the economy of Manitoba generally under the Conservative Government, but to actually stimulate and generate and use the credit union and co-op movement to stimulate the economy of Manitoba to get it out of its present stagnant state that we are now facing in the province of Manitoba.

Mr. Chairman, what we have is a government that is unwilling to give that emphasis to the credit union movement, to the co-operative movements in the province of Manitoba. Instead, Mr. Chairman, they want to put all their eggs, or all the eggs of the taxpayers of the province of Manitoba, into stimulating just one sector of the economy and that is the private enterprise sector of the economy. And this is why this department has declined from a \$1.6 million department to a \$826,000 in terms of efforts to assist, to support, to encourage, to generate activity in terms of the co-operative and credit union.

But Mr. Chairman, they're willing to increase the funds and give away assistance and give away grants to the private sector, but they have withdrawn the kind of support that they have been able to give to co-operatives and credit unions. And, Mr. Chairman, I think that shows the thrust and the problems that this government faces.

r. Chairperson, I think here that in terms of my familiarity with the history of the northern co-operatives, that credit has to go to a previous Conservative government. The Roblin government made considerable effort to encourage co-operatives, to assist co-operatives, Mr. Darwin Chase was heavily involved in that effort to stimulate co-operatives in the fishing communities, both fishing co-operatives and retail co-operatives in northern Manitoba, and that effort should be applauded. But Mr. Chairperson, those were the days when the word "progressive" was still within the Progressive Conservative Party. Once Mr. Roblin left, the word "progressive" disappeared from the vocabulary of the Conservative Party in the province of Manitoba, and now we have a reactionary government, Mr. Chairman, and it's one that I don't understand, because many of the members of the Conservative Party are from constituencies that have benefited a great deal from the co-operative movement and the credit union movement; and why now, they should be pushed aside by a rigid, dogmatic, right-wing political position that is conservative, and no longer progressive conservative, in order to put all the emphasis and all the effort into stimulating just the one segment, the private enterprise, or the private business segment of our population, as opposed to the efforts of the co-operative and credit unions which are the citizens of our province banding together to do things for themselves and for the province of Manitoba.

Mr. Chairperson, the other serious problem that the Minister faces, and the Minister should be made aware of, and his staff should be made aware of, is in terms of the fishing co-operatives. The Minister reported to us that those fishing co-operatives that have survived, and that have gotten along with the decreased emphasis by this government, that they are now financially viable, they are not losing money in this particular year. Mr. Chairperson, the northern fishing co-operatives have been a very important part of community development in the northern part of our province in helping communities to begin to do things for themselves. Mr. Chairperson, this wasn't done without a considerable struggle with the existing structure when these co-operatives came into effect, when the private fish companies and the private buyers fought against the establishment of co-operatives in many communities in northern Manitoba.

But the Minister now, and the Minister's department, now faces a serious challenge to those fishing co-operatives, and I hope that the Minister understands the nature of the problem that those co-operatives face. Mr. Chairman, I wish the Minister would listen because it's going to be very important to his conducting this ministry; so Mr. Chairman, maybe I'll just wait for a minute until the Minister has a chance to listen to the . . .

MR. BANMAN: Go ahead.

MR. McBRYDE: Mr. Chairman, the problem that the Minister faces doesn't come in terms of the management of the co-operatives in the north, doesn't come from the lack of resource in the north, the problem that is facing the fishing co-operatives in northern Manitoba now comes from his colleague, the Minister of Resources. The Minister of Resources announced, and was going to bring into effect, and had publicly stated and sent letters to all the fishermen, that the fish licensing system would be changed effective June 1st of this year, and that those changes would provide leasing of lakes to commercial fishermen and they would allow the selling of the commercial fishing licences.

Mr. Chairperson, those are the regulations that were announced to come into effect and have since been suspended, but those regulations, besides being a major threat to the local communities and existing commercial fishermen in the province of Manitoba, are a real threat to the co-op fisheries in the various remote communities in the province of Manitoba, because the battle is going on right now, Mr. Chairperson. It's been going on ever since these co-operatives were formed with previous fish buyers now working for the Freshwater Fish Marketing Corporation - still not believers in the co-operative fisheries, except when they have to be.

And there has been a problem, Mr. Chairperson, in some of the communities themselves. Because in some cases people that are members of the co-op have in fact bought goods through the co-op, bought their supplies, their nets, weights, etc., through the co-op, and then have tried to sell their fish to other agents except

the co-op. Mr. Chairperson, this is a problem, I guess in the competitive fishery situation, but it's one that the co-ops have been able to deal with. I'm aware of a number of instances where co-op members have in fact sort of violated the principles of their own co-op and sold elsewhere to avoid paying their bills to the local co-op; have now gone back to their co-op, paid their bills, and asked to be re-accepted by the co-op, and the co-op, giving consideration, has decided to allow them to come back into the co-op with the clear understanding that they will be supporters of the co-op and not go to other agents of the Freshwater Fish Marketing Corporation to sell their fish.

So the situation is that the co-ops are surviving, but whether or not the co-ops would survive when the Minister of Resources decides to lift the suspension and implement the announced regulations in terms of commercial fishing, which will allow fishing licences to be sold out of the communities as the proposal was put forward. So Mr. Chairman, that you or I could go into remote communities, find people in a state - perhaps, as some fishermen said to me, there would be some licences changing hands in the pub on Saturday night - so you, Mr. Chairperson, and I, could go up to the communities and start buying up fishing licences if these new regulations come into effect.

Mr. Chairperson, I want the Minister to consider what that would do to the fishing co-ops if people from outside that community were in fact able to control the licences; then I would submit that that would mean an end to the co-ops which are based in the local communities and which are doing a good job for the local communities.

The other area that the Minister touched on, and I'm glad to see there is a little bit of increased effort now, although I'm assuming from my experience with this department and with this government in general that it's reduced over what it was previously, under the previous administration, that there is at least some effort to give assistance to the field of housing and to housing co-operatives, Mr. Chairperson, because there are, in a number of areas of our province, a group that has been struggling to get the housing co-operatives established and it's been a fight every step of the way, as I understand it. It hasn't been easy, and the fact that some of these groups have been able to succeed is mostly due to their own determination, as opposed to the kind of assistance they could get from this Minister and this department.

So Mr. Chairperson, those are my concerns in terms of this department. I would, of course, welcome the Minister's reassurance if they are backed up by concrete action, concrete programs and concrete dollars in terms of assisting the co-op and credit union movement, because they are a very important part of the Manitoba economy and could be even a more important part of our economy if we give them the support, advice, assistance and backup that they need to develop themselves and to develop on behalf of their members in the province of Manitoba.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, to respond to several of the questions and several of the statements the Member for The Pas made. First of all, let me tell the member that the development section, in other words, the section dealing with the fishing co-ops, dealing with the co-op movement generally, as far as development is concerned, is the same number as it has been for the last number of years. There have not been any cutbacks, this administration did not have any cutbacks in that field. Where there have been certain changes is in the field of administration and the field of general research and personnel services, which is being handled through a joint department now through the Department of Fitness, Recreation and Sport. So there have been certain scales of economy, because as the member can appreciate, this is not a big department and does not require a whole group of administrative and payroll people for itself if that service can be provided by another department. So the Fitness, Recreation and Sport is providing that service to the Co-op Branch.

The other thing that should be pointed out. In 1974, when he was a member of the government and I was a member of the opposition, we passed a bill in this Legislature dealing with the new changes with regard to the auditing function of this particular department, and what we've seen happen over the last number of years would have happened regardless whether the member was Minister or myself

would be, and that is that the auditing function which we used to have is now being carried on by the department or the Stab fund themselves. So that was a change that was made and everybody knew that the size of the department would go down, and this has actually been a trend, I believe right across the western provinces, with the functions going over to the groups, they become selfgoverning.

The other thing that should be pointed out is that a lot of the staff man years and a lot of moneys expended previously was spent on the development of the Co-op Curriculum Program, which the government has sold to the Co-Op College of Canada. So Mr. Chairman, the . . .

MR. CHAIRMAN: The Member for Lac du Bonnet on a point of clarification.

MR. SAM USKIW: Just a clarification, did the Minister say sold, or gave away the curriculum project?

MR. USKIW: Okay.

MR. BANMAN: We sold it, Mr. Chairman. So that particular function is gone. But I can assure the Member for The Pas that the development section, in dealing with the fishing co-ops, has not been diminished. We have, I'm proud to say, a very good group of people in that particular department that have worked well with the fishing co-ops. Just to give you a bit of an example, in 1977 the fishing co-ops production in pounds was 5 1/2 million, in 1978 it was 6.7 million and this year it was 7.8 million. There has been a substantial increase in the number of pounds that have been fished. Also, the sale prices have gone up substantially. Total assets and the member's equity in these co-ops have also gone up. We are now looking at trying to possibly reactivate some of the other fishing co-ops that did have difficulty in the past, and working with them, but, as the member can appreciate, that if the members, with regard to the operating of a co-op aren't convinced themselves that this is the way they want to go, there are certain problems and you can't force something like this down people's throats and the development is taking place in an orderly fashion.

He also has to remember that where a person sells . . . You can be a member of a co-op, but that doesn't mean you have to sell you fish there. I believe, and I'm not going to get into the fishing thing because I'm not that versed in the thing, but I believe that the FFMC is the one that determines where people sell their fish. In other words, just because you're a member you don't have to sell it to that particular co-op.

In travelling through the north and visiting a number of these co-ops, I think the thing that has really impressed me is the dedication to which a lot of the people in the communities give to their co-op system and the pride which they display in their facilities. You just have to go through when they're busy in fall or in other seasons and see how they've whitewashed them and done proper maintenance because they're proud of their facilities, and I'm happy to say that they have been doing well in the last little while and we're going to continue to support their efforts.

With regard to the housing side of things, as the member possibly is aware of, there were several housing co-operatives formed and built; one in Brandon and, I think, two or three in Winnipeg. They are experiencing certain difficulties because of some occupancy problems. We have, through the Co-op Promotional Board, given them some assistance. We also gave them a grant of \$40,000 last year; we will be giving them another \$30,000 this year, plus dedicating one staff man year in dealing with their particular problems, as I mentioned, because some are having financial difficulty. So we are trying to give them a hand. But again, I have to stress one thing: One of the basic problems we have when we're dealing with co-ops is that it is a vehicle whereby people can take advantage and collectively form, either a consumer's co-op or a housing co-op, or whatever, but they have to have the courage of their conviction and they also have to put their time and energy into the thing. Just by going out and selling \$5.00 memberships in a credit union or a co-op doesn't mean that particular institution will flourish. And I speak as a lifelong member, especially of the credit union movement, and I've seen what a good manager, a good board of directors and people dedicated to the principles involved with the co-op system can attain, and to those ends this

department is trying to help people to make sure that this avenue is available to them and that the resources are available to them from the staff.

MR. CHAIRMAN: The Member from The Pas.

MR. MCBRYDE: Mr. Chairperson, my initial involvement with the co-op movement was as an employee and it was not as pleasant as the Minister outlined because we had several union problems with that particular co-op, but I do believe in the principle and am now a member of the credit union.

Mr. Chairperson, this is a couple of separate questions. First of all, if the Minister could give us the figure in terms of the credit unions in Caisses Populaires; what is happening? Is there an expansion in their activities in terms of numbers, dollars; sort of a statistical outline to give us a picture of what is happening in that regard? And also, Mr. Chairperson, I would really like the Minister - maybe he could deal with that question a little bit later and first deal with the one I raised before in terms of the problem the fishermen's co-ops are going to face if the license changing comes into effect.

Now the Minister has pointed out already that there's been an increase in the production and, Mr. Chairperson, the main reason, the realistic reason for that increase is because of the better fish prices. And one of the reasons for the better fish prices is the Freshwater Fish Marketing Corporation. So Mr. Chairperson, I agree with the Minister's figures and the Minister's statistics and that things are going well at this point with the fishing co-operatives.

Mr. Chairperson, just to emphasize the point I was trying to make for the Minister, I have a copy here of an application for assistance from the Grand Rapids Fishermen's Co-op of Grand Rapids, Manitoba and, Mr. Chairperson, just in part of their submission they say the Grand Rapids Fishermen's Co-op Limited is a co-op owned, operated and controlled by its members which comprises both Treaty and non-Treaty fishermen who reside in Grand Rapids. The co-op serves as a marketing agency for its member fishermen, whose main source of income is derived from commercial fishing. It buys the fish caught by members, processes the fish and sells to the Freshwater Fish Marketing Corporation in Transcona, Winnipeg. Any savings that may be made from the operation is passed on to its members in accordance with their patronage. This is required to be done by resolution passed at the co-op's annual meeting each year. The number of fishermen served by the co-op is eighty-five. This number is likely to increase if and when the provincial government lifts its present restrictions on commercial fishing licenses in the area.

Now, Mr. Chairperson, they mention that in a submission as part of the effectiveness and the worthwhileness and the economic viability of their co-operative. The same members of the co-operative, these 85 fishermen together, when hearing the proposals of the new licensing regulations, totally as a group, rejected the proposed regulations by the Minister of Resources. And they did so, Mr. Chairman, on the basis that I mentioned, that we want to control the licenses within Grand Rapids and we want our fishermen to be able to control licenses within Grand Rapids. We do not want any outside people having licenses in our particular community. This resource belongs to the community that exists here and the fishermen that live here. And Mr. Chairperson, this would not be the only fishermen's co-operative that could be in serious trouble if the Minister of Resources proceeds with his licensing proposals.

So, I would like to ask the Minister, first of all, if his staff has made the situation clear to the Minister, because his staff have been dealing with fishermen in northern Manitoba for a long time. They know the people; they know the situation and, if they have any understanding at all, they will know that the new licensing is going to hurt the fishing co-operatives in northern Manitoba. So I want to know if the Ministers' staff has pointed the problem out to him; what's going to happen to the fishing co-operatives if new licensing comes in; whether the Minister has made any presentation or has had any discussion with the Minister of Resources and his cabinet colleagues in terms of the implementation of these new licensing regulations that will hurt the fishing co-operatives in northern Manitoba. So, Mr. Chairperson, those are two separate and distinct questions that I pose to the Minister.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Well, to deal with the first one, I understand from my development officers, who have gone abroad in the field, that there was certain apprehension with regard to the particular policy after they had a chance to look at it and talked about it, so that the consensus that came out of the fishing co-ops was that the co-operative was moving in a system to get control of the licences in that area and there would be no major adverse effect at all on the co-op movement as such.

The other question that we were talking about is the Credit Union Caisses Populaires Movement, and maybe I can give you comparative figures. 1975-76 figures in Manitoba, there were 192 Credit Unions Caisses Populaires; there were 295,000 members in Manitoba then, and now there are 352,000 roughly, so it is an increase of about 55,000 members in a matter of 3 or 4 years.

The other thing that has happened is that the assets have grown from 1975 from \$638 million to 1978 of \$1.14 billion, so there has been almost a doubling of the amount of assets in the Credit Union Movement. That really outstrips what some of the other areas have been doing with the exception of Quebec which has a very active Credit Union Movement. But, for instance, our neighbour to the west of us did not increase that dramatically, in Saskatchewan, but do have a somewhat larger asset figure than we do because it is really sort of where the whole movement got started. But, as I mentioned, we've had an increase roughly of about 5 Credit Unions; this takes into consideration also that there have been a number of mergers. You had some, I think the Thompson-Leaf Rapids there was a merger, there has been some mergers here in Winnipeg, so that the figure is a little bit out, it doesn't provide a proper comparison with regard to that particular situation.

MR. McBRYDE: Yes, Mr. Chairperson. If the concern hasn't been expressed to the Minister by his staff in terms of the proposed licencing changes, then somebody obviously doesn't know what is happening in northern Manitoba, Mr. Chairman, because the regulations were announced on October 9th, 1979, and it said, "A new Manitoba government policy on commercial fisheries will be in effect commencing June 1st, 1980. This lease will allow the holder to sell or assign it to another individual if he so chooses." That was the announced policy and the announced program. If that program came into effect it is my opinion, and the opinion of all the fishermen I have talked to, including all those that are members of fishing co-operatives, that would hurt the fishery, hurt the fisherman, and hurt the fishing co-operatives in northern Manitoba. So, Mr. Chairman, I would hope the Minister would maintain a vigilance in terms of what is going to happen with those proposed licences.

Now if there is a complete change in that policy as we have recommended, that is, a withdrawal of this policy and a new policy brought forward, then that might be a different situation. But as it was announced by the Minister and has not been changed by the Minister in terms of any statements he has made, the proposed changes in fishing regulations would severely hurt the co-operative movement.

The other question, Mr. Chairperson, to the Minister, is in terms of, for example, the proposal that I read from the Grand Rapids Co-operative was an application under the LEAP Program to improve their ice sheds and to bring in more ice for the summer season. Mr. Chairperson, during the years when the fish prices weren't quite as good as they have been this past year there were various provincial programs, and I have raised this with the Minister before, that helped the co-ops to be economically viable, and that is there were winter works programs or special northern employment programs that in fact allowed them to fix up their ice houses, to fix up their filleting operation, to bring in ice, and these have all been cut out by the provincial government and the only place, the only possibility, that the co-ops now have is in fact the Federal Government, what is called the LEAP Program, and what is called the Interim LEAP Program may provide some assistance. I am not aware whether this particular application has been accepted or not. But in the past that has been a very important part of the fisheries in the remote communities, especially for those co-ops which were very marginal, where there was a question whether they were going to survive or not survive. So I wonder if the Minister has made any effort since I last spoke to him on this matter to encourage other department in the provincial government generally to

re-establish some of these programs that were used quite considerably by the fishing co-operatives in northern Manitoba.

MR. CHAIRMAN: The Member for Minnedosa.

MR. DAVID BLAKE: Yes, Mr. Chairman, I just wanted to make one or two comments. When I came in the Member for The Pas was carrying on his usual tirade against the Conservative Government and the reactionary control that we have imposed on the system, and I am not going to go into that because we have heard him over and over again, it is just a broken record that he played back again for us. But I just wanted to comment and clarify for the record some of his remarks concerning credit unions and the banking system. I will say at the outset, Mr. Chairman, that I don't hold a brief for either one of them. I would say I am a member of the credit union and I owe the credit union far more money than I owe the Royal Bank, but the credit union movement is alive and well in the communities and the figures that the Minister just gave you is some indication of the growth that they are enjoying. They are able to compete in the financial community quite well and I don't know what the member for The Pas is after, how much more government control or government interference he wants in the operation. Knowing the people involved in the credit union and the co-operative movement in my particular area, I think they would thank Mr. Government just to stay out of their business and let them run it as they will.

But the Member for The Pas mentioned that while the funds of the credit union stayed within the community, and I agree with him on that, but he mentioned that the funds of the banks was being siphoned off the communities. I just wanted to straighten him out on one point because many of the credit unions are reasonably small in capital and if there should happen to be a demand in the area for several millions of dollars, such as there has been for school divisions, the credit unions simply don't have that kind of money, and there may not be that kind of money within the particular branch of the bank in that town, but they can draw on all the resources of the banking system throughout Canada. I just didn't want to leave that impression that the banks merely take the money out of a community and run with it. They have served the communities that they have been in extremely well over the past number of years, as has the credit union movement, and the fact that it is growing as well as it is, is ample evidence of the fact that they have become sophisticated, they are computerized now and they are able to compete in the financial community very very well. I would think, speaking from my particular area, that the less government interference they have in their operation the better. They have experienced exceptional growth in some areas and they have experienced setbacks. I know the Portage la Prairie Credit Union has just announced that they lost over \$3 million last year, so they can have reverses as well as successes, but they are able to draw on the system, they have a stabilization fund and a good prudent management will protect the depositor's funds there, the same as they will in the banking system. The Credit Union or the Co-operative movement is only as strong as the management and the people they have running it. There is a very huge co-operative in Brandon, Manitoba that's now closed. They went broke because they were unable to either compete in the marketplace and get their share of the business or they had bad management; I don't know what it was, but that building is closed up. It's a massive building and it had a for sale sign on it the last time I drove by.

So they have their problems as well as their successes and I suggest to you, Mr. Chairman, that they are able to compete in the financial community and the co-ops are able to compete in the community with the other businesses and that's the best break that the consumer is going to get where there is real good and fair competition. If he doesn't choose to deal at the Co-op. he has some other place to deal. I have seen towns where whole businesses have become co-operative movements. The garage became a part of the co-op; the grocery store; all of the other facilities in that town merged and became one co-op and that town dried up because there was no other place for the customer to go. There was no competition in town. They had to go to the co-op and shop there or they didn't shop anywhere and, consequently, they went to the other towns where they had some choice and some diversification.

So I say the less involvement and interference that the government has with the co-operative and the credit union movement, the happier they're going to be, especially the ones in my area.

MR. BANMAN: Mr. Chairman, if I can just briefly answer some of the questions. I understand there is something like five or six co-ops which right now I have applications before LEAP. I understand that the Minister of Northern Affairs is looking at the SNEP program. There are certain funds that might be available in that area but I should also point out that the department does all the auditing and provides consultation services, as well as assistance, anywhere we can with regard to the purchasing of fishing nets and things like that and providing loan guarantees on that so that the expenses are kept down to a minimum. This has, over the last couple of years, strengthened the movement to the point where some of them are showing some pretty healthy profits, if you want to call it that. which we hope will, along with some of the programs that they can apply for, help to upgrade their facilities. Some of them are pretty ambitious programs. I think the one in Norway House is looking at an application of something like \$199,000.00. So there are some pretty ambitious programs. Others are smaller in which they maybe want to expand the ice fishing that the member mentioned or other things but we are trying to endeavour to provide them with certain services of an accounting nature, also of a support nature, which hopefully will help them increase their equity positions to the members and increase their total assets, so that they are helping themselves to a large extent and I think that's what the system is all about.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: Thank you, Mr. Chairman. I don't want to strongly disagree with the comments made by the Member for Minnedosa because, by and large, I think it is correct that the strength of a co-operative movement has to come from within the movement itself and there is no amount of government input that is going to make it successful if the willingness isn't there to want to be successful.

But that doesn't mean, Mr. Chairman, that government doesn't have a role to play and, to me, the minimum role that the government has to play has to be in the field of making people aware of all of the opportunities in society through their educational system. This is where I believe this government has launched quite a torpedo against the credit union movement when they decided not to proceed with and not to further the co-operative curriculum program through the school system, the program that was established over two or three years and which cost the people of this province a substantial amount of money.

Mr. Chairman, if the government didn't like that particular package, I'm sure it had the opportunity to make some changes in order to satisfy it's particular desires. But to have no input whatever, I think is wrong. It seems to me that the Co-operative Department should be working very closely with education in order that there be some input into the school system so that the kids that take these courses know something about how to form co-operatives; how they function as opposed to other groups in society; how credit unions function compared to banks; how the elevators function; co-ops versus nonco-ops; advantages and disadvantages. All of these things, in my opinion, are quite reasonable to be within the school program, and that was the attempt a few years ago and of course that, now, is no longer available and there is nothing in its place.

So I think, Mr. Chairman, that is probably, I suppose, the condemnation that I would have on the department's effort, that they obviously are not interested in providing general information to the student bodies of our schools, at whatever level. I think that's sad. It seems to me that your school text ought to have some balance; that if you're talking about how to use money, you should talk about two ways of - I shouldn't, I didn't want to use the words, banking money - there are banks, and there are credit unions. --(Interjection)-- Well I'm not suggesting you did, but I think it's too narrow in its definition, that money management can be handled co-operatively through credit unions or it can be handled through banks. I think both should be spelled out in the text so the kids come out of school knowing something about what their options are in the business world. --(Interjection)-- Well no, the curriculum is really the responsibility of

governments, not the school boards. The school boards and the teaching profession were very much co-operative in developing the curriculum project that was developed a few years ago. They played a major role in it, along with the credit unions and the co-operatives. I think it's just a real reflection on the government as to its attitude on this kind of economic development, Mr. Chairman.

I believe that this government wants the deck to be slanted or stacked against the co-operative option on the part of people in our society. I think that's a bias that should not be there. I don't why they should be hung up on it. If people want to do it voluntarily, I think that the mechanics of it should be made available, the proper regulations ought to be in place, and certainly the information should be at hand so that people know what is indeed possible and available.

The other point that I would like to raise is the question of, given the fact that we have a very tight money market at the moment, whether there is anything that the Minister may be able to do, along with the Credit Union movement, to deal with that situation. I say that only in recognition of the fact that the provincial government has constitutional jurisdiction over the credit unions in Manitoba, and the question really relates to reserve requirements, and it's a regulatory function of government. Has the Minister looked at the regulations as they are with respect to reserve requirements, and have they discussed those requirements with the co-op movement to determine whether or not we couldn't have a little more capital available in the Manitoba money market through this media, Mr. Chairman. Certainly it should be explored, there may be a means of doing something if the government was at all interested in moving in that direction.

MR. BANMAN: Mr. Chairman, first of all, to deal briefly with the Co-op Curriculum Program. One of the problems we had when we, and I'm sure the members opposite had the same problem in dealing with that particular issue, and that was that you had one department of government developing a curriculum program which the other department of government was then supposed to include in the educational program. Last year when we were dealing with the Co-op College of Canada, on that particular matter, I met with some of my counterparts in Saskatchewan who were, of course, the same political philosophy as my friends opposite. At that time, it was interesting, I thought, that a Minister of the Crown from over there mentioned to me the same type of feelings that I had with regard to this, in other words, should one department of government be involved in going ahead and then forcing another department, or putting a lot of pressure on, even at the ministerial level, for another department to go ahead and put that particular program on the curriculum aspect.

So Mr. Chairman, we sat down and we talked to the Co-op College. The Co-op College is a national organization which most co-operative groups belong to. In talking to them they were very enthusiastic about working out a deal with the province, and they would then, in turn, work with the department here in promoting the book and the books to the different school boards. I'm happy to say that the transition and the transfer of the materials has gone very smoothly. I just received some correspondence last month from them, they indicate - maybe we can go through it during a few of the things here - we have dispatched, this is the Co-op College, we have dispatched materials to education co-ordinators and to co-operatives to all parts of Canada. To this date they indicate that they have distributed 81 copies of the Co-operative and Community Life book, 89 copies of the Co-operative Outlook Social Studies, and 101 copies of the Co-operative Outlooks Business Education to educators in Manitoba. So we are working with them in the promotion of this particular book.

They are also embarking on a national implementation strategy involving local and secondary co-operatives, they met with representatives of the Manitoba region and received enthusiastic response from them in helping them promote the particular resource material. So Mr. Chairman, we are in co-operation with them promoting this particular book in the province of Manitoba. If the members care to look - I think this last issue over here in February - Education Manitoba, again there is a little reminder in there that the curriculum materials are available, and the promotion of these materials is taking place, and I might say pretty aggressively. We have also got the Co-Operative Promotion Board, which has also been involved in it, and it's interesting to see that history, I guess sort of repeats itself from one province to another; and if the members will remember reading articles towards the end of last month, the Saskatchewan school trustees

are going through and asking the same questions that we asked when in opposition about this particular program. Should one department of government be after another department of government to put a certain curriculum program which they have developed onto the curriculum list? We said, we feel it's better that an outside agency does it, like the Co-op College of Canada, and I think I made a good arrangement with them. I just point out to the members, Saskatchewan is now going through with their trustees and with their Department of Co-op Development and Department of Education, through very much the same things that we debated here last year. And we think that there is a good job being done with regard to the development, the final completion of those books, and that we will be co-operating with the Co-op College of Canada to see that these books are, No. 1, made available to the educators in the province of Manitoba; and No. 2, that they are promoted.

Now, dealing with the other question of reserves, the reserve funds in place right now with regard to the Manitoba Credit Union is of such that it is not of a large magnitude that would have any major effect on the interest rates in the province of Manitoba, or within their system. As the member will appreciate, a number of years ago we had a few co-operatives like the Dauphin Credit Union, which sustained some major losses. This year we have a few like the Portage which has announced a fairly substantial loss, and the reserves are there to protect the members' deposits and of course, I think the member will agree with me, that is the prime function and responsibility of government to make sure that the reserves are established so that the members' deposits are insured, and to that end we are involved. But I don't see, and I have discussed this with the central body, that there is a large amount that is available for that type of thing.

MR. USKIW: Mr. Chairman, I am truly amused by the Minister's response on the question of whose job it should be to provide for proper curriculum for the school system in Manitoba. I'm amused because the Minister is trying to convince this committee, and indeed the people of Manitoba, that somehow it made sense to sell half a million dollars worth of research and development for some \$28,000 to the province of Saskatchewan. --(Interjection)-- Well, to the Co-op College in the province of Saskatchewan, and then to bargain with the Co-op College for the use of it back when it was ours in the first place.

MR. BANMAN: No, no, we get it free. It's in the agreement.

MR. USKIW: Mr. Chairman, the fact is that this information was developed by the province of Manitoba, paid for by the taxpayers of Manitoba. It wasn't necessary to ship it to Saskatchewan and then ask for pieces of it back as it was required by our school system. We had it in the first place. Wherein lies the logic, Mr. Chairman, of spending half a million dollars on a school program, an educational program, shipping it over to another jurisdiction and then using bits and pieces of it, based on some spontaneous happenstance request, if you like, on the part of our school system. That's what the Minister is saying. Mr. Chairman, if that program was to be carried out the way that it should be, then there should have been an introduction to the school system of the package by personnel of the department, along with personnel of the Department of Education. That makes an awful lot of sense, Mr. Chairman. I don't think the Co-op College is going to be doing that. And if they are, it's going to have to charge this government for that service.

So what we have done is dismantle a system that we are now buying back, so to speak, --(Interjection)-- yes, piece meal, as the Member for St. George suggests. It's no longer a program or a project. It's sort of whatever a particular school district might request, whatever portion, or the whole of it, or whatever. But the department is sort of hands off. It's not interested whatever in facilitating beyond responding to demands that generate somewhere out there, Mr. Chairman.

Now on the other point, I would like to know from the Minister just what is the present regulation with respect to reserves? I would like to repeat that. Can the Minister advise the committee just what the present regulation is on the question of reserves? What are the requirements pursuant to the regulations?

MR. CHAIRMAN: The hour of 4:30 having arrived, I am leaving the Chair for Private Members' Hour and will return at 8:00 p.m.

SUPPLY - NATURAL RESOURCES

MR. CHAIRMAN, Abe Kovnats (Radisson): This Committee will come to order. I would ask the honourable members to direct their attention to Page 79 of the Department of Natural Resources, Resolution 106, Item 7. Forestry, (a) Administration, (1) Salaries.

The Honourable Minister.

MR. RANSOM: Mr. Chairman, I think that probably the point that should be made here initially in reviewing the Forestry Branch Estimates, I think the topic that would be of most concern or most interest to the public, particularly those people involved in the forestry industry, would be our intentions with respect to the quota system. The quota system was introduced in 1965 for a 15-year period, that system was to have expired on June 1st of this year and over the course of the past year or two we have been reviewing the question in the Department and have been having discussions with those involved in the industry, as well as with some of those who are perhaps not in the industry but might wish to be in the industry. As a result of the reviews and the discussions we have had, it is our intention to introduce a new quota system which will become effective in June, and the system will be to quite an extent a continuation of that that is in place, to the extent that the quotas individual operators now hold will essentially be continued. The period of the quotas, the lease holding will be for a period of ten years, but will be reviewed at the end of every five-year period and would be extended for a further five years if circumstances indicate that should be the case. In other words this is an evergreen type of lease, which means that the individuals, providing the timber continues to be available and individuals continue to perform as they agree in the terms of their lease, they will always have a lease that ranges between five and ten years in duration, which should allow the operators to have a satisfactory planning horizon.

In addition, we are providing additional opportunities for those not now in the industry to be able to get in. As I understand the quota system which has been in place for the past fifteen years is that basically only those people who held quotas were able to bid on additional volumes of timber as they became available. Under the new system which will be brought in there will be provision for others to compete to acquire additional quotas and to acquire some volumes that are not on quotas but might in a salvage type of operation. In those cases, of course, where individuals are able to acquire timber on that basis there is no continuing commitment in cases of salvage.

I think that this policy extension and these policy alterations, Mr. Chairman, will be received by the industry with some general degree of acceptance, because I think that it will provide them with that necessary tenure and capability for long-term planning that is so essential for people wishing to make an investment in the development of our resources.

As we conduct our five-year reviews, of course, it may become evident in some cases that individuals have not utilized the quota that has been allocated to them and in that case their quota for the next period would be based then on the average of that which was utilized during the previous five years. In that way individuals will not be able to hold a quota for a long period of time and not utilize it, but neither will they be penalized on the basis of one year, say, when for some reason beyond their control they are unable to harvest the amount of timber that they might have expected to harvest.

Within the other portions of the Forestry Branch, Mr. Chairman, I think that the forest inventory operation is essentially one of continuing on with long-standing programs. Similarly with our Forestry Development and Economics group, it's a rather small group there with only two staff man years involved. Under the item of Forest Management I have just given what I would regard to be the highlight under that area. Perhaps later as we get into the question of Forest Protection there may be some specific items there that the honourable members may wish to raise. The Forestry Initiatives Program is an area where the department has been undertaking some new thrusts in terms of forestry reforestation, of enhanced forest protection and also of providing new expanded access to timber resources and that is an area also where the honourable members may have some additional comment. So, just with those general introductory remarks, Mr. Chairman, I could

advise the honourable members that under Item (a) Administration, there are four staff man years in that item as there was last year.

MR. CHAIRMAN: The Honourable Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Chairman. I would like to, by way of procedure, direct most of the questions I have on the general forestry issues under this item of the Administration and only where there are items that are specific to each section would I wait until we get to the section to ask detailed questions.

So in a general way, Mr. Chairman, with respect to the main item of the Minister's opening statements, that of a new forestry policy regarding quota holders, I respect the Minister's intention to protect the interests of the existing quota holders; it is a program that we were looking at when we were in government, negotiating with the existing quota holders to look at the possible changes and/or amendments to the system, to implement an extension and/or a new system beginning with the 1980 period, when I believe the old quotas were to expire. Most of the quota holders that I talked to seemed to be fairly well satisfied with the system. They were recommending certain minor changes to it but no major changes to the system, which I understand the government is not proceeding to do.

I would ask the Minister if, in the allocation of areas to quota holders, if he's taking into consideration individuals, companies and/or community operations that desire to get into the forest harvesting business, that he is taking their needs into consideration in the examination of the existing system and the implementation of an amended or new system of allocation of quotas. And I say this, Mr. Chairman, because I have heard complaints from individuals in the forestry areas of Manitoba, particularly in southeastern Manitoba, eastern Manitoba and western Manitoba, where there are large concentrations of forestry operations. I've heard complaints from individuals that would like to be able to get into the business but are foreclosed from getting into the business because all of the existing areas have already been allocated and/or even those that have not been allocated, first preference goes to quota holders, people who already have quotas.

I would like to know from the Minister if he's taking these peoples' interests into consideration. And I also would refer him to communities that may be on the fringe areas of the existing quota operations that are looking at expanding into forestry operations as a means of improving economic opportunities for the people that live in those communities; in other words, to set up a small sawmill or to establish a small pulpwood operation. In order to do that they must have access to the timber resources and I note that in some cases, quota holders that have their home base in Altona or Steinbach end up cutting timber up in the Bissett area of Manitoba, while people who live in the area do not have ready access to the resources in that area in order to increase their opportunity for employment. And I would think that one should look at that in terms of making forest resources available to the owner's of forestry equipment, those who have quotas now, making resources available to them in the areas that are most convenient to them, but at the same time taking into consideration the needs and aspirations of people who live in areas where there is high degrees of unemployment. I know that it's not an easy question to deal with because there are finite resources and many of the resources have already been allocated.

And I think the Minister, in signing the agreement with the Abitibi Paper Company, which he signed, put into jeopardy many small independent operators because he effectively assigned the complete control and virtual ownership of a vast area of forest resources in Manitoba to one company, one company. And I don't think he was looking at or taking into consideration the interests of the small producer - and I'm talking about someone who has a quota to produce lumber or pulpwood on the basis of making that a part-time livelihood. In the case of many people I know who are in the business, there are marginal farmers for example, who farm areas of Manitoba that are not lucrative, where they do not make a good income from farming, but they own one or two small quotas which they've either acquired through family business, through traditional harvesting, or they have purchased from some of those people who have been traditionally involved in the forest industry. And Mr. Chairman, they have been operating in areas alongside

Abitibi operations and in some cases selling their pulpwood to Abitibi operations; at the same time producing lumber for sale to supplement their income to make an overall decent income for themselves and their family, by working on the farm in the summer season and working in the bush in the winter.

And I think that these people's interest should be protected and this Minister and this government seems to overlook the small guy, the small producer, the small businessman. They seem to have their ideological bent such that they look more favourably on a large company, the larger the better, the bigger the better and I don't know what their reasons are for that particular ideological blindness that they seem to have, but I think it's unfortunate because the small independent businessman operating in the forest industry is usually a very efficient producer. In fact, in the operations that I'm familiar with, the independent operator produces pulpwood for a lesser price than Abitibi Paper Company can produce it in their own camps and it's not just a little bit less, it's a lot less, Mr. Chairman.

For example, it's been reported that Abitibi Paper Company, in their own camps, produce wood that costs them \$60 or \$70 a cord landed at the mill in Pine Falls, where they purchase pulpwood from an independent operator for \$10, \$20, and even more dollars less than that, landed at the mill. So one can easily see the economics of the small independent operator. They tend to operate with smaller overhead and the nature of their operation is such that they must be efficient, Mr. Chairman. These are the people who. I think, the government should be concerned with, not only looking to enhance the big corporation and make them richer at the expense of the small guy and that's exactly what this government seems to be doing. They seem to want to make the rich richer, putting a small person at the mercy of the large operator.

So, Mr. Chairman, with those opening remarks I would like to ask the Minister what protections he is building into his new policy for the small independent quota holder and, in addition to that, the person who seeks to get into the forestry business that is not now actively involved in the business because they do not have a quota or timber sale agreement with the government and also, thirdly, the people or groups in communities that want to get into operations harvesting lumber for either their own use or for export in order to increase the employment opportunities from harvesting the forest resource.

MR. RANSOM: Mr. Chairman, I'm pleased that the honourable member has drawn attention to the fact that there should be some concern expressed for the small operators and some provision made for them because I believe that careful examination of the policy which I have just roughly outlined will show that we in fact are going to be providing greater opportunities for the small operators, greater protection for the small operators, than was the case while the honourable member was part of the previous government's administration. Under the policy that existed at that time there were not the same opportunities that we are going to create now for small independent individual people or operations to get into the industry if they are able to compete.

The honourable member refers to their ability to produce at low cost and I agree there is no individual, no group, no agency, that's able to produce as well as individual people can, working for their own interest. It doesn't surprise me that those individual operators might well be able to produce cheaper than a big corporation or cheaper than a big government would be able to do if they were in charge.

So I'm pleased to say that we are able to provide opportunities for those people in the industry as the timber is available and I must stress that in some cases the timber is not available. I almost get the impression from the comments of the honourable member that he believes that it's possible to allocate the same tree to more than one use, or that we should withdraw one allocation and give it to another. When we speak of the Abitibi company and their operation at Pine Falls, of course we are all aware that company has been operating there since 1925. They have certain requirements for timber if the operation is going to continue. Mr. Chairman, I would not want to be the Minister who took away their timber allocation from them and was responsible then for them having to phase down their operation, or close down their operation if it went far enough, and put Manitobans out of work. I don't think that would be a productive way to go.

Under the new agreement that we signed almost a year ago with the Abitibi company, we made some advances there in providing additional opportunities for other individuals and corporations to utilize timber that is not required by the Abitibi company. We will be more aware of what their requirements are because they must file annual operating plans; they must file five-year plans; they must file 20-year management plans. So we are in a position to know what their requirements are; we are in a position to know what the surpluses are, and they are required under the agreement to make those surpluses available to other potential users, and if they do not make them available then the government is in a position to step in and see that they are made available.

Insofar as providing opportunities for local communities, of course, we have the provision within The Forest Act to simply allocate timber to those communities without competition. So that if we believe that it's in the interests of the community that they should be given a timber allocation and not have to compete with outside users, then so be it. We are able to do that and we will do that. In other cases, it may well be that the potential bidders are all established viable operations and they're quite capable of competing and of bidding on opportunities.

Just as a general operating principle, we attempt to retain resources in the area of communities with the expectation that at some time they will be required and might be used by the community. Of course forests are like many other resources; there comes a time when if they are not utilized they are going to be wasted and so it is necessary then to have them utilized and I believe it would be better to have outsiders utilize them than to have them go to waste.

The honourable member raises a question about outside operators: People from the south might come in and harvest resources in the north. While I acknowledge the necessity to attempt to use the resources as a means of providing development, I don't think that we can lose sight or should lose sight of the fact that these resources belong to all Manitobans and I think it would be a dangerous precedent to assume that only those people who live in an area have a right to the resources, because that could be extended to a great many things, to creational resources as well, for instance. Or I suppose we could extend it to taxation and say that only those areas and only those groups of people that pay the taxes should receive the benefits from them. I don't think that anybody would advocate that position, Mr. Chairman. But it is, I believe an analogous one to the ownership of the resources and who should have opportunities to use them.

I believe, not only in the Abitibi agreement where we specifically set out the statement that communities must have first priority on those allocations or those amounts of timber that are available beyond those required to keep the Abitibi plan in operation - that's in the agreement - communities must be given first priority.

In addition to that, our policy, which was just outlined in my opening remarks, also provides opportunities for new people to get in, if they are able, if they are willing, if they feel they can compete with those that are established, then fine. They have the opportunity to do it. With communities we have the power to allocate resources directly without competition.

MR. BOSTROM: Well, Mr. Chairman, it's, I believe, indicative that the Minister speaks of opportunities for small operators and immediately becomes nervous when he talks of the Abitibi timber rights, because, Mr. Chairman, his concern for the small operator certainly looks hypocritical when one considers the kind of agreement the Progressive Conservative Government and this Minister signed with the Abitibi Paper Company. Mr. Chairman, through that agreement which they signed with Abitibi in 1979, I believe it is effective in 1979 or 1980, they granted that company an area of timber berth, which is more than twice the area they require for servicing their plant at Pine Falls, more than twice the timber resources they need for their plant at Pine Falls.

When the New Democratic Party was in government, Mr. Chairman, we signed an agreement with the Abitibi Paper Company which gave them a guarantee that they would have sufficient resources at all times to operate to the maximum their plant at Pine Falls. That did not mean, however, that we were prepared to give to them control over vast areas of Manitoba that they did not require for their operation, we made that very very clear to them. Because, Mr. Chairman, unlike this govern-

ment we were not hypocritical when it came to small operators and community operations, we wanted to use the instrumentality of government to protect those that needed protection. The Abitibi Paper Company, we recognized, did not need the protection of government. The Abitibi Paper Company is a very powerful international corporation that does not need the protection of the Manitoba Government to help them in accessing resources. All they need and require is what we gave them, which was a guarantee that they would have sufficient forest resources from the province of Manitoba to operate their mill. This government chose to throw out that agreement and to give them access to two times-plus an area of forest resources than they need for the purposes of operating their mill. And the Minister can look to documented evidence in the Department of Resources that I know is available that would indicate that the area just on the east side of Lake Winnipeg has sufficient timber resources to supply two mills the size of Abitibi's plant at Pine Falls.

In addition to granting them that area. Mr. Chairman, they granted them a large expanse of forest resources on the west shore of Lake Winnipeg, north of Riverton. So, Mr. Chairman, more than twice the resources that they require for their mill was granted to them, and the way in which the agreement was signed was shocking. People are only now beginning to realize what kind of agreement this government signed with Abitibi, because they gave them the management rights to that land and the resources, the management rights of the forest. In doing so the government abdicated its responsibility, in my opinion, to a corporation, the responsibility that the government has to the people of Manitoba to manage the resources for the benefit of all the people of Manitoba. It is simply irresponsible for a government to say to one company, here are the forest resources, you look after them. Because, Mr. Chairman, that company, in this case a paper company, only has one use for that resource and that is to supply the needs of their mill. The people of Manitoba have many many uses for that resource, and the Minister says that the resources belong to all Manitobans. Well, if he really believed that, Mr. Chairman, if he really had the conviction that those resources belong to all Manitobans, he wouldn't turn around and give them all away to one company.

In both cases, this government and this Minister is being hypocritical; one, in expressing their hypocritical concern for the small operation; and the other, in saying that resources belong to all Manitobans, therefore, we can't possibly give some resources to a small community that is looking for employment opportunities. Oh no, we don't have the small community's interests at heart, but they turn around and give those same resources right outside that community, right within the economic base of that community, they give them to one company, and those resources in that area around that community are clearly not required for that company's operation, they are excess capacity. Then the community residents, individuals, small companies, quota holders, or just ordinary community concerned people that want to create employment for people who are unemployed in the community, cannot come to the Minister first and ask him if they can have access to the resources; they can't even go to the Director of Forestry; they can't go to the Conservation Officer who is in the local area; they must go cap-in-hand to the Abitibi Paper Company. And is the Abitibi Paper Company going to tell them, oh no, we don't need those resources, you can have those ones? Mr. Chairman, it is in their interest to protect all of that area that they were given by the government for their own interests. They are not about to make those resources available. In fact, right in the agreement, although the Minister is correct when he says that certain areas could under ministerial or government authority be withdrawn from the agreement, they are required to give other areas in return for those areas taken out.

So, Mr. Chairman, the other shocking thing about this is that not only did they give this large international company access to more than twice the resources they require, but they gave it to them at 1925 royalty rates, rates that were in existence for the Abitibi Paper Company when they first established in 1925. Ordinarily, Mr. Chairman, when governments of the stripe of this government, the Conservative stripe, give resources away to corporation they usually use some excuse for doing so. They usually say, oh well, we are going to create employment for the people or we are going to achieve greater capital investment for Manitoba. Well, Mr. Chairman, neither of those objectives were even used as

excuses in this case, because, Mr. Chairman, not one new job is created as a result of the government giving away two or three times the resources that are required for that mill to this company. Not one new job was created because the mill was already there, they were already operating, they were already harvesting timber, there was no need for them to give them an extra area of forestry, no need, not on the excuse that they were going to create new jobs.

And on the other scale, Mr. Chairman, the other excuse that is normally given, that of creating new capital investment. Well, Mr. Chairman, no commitment was required by the government of that company to sign this agreement. They gave them 1925 rates, two or three times the timber area, and did not even require them to guarantee that they would improve the capacity of their mill, improve the capital plant of their mill at Pine Falls; not one requirement. Then the Minister speaks of having concern for the resources that belong to all the people in Manitoba.

Well, Mr. Chairman, I charge this Minister with reneging on his responsibility to the people of Manitoba by giving away resources to one company that could have been allocated to more people so that there could have been more jobs and more employment opportunities; more opportunities for small operators, more opportunities for community operations, more opportunities for individuals who want to get into the forestry business. He reneged on his responsibility to these people by giving away more resources to one company than they require.

Secondly, Mr. Chairman, which should be the concern of every taxpayer in Manitoba, this government reduced the royalty to the company in question and brought it down to 1925 rates, when only a few years before the NDP Government were successful in signing an agreement with Abitibi that required them to pay about four times that rate to the people of Manitoba for the resources that they were harvesting.

So, Mr. Chairman, he has acted irresponsibly to the people who could have had employment from this resource and he acted irresponsibly to all the people of Manitoba when he is making it possible for this company to use that resource and make money from that resource without paying a proper royalty rate to the people of Manitoba. They are paying a quarter of what they would have been paying under the NDP.

Mr. Chairman I think that I would have the support of my colleagues in saying that we will certainly do everything in our power to make it more beneficial to the people of Manitoba when the New Democratic Party Government is re-elected in this province. This is one agreement that we intend to have a very close look at from the two points of view: one, the royalty rates, which we believe are set irresponsibly low by this government. They should be revised, they should be revised to give the people of Manitoba a proper return on their resources, a proper return on resources that are going to be used any way, because that company is not threatening to pull out, wasn't threatening to pull out when we brought the resources revenue up to a reasonable level, and they are certainly not threatening to pull out now.

The other thing, Mr. Chairman, is we would make those resources available to a greater number of people in order to make it possible for them to have employment opportunities and business opportunities through the harvesting of our resources.

So, Mr. Chairman, all we can do is express our disappointment and regret that this government has done this. We don't expect them to change it because we know that this is the way they operate. They are trying to do the same thing in the fishing industry by making licences available for sale which will result in licences being held by fewer and fewer people. In fact, their ultimate objective is probably to have just one big fishing company in Manitoba, certainly probably one fishing company on Lake Winnipeg, which would harvest all the fish and the people that rely on fishing for an income would be sitting on the shores of Lake Winnipeg watching that activity go on.

Mr. Chairman, we believe in giving maximum opportunity to people in the harvesting of resources. We also believe, it is a New Democratic Party philosophy, that the people all own the resources and should get a proper return from the resources that are harvested and that means having fair and equitable, but justifiable, royalty rates on resources; royalty rates that will give all Manitobans an opportunity to participate in the wealth of our province and not just simply give it away to large companies who come in here to simply take profits out of Manitoba, with no benefits for the people of the province of

Manitoba, and certainly not the benefits that the people of Manitoba are entitled to.

With respect to the Minister's statement saying that he is prepared to make resources available to community operations, I refer him to a meeting which was reported to me, a meeting which was held in Pelican Rapids, Manitoba, in which officials from his department informed that community, when they were requesting access to resources for operating their sawmill, they were told by those officials that it was now the policy of the government not to allocate resources to a community so that they could compete with other established operators. Mr. Chairman, I would like to hear the Minister's comments on that if, in fact, that is the policy of the government now; when communities come forward to request access to resources, that they are simply told that this is not the policy of the government to make resources available to a community timber sawmill operation, they don't want them competing with established operators.

MR. RANSOM: Mr. Chairman, I find the Honourable Member for Rupertsland's comment about the one big fishing company to be rather amusing because that is exactly what I would expect from the honourable members opposite.

MR. CHAIRMAN: The Honourable Minister, I must apologize to the honourable members here. When there was discussion on Fisheries it was under the wrong department and I was hoping that it was going to be some form of a comparison with Forestry and there was some type of a comparison, so rather than rule it out of order I would allow the Honourable Minister to continue his remarks on fisheries as long as we don't get into it too deep.

MR. RANSOM: I just wanted to take advantage of the opportunity, Mr. Chairman, because I was afraid that perhaps later on the honourable member might deny having made the reference to it. And so I simply wanted to take advantage of the opportunity now.

But we've heard about the one big oil company and the one big farm and so on. That's really what the problem is with the honourable members opposite when they're talking about the Abitibi Paper Company, because what the honourable members had in mind was that they were going to become owners of the Abitibi Paper Company, that's all. And if that's their policy, Mr. Chairman, then that's, I assume, to be a legitimate political position that the honourable members can take. They should come out in the open as they have been, I guess, and say that's their policy. What Abitibi was faced with during the period of the honourable member's government was that, here they are, a long established company in Manitoba, been here since 1925, they're faced with an offer that they can't refuse. What can they do but pay royalties that are several times more than anyone else in the province is required to pay, or pay royalties that are several times more than other companies operating in Ontario or Saskatchewan or Alberta or New Brunswick would have to pay. They have no choice but to pay those, Mr. Chairman.

But it's very interesting, the honourable member talks about royalties and revenues to the people of Manitoba. We should look at the royalties that were paid by Abitibi when the honourable members made their agreement in 1975, and see what happened. Because in 1975, the royalties from the company operations amounted to \$960.7 thousand; in 1976 it dropped to 632.7; in 1977 it went down to 380.3. Now, this is the record, Mr. Chairman, of the honourable member's government that he was part of when he talks about getting returns for the people of Manitoba. The royalties that the company paid dropped in two years from 960.7 thousand to 380.8. Now, how could that be, Mr. Chairman? --(Interjection)-- Well certainly I'll explain it, because you are attempting to charge this company more than you would charge any other operator in the province of Manitoba. So they therefore bought timber from other operators who didn't have to pay that royalty, and so the people of Manitoba did not get the royalty. --(Interjection)-- Well, if you want to talk about giving subsidies, subsidizing the operation of other companies, then Mr. Chairman, I suppose that could be considered a legitimate philosophy as well. If you're talking about the interests of all Manitobans, that all Manitobans have in this resource, then they did not maximize the royalty returns by raising the rates far beyond what other operators in this province had to pay, and what they would have had to pay elsewhere.

Let's have a look, Mr. Chairman, at what they would have paid elsewhere. If they were in New Brunswick they would have paid about \$3.40 a cord; if they were in Ontario they would have paid anywhere up to or in the neighbourhood of \$4.80 a cord; if they were in Saskatchewan they would have paid \$1.25 to \$1.95 a cord; not the \$9.00 that the honourable members were attempting to charge them here, with an offer they couldn't refuse, but \$1.25 to \$1.95 in Saskatchewan; in Alberta \$1.00 to \$1.35. This is the kind of environment that the industry was operating in across the country, Mr. Chairman, and is it any wonder that the former administration would have trouble getting the private sector to make investments in Manitoba when they were met with those kinds of royalties? Just as the mining companies were met with those kinds of royalties that were far out of line with any other jurisdiction in Canada.

Now, if the honourable members want to come out and say that all the resource industries in Manitoba should be owned by the government, then let them say so. Let them say so. Because I think there is an interesting comment that was made by the Leader of the Opposition when my Estimates were first introduced. He said that Manitoba's resources belonged to Manitobans, but Alberta's resources belonged to all Canadians. Well, let them make a statement about how they see the development of Manitoba's resources taking place, because I feel quite confident, Mr. Chairman, that now and in the next election, it will be a relatively simple matter to show the people of this province that their interests are not served by state-owned resource development companies. It's only in rare circumstances that that would be the case. And if that's the policy that they want to advocate, fine.

But the honourable member's portrayal of the agreement, of the Abitibi agreement, is simply not an accurate one. He says that they have been allocated twice the area that is required. Well, Mr. Chairman, that's simply not true. That's simply not true. We conduct inventories of the forestry resource; we know what the company's requirements are to keep their mill in operation; and in order to be able to enter into the kind of agreement, long-term agreement that's necessary to maintain the perhaps 1,000 jobs that are created by that operation at Pine Falls, in order to maintain that, there has to be some guarantee of tenure, of supply of timber, and this is the sort of area that is required to provide the necessary volume, in particular, of spruce.

And within that agreement, Mr. Chairman, there are two types of areas. One is a forest management licence area; and one is called an integrated wood supply area. The honourable member speaks as though the integrated wood supply area didn't exist at all. In the forest management licence area, the company indeed has the responsibility of being the manager of the forests, according to plans that are approved by the government. They are simply not going to be a company that goes in and harvests the resource and goes away. They are going to be placed in the position of being a company that has to husband the resource and manage it, and those are the kinds of agreements that are coming into existence across the country. They're being brought into existence in other jurisdictions in the country, and they will be seen to be, by all governments, with the exception of socialist ones, they will be seen to be progressive, forward-looking forest management agreements.

But even within that area which the honourable member portrays as being an area that's turned over, is given away to the company, it simply is not the case, Mr. Chairman. The wood supply that is not required by the company must be made available. It must be made available, by the terms of the agreement to other potential users. We have the right to withdraw areas if we plan to create a new park or a wild river or some type of recreational area, we have the authority to withdraw those areas from the agreement, and certainly we have an obligation to attempt to try and replace them with additional volumes, because the plant requires certain volumes to operate. And if they don't have those volumes they can't operate. That seems to me to be an elementary consideration in the long-term operation of that company.

We are able to protect the interests of the caribou, or of the aesthetic values of the rivers in that area right now, on the basis of the plans that the company must submit. Annual plans, 5-year plans, 20-year plans, that's entirely within the terms of the agreement, Mr. Chairman. We have more control because it is a more definitive agreement than has ever existed before for the corporation.

And I will readily admit, and I will state right here, we have no intention of nationalizing the operation at Pine Falls. We think that is the rightful area of the private sector to operate; we think that they will make investments, they will create jobs; and we, as representatives of the people of this province, will take what is a reasonable return through a royalty structure; and we do not regard a reasonable return as being one level that you charge to one person in this province, and another level that you charge to another person. I don't think that's equitable, Mr. Chairman. If the members opposite want to say that's equitable, then I guess that could be their position.

I detect a most curious line of argument in the member's debating, in his position. He seems to say that resources that are required for the operation of a plant that's long established, is employing many people, generating wealth, that we should take those away in order to allocate them to another user? What is the advantage of that, Mr. Chairman, when you already have an industry in place that's dependent on the resource. What is the advantage in then destroying that operation in order that you can allocate it somewhere else? When the honourable member refers to a situation at Pelican Rapids then he seems to feel, again, that either we should take away existing allocations, or we can somehow wave a wand and conjure up additional harvestable timber where no timber exists. It may have been within their capability, Mr. Chairman, but it's not within our capability, I'll readily admit that. We can't do it; we can only allocate a tree to one use. It's unfortunate that in many cases we don't have more resources to allocate, but that's the nature of an allocation, that when the government makes a commitment to an individual, or to a company, or to a community to provide resources that will form the base for their operations, then that's a commitment. We don't expect to turn around the next year and take it away and give it to someone else. And that's what's happened, or what the honourable members seem to advocate, and I'm afraid I can't agree with that.

But I can say that when timber is available that local communities will be given every opportunity to use it, and in some case, we're saying they won't even have to compete because we have the power to simply allocate the resource to them without them having to enter into competitive bidding. And that may be necessary in some cases to provide the initial impetus that's required for them to be able to put together a viable operation.

If I might revert a moment, Mr. Chairman, to the honourable member's portrayal of the Abitibi agreement. When the second, the other type of area that's covered by that agreement, it's not the forest management licence area but the integrated wood supply area, that is an area that continues to be managed by the Crown. It doesn't have the same kind of rights and responsibilities that are attached to the forest management licence area. It's essentially the kind of operation that was ongoing previously when the honourable member was in government, when he was the Minister. Now, they're paying a competitive rate, every operator that cuts in that area is going to pay the same rate, whether they're a multinational, or whether they're an individual, or whether they are a family corporation, they'll be treated the same in terms of their royalties.

So Mr. Chairman, I think that basically what we're seeing here is a concern, indeed a hangup by the honourable member opposite when it comes to dealing with a private corporation, especially those that might be tagged with the title of being a multi-national. It isn't the question of what they're doing for the province. It isn't a question of the employment that's generated, that has been generated in this province for decades. It evidently isn't a question of the royalties that are returned to the people of Manitoba who own the resource. With the honourable members opposite, it's an ideological question of who should be in control and I'll be prepared, Mr. Chairman, to debate that philosophy with the honourable member any time during an election.

MR. CHAIRMAN: The Honourable Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I believe that the Minister makes my point very well when he points out the difference in the royalty rates between 1975 and 1977. My point was that Abitibi does not, and did not then, require large areas of Manitoba's forest to support their mill at Pine Falls. All they require from the government of Manitoba is a commitment, a guarantee, which is what the NDP

government gave them. We gave them a commitment that they would have sufficient resources to operate their mill at Pine Falls.

The Minister admits that the reason the royalty rate went down from 1975 to 1977, and this is royalties that they Abitibi Paper Company was paying on wood which they cut themselves in the area designated to them by the government. They reduced their cut, Mr. Chairman. And they reduced their cut for two reasons. One, they were able to buy very cheap wood from outside of the province at that time because of depressed lumber prices in North America. They were shipping lumber in from out of the province and grinding it up into pulpwood. Mr. Chairman, it doesn't sound like a very nice thing to do. It doesn't sound like a very logical thing to do, but that's in effect what they were doing. They were bringing in carload lots from British Columbia of finished lumber and grinding it up into pulpwood and they were also buying, because the incentive was there, they were also buying from small operators.

Here again, I say that our government had a purpose in mind in assigning that particular agreement with Abitibi. One was not to allow them to have control over a large area of the forest in Manitoba, simply to guarantee them sufficient supply for their mill, which they were happy with. They were not unhappy with enough to say that they were not going to continue to operate their mill; they continued to operate it. They did not threaten to pull out of Manitoba. They were still operating, providing the jobs and opportunities that were there before. --(Interjection)-- If they pulled out there would have been no need to nationalize it, Mr. Chairman. The Honourable Minister tries to make the case that the New Democratic government wanted to nationalize Abitibi. I could say unequivocally that it was not the intention of the Manitoba government to nationalize Abitibi. If it was, they would have done it without question.

It was not the intention of the government to nationalize Abitibi, it was simply to achieve two major objectives. One, was to get a proper return on the resources that Abitibi was using from the province of Manitoba and we did do that because, even though the resource revenue went down in 1977 to \$380,000 which the Minister is referring to, that resource revenue came from the resources that Abitibi was harvesting. That's where that resource revenue came from. The fact that they did not pay more was that they were not using resources from that area. They were shipping it in from outside or they were buying it from existing quota holders. So we were achieving the objective of getting a better return on the resources that Abitibi was using from the province of Manitoba.

Secondly, Mr. Chairman, we were achieving the second objective and that is of giving an incentive and an opportunity to small operators. Because to the extent that Abitibi was able to achieve certain economies by buying from the small operator rather than cutting in their own camps, Mr. Chairman, it was assisting the small independent businessman and we had that objective in mind. We signed that agreement.

Mr. Chairman, this government signed a new agreement with Abitibi Paper Company not because they had the interests of the small operators at heart, they didn't care about the small operators; not because they had the interest of the getting proper return from the resources in Manitoba for the people of Manitoba, because, Mr. Chairman, Abitibi Paper Company was prepared to pay \$9 a cord on the wood they were cutting in their camps and this government reduced it to \$2-and-something.

So they were prepared to do that, Mr. Chairman, and I made this charge before in the House and I don't believe this government and this Minister has ever successfully refuted it, and that is that their agreement with Abitibi was politically motivated because Abitibi Paper Company came out as clearly as one could possibly see in favour of the Conservative government in the last provincial election in Manitoba. Abitibi Paper Company assisted one of their own senior executives in the mill at Pine Falls to run in Rupertsland; made it very lucrative for him to take that opportunity and provided him with the expenses and time off to travel around the province, and travel around that area of the province to campaign for election. The people of Rupertsland rejected that kind of company interference in the political process at that time and, Mr. Chairman, I predict that the people of Manitoba, not only Rupertsland but the people of Manitoba, will reject the company interference in the affairs of the province of Manitoba to the extent that they've been able to persuade this government to give them three times the area that they require for operation of their mill and to persuade this

government to reduce their royalty rates from \$9-and-something to around the \$2 mark that they were paying in 1925. --(Interjections)-- Mr. Chairman, it is, because it's very obvious, even from the Minister's statements of revenue, that this company did not require an area as large as they had. They paid \$960,000 revenue in 1975. In 1977 they paid \$380,000.00.

MR. CHAIRMAN: Order please. The Honourable Minister on a point of order.

MR. RANSOM: I wonder if the honourable member, for the record then, would clarify which is the correct allegation. Is it two times the area or three times?

MR. BOSTROM: Mr. Chairman, it's more than two times for sure and it's as much three times, because the Minister tried to make the remark, and I did not rise on a point of privilege at that time because I believe it may be a matter of interpretation on his part, he may not be aware of the inventories that are available in his own department but there was an inventory made while I was Minister that indicated there was sufficient forest resources on the east side of Lake Winnipeg to support two mills the size of Abitibi - two mills, and that's just the east side of Lake Winnipeg. In addition to awarding Abitibi almost all of the forest on the east side of Lake Winnipeg, as I indicated, they gave them large areas of Manitoba forest on the west side of Lake Winnipeg. So it is definitely more than two times the area that they require and it's probably as much as three times the area they require.

Mr. Chairman, this is a scandalous treatment of the resources in Manitoba by the Progressive Conservative government and certainly the opposition NDP group in this Legislature would be happy to debate the Minister on this issue anywhere at any time, and, particularly during an election campaign because, Mr. Chairman, the Minister may be feel smug about the support that the Progressive Conservative Party received from the Abitibi Paper Company during the last provincial election; may feel very smug about the continuing support they have from that company given the very generous agreement which they gave them, and gave them because they didn't even have to give it to them, they were quite prepared to operate under the old one which required them to pay higher royalties and did not give them the control that they have now.

Mr. Chairman, the political reality is that the Abitibi Paper Company does not elect governments. The Abitibi Paper Company does not elect members of the Legislature and, while the Minister and the Progressive Conservative government may be courting the Abitibi Paper Company, there's a lot of independent operators that are pretty upset with this government. There's a lot of individual people in the area that Abitibi Paper Company operates that are pretty upset with this government and there are a lot of Manitobans that are going to be pretty upset with this government as they learn the facts about the way in which this government has reduced the revenues to the people of Manitoba from that company. I say they have reduced the revenues because they've reduced the potential revenues to the extent that the Minister makes the case that the revenue was \$380,000 in 1977. Mr. Chairman, that is based on the \$9 a cord, \$9 and I just forget the cents, but it was based on the wood that was cut by Abitibi in the area in which they were operating. To the extent that they use more resources and are using more resources now, that royalty would be increased. But, Mr. Chairman, the royalty rate, based on the Minister's new formula of \$2.50, a 1925 rate, would be, by his very definition, at least a third less than this royalty, than this revenue, to the people of Manitoba, given those same years.

In other words, Mr. Chairman, in the years 1975 to 1977, if this government was in power in then, the royalties to the people of Manitoba would be a third of what they were then.

I believe you are calling the hour. Are you, Mr. Chairman?

MR. CHAIRMAN: In 10 seconds. The hour is now 4:30. I am interrupting the proceedings for Private Members' Hour and will return to committee at 8:00 o'clock this evening.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: Order please. We are now under Private Members' Hour. Tuesday's first item of business is Private Bills. The first Private Bill on the Order Paper today is Bill No. 24, An Act to amend The Manitoba Club Act, 1931. The Honourable Member for Logan.

MR. WILLIAM JENKINS: Could I have that matter stand, Mr. Speaker, please?

MR. SPEAKER: The second item is Bill No. 17. The Honourable Member for Minnedosa.

MR. JAMES R. FERGUSON (Gladstone): Mr. Speaker, I believe the member wanted to speak. He probably hasn't got here from the other committee. If we could have it hold for a moment I could go and get him.

MR. SPEAKER: Is that agreed? (Agreed)

MR. SAMUEL USKIW (St. Vital): Mr. Speaker, to facilitate the procedures of the House, I simply want to indicate that we are prepared to have this bill go to committee and deal with it at that stage. I don't see anything . . .

MR. SPEAKER: Order please. The bill has to be introduced yet.

MR. USKIW: Oh, I'm sorry. You're talking about . . .

SECOND READING - PRIVATE BILL
BILL NO. 17 - AN ACT TO AMEND AN ACT RESPECTING
THE AGRICULTURAL AND COMMUNITY DISTRICT OF NEWDALE

MR. BLAKE presented Bill No. 17, An Act to Amend An Act Respecting the Agricultural and Community District of Newdale, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Membe for Minnedosa.

MR. BLAKE: Thank you, Mr. Speaker, the bill, I don't think will need that much explanation. It's one of those normal amendments to an Act that was passed some years ago and provides for a levy of a certain mill to be applied against the property owners to provide for the upkeep of the community rink facility. Newdale and District Rink. As costs have gone up over the last number of years, I think back in the 70s was the last amendment, they find that the levy that they get is not nearly sufficient to provide for the operation of the facility and the Act merely provides for an increase in the amount that they are able to levy to provide for the upkeep of the community facility.

MR. CHAIRMAN: Are you ready for the question? The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Kildonan, that debate be adjourned.

MOTION presented and carried.

ADJOURNED DEBATE ON SECOND READING - PUBLIC BILL

BILL NO. 25 - AN ACT TO AMEND AN ACT TO INCORPORATE
THE SINKING FUND TRUSTEES OF THE WINNIPEG SCHOOL DIVISION NO. 1

MR. SPEAKER: The Honourable Member for Logan.

MR. JENKINS: Thank you, Mr. Speaker, we are prepared to allow this bill to go to committee and I just want to draw to the honourable member's attention that we will be asking questions when the bill comes to committee with the appointment of the two permanent trustees by a Justice of the Court of Queen's Bench and I would hope that he would have members of the school board present who could give us an explanation on that portion of the appointments of these trustees; how it comes about and why it is set up that Court of Queen's Bench appoints two of them. If the member could assure us of that we are prepared to have the bill go to committee. Thank you, Mr. Speaker.

QUESTION put, motion carried.

RESOLUTION NO. 8 - NATIONAL OIL SUPPLY AND PRICING POLICY

MR. SPEAKER: Move on to resolutions. First resolution on the Order Paper is Resolution No. 8. The resolution of the Honourable Member for Brandon East and the amendment of the Honourable Member for River Heights. The Honourable Member for Ste. Rose.

MR. ADAM: Thank you, Mr. Speaker. I am pleased to get involved in the debate on this particular bill. I thought the original text of the resolution was a good resolution, as proposed by the Member for Brandon East. Unfortunately the amendment, which is so wide in scope, presented by the Member for River Heights, particularly No. 3 of the amendment which says: "self-sufficiency pricing of oil to encourage increased domestic production and decreased reliance on imports." This is what I find most objectionable to this amendment because what it says here is that the only way to become self-sufficient is to raise the price of oil as soon as possible to the world price and that is the intent of the proposal of this amendment. It's obvious that they depend on pricing the oil at the retail level to such a level that people will be discouraged from buying it. Because surely he's not trying to tell us that raising the price of oil will find new sources of oil, because that is not happening and that will not happen. There has been a tremendous increase over the years, the price of oil, over the past few years; since 1974 we have seen great increases in the price of crude oil and it hasn't found us any oil. We have seen increases in the United States as well, the cost of the price of oil at the retail pumps have increased steadily and it hasn't found them any oil.

So, I'm just wondering what the logic is, Mr. Speaker, of promoting the price of oil, which is very very highly inflationary --(Interjection)-- Well, there it is, you see, the member says it's going to reduce the consumption. Now, who does he want to reduce the consumption for? The Member for River Heights says that we should reduce the consumption, but who does he want; let him be specific and say who he wants should reduce consumption. Will he reduce his consumption, Mr. Speaker? Does he want the farmers to reduce their consumption? Does he want the person who lives at Ste. Anne, or La Broquerie, that has to commute to Winnipeg to a factory because the factory is in the surroundings of Winnipeg and he has to commute 40 miles or 60 miles a day to get to his work and back, does he want him to cut back, Mr. Speaker?

So, Mr. Speaker, this is the logic of the Member for River Heights. He knows that those people who can afford to pay \$3.00 a gallon for gas will use all the gas they want. It doesn't bother him in the least, Mr. Speaker, when you can afford to drive a Caddie or a Lincoln and pay \$3.00 a gallon for gas. So what he is saying, Mr. Speaker, the policy of this government is to arrange the pricing of our energy so that the richest and wealthiest people in the country will be able to use this resource and the rest of us can go to hell. That's what he is saying, Mr. Speaker!

Mr. Speaker, we have seen over the years increases have gone up steadily and you know, if we go back - Canada agreed in March of 1974 - to increase domestic oil from \$3.80 to \$6.50. Mr. Speaker, when we talk about the increase on the price of oil we're talking about oil that's been on tap - 80 percent probably of the oil that we have available to us - the reserves have been on tap for years and years and years - 30 years. I can take the member for - he's not here today - the member representing Russell - oh, yes, Mr. Speaker's riding - you know I could

take him to a place in his own constituency where there's a well there that's been tapped for 30 years, in the Speaker's constituency. That oil was brought in, Mr. Speaker, when we were selling it for \$2.00 a barrel. And probably 75 to 80 percent of our oil reserves were brought in when we were selling oil at \$2.20 a barrel. And that oil has gone up and up and up; we are now up to around \$15.75 or thereabouts and they want to raise it. The intent of it is to raise it as soon as possible to \$50.00 because that's what --(Interjection)-- Well, you don't have to say it, we can read it in the resolution; it's there. --(Interjection)-- Well, self-sufficiency pricing of oil and to me that means \$50.00 a barrel; that's what it is. Mr. Speaker, in a very few years the OPEC countries will be charging \$50.00 for oil and this is what these fellows want, this is what they want. --(Interjection)-- Oh, well, they talk about gasohol, Mr. Speaker. In order for gasohol to be economical it would have to sell, probably for \$2.50 a gallon before that would even be feasible. It wouldn't be feasible, Mr. Speaker, gas has to be - well, I suppose they could use a blend - they could probably blend a little bit in with the present oil, but --(Interjection)-- Well, he says 90%. I would say that probably --(Interjection)-- Oh. 90/10. Well, that might be correct at this particular time, but I would suspect that it would have to be much higher than that before gasohol would be even feasible. You know, Mr. Speaker, it does cost energy to produce the materials that you need - potatoes or whatever it is - to produce gasohol. But, Mr. Speaker, the price of oil has been going up steadily and steadily since 1974; it increased to \$6.50 and the following June the federal budget provided for an additional increase to \$8.00 a barrel, increased to \$8.00. In July of 1976 the government raised the price to \$9.05 a barrel and in January of '77 it went up to \$9.75 a barrel and a federal-provincial agreement in June of 1977 provided for an additional \$1.00 per barrel at regular six-month intervals beginning in July to the first half of 1980; and under this agreement one increase was cancelled at the beginning of 1979 and Canadian oil prices have now reached \$14.75 a barrel.

MR. SPEAKER: Order, order please. The Honourable Member for Minnedosa on a point of order.

MR. BLAKE: For clarification, I wonder if the member could tell us what periodical he is quoting from. Is it the Imperial Oil Review or Royal Bank Monthly Letter, or what is it?

MR. ADAM: I'd be happy to do that, Mr. Speaker. I'm reading from the Review, yes. I'm not sure whether it's put out by Imperial but I'm using their figures. I hope that they're r ght. I am sure every member has received a copy. Mr. Speaker, the fact of the matter is that now the oil has gone up s'nce this has been printed. It has gone up higher than that. You know, the fact is that the price has gone up about 400 percent in a very short period and it seems to me that 80 percent of our reserves - maybe there has been a slight increase to pump this oil out. We see these big jacks going up in the field up and down as we drive through Alberta and Saskatchewan, and I know, perhaps there has been some increase in pumping this oil out, but certainly, not 400 percent. That's ridiculous. If we had followed the pattern of the previous administration that has been defeated in the last election, we would have seen world oil prices in very short order. We certainly don't intend to support this amendment in its present form.

Now, there is a lot of motherhood things in this amendment. --(Interjection)-- Well, when it costs me \$50.00 a barrel to get fuel to run my tractors then I'm not so sure I support motherhood that much. I would like to see that changed. The problem, Mr. Speaker, is that we're going to run into problems, international financial problems, if we allow prices to escalate to world levels and we don't know what the world levels will be in a few years from now, we expect that probably it will be much higher. But there is problems created because of foreign ownership. It wouldn't be so bad if it was Canadian-owned, because then you wouldn't have those transfers of massive dividends to foreign countries, to foreign multinational corporations, or you wouldn't have those massive transfers of your dollars that you have paid for energy handing this money over to multinationals to re-invest in other areas, other than petroleum products.

So you will find, Mr. Speaker, that before too long, if we allow the prices to escalate the way they have in the past, that we will be probably transferring over \$2 billion a year over to multinational corporations in the form of massive dividends, or they will be using these massive profits to invest outside of non-conventional oil and gas-producing sectors. I don't think this is the right way to proceed. I understand that Gulf . . . One of the major problems is that most of our oil companies are foreign-owned and that is where the problem comes in.

I would have liked to have seen Petro-Canada take up the offer of American Gulf, when they offered to sell 5 percent of its holdings in Canada, and I would have hoped that PetroCan and the people of Canada could have used that corporation to regain control of this resource. You know, there was an offer made by American Gulf, which is controlled by the Mellen family, and they made an offer to their friends in Canada, the Canadian Pacific in Montreal and their friends in Canada, but unfortunately the deal didn't materialize. Now I am not sure whether they would have been willing to sell this 5 percent to PetroCan or not.
--(Interjection)-- Yes, thanks, Mr. Speaker.

You know, I have found some information here on why the members opposite are so adamant in their position that our oil energy resources be controlled by the private sector and why they would want to . . . You know, I ran into another piece of information here and it says that - I am not sure how accurate this is, but it must be, otherwise they wouldn't print it - and they were talking about developing of more self-sufficiency in oil and that the way our energy resources should be controlled, and they, "Unlike Iran and Saudi Arabia and Mexico, we don't own our resources, it is owned by multinationals. People far removed from our Canadian winters are allowed to be the ones determining how much we will pay to keep warm." So we are allowing the OPEC countries to decide how much we will have to pay to keep warm.

But then we know that the Liberals and the Conservatives are just sitting there and they are not doing anything about it. Their solution is to raise the price of oil to the world level as soon as possible, somehow that will find us oil. You know, last year this, what is it? Czar Petroleum. They are going to concentrate their exploration down in the United States, it is an Canadian firm.

A MEMBER: They are going to do what?

MR. ADAM: They are going to concentrate their exploration down in the United States, not in Canada.

A MEMBER: Why?

MR. ADAM: Because you can sell it as fast as you can over there, you know. --(Interjection)-- Because you can sell it as fast as you can. That is the way they work done there, you know. You take it out as fast as you can, sell it for as high as you can, and as fast as you can, run out of it right away. That is what happens when you have got it privately owned.

You know, we find out, Mr. Speaker, that when you look at election donations as to why the Conservatives are so adamant in leaving the energy resources into the hands of the multinationals and we find that the Conservatives and the Liberals have received \$1.4 million in donations from one oil company in election contributions. --(Interjection)-- Oh, you want a separation, eh? Let's see if they say if they say that here. Well, Imperial Oil made contributions to parties of \$234,000 annually for the years 1970 to 1975. --(Interjection)-- Well, it says here pointedly that none of the money went to the NDP.

MR. SPEAKER: Order please, order please. The Honourable Minister without Portfolio.

HON. EDWARD MCGILL (Brandon West): Mr. Speaker, I wonder if the member would identify the document that he is now reading from. Is it the same document that he read from previously?

MR. ADAM: Sure, I am sure every member of the House must have received one. It is printed in the Public Employee, the winter of 1980 Edition.

--(Interjection)-- Public Employee, I am sure everybody must have received one. It says in there, Mr. Speaker, that the oil companies are noted for their contributions to the Conservative Party and the Liberal Party. --(Interjection)-- No, none they don't want to. No, they won't. --(Interjections)-- \$234,000 that Esso contributed annually, and the combined parties. . . Between 1960 and 1974 the Liberal and the Conservative Party received a total of \$1.4 million in donations from one oil company, and that was Gulf, Gulf alone. We are not talking about Texaco and Shell and all these other companies.

Now it is understandable why the members opposite want to see the people of Canada being held in bondage by the multinationals. Professor Helliwell . . .

MR. SPEAKER: Order please. Order please. The honourable member's time has expired.

MR. ADAM: Thank you very much, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE: Well, Mr. Speaker, I had a fair understanding of the Resolution as proposed by the Honourable Member for Brandon East and thought I had an understanding of the NDP policy regarding this Resolution until the Member for Ste. Rose took his place and stood, and now I am really confused to find out how to address myself to the Resolution, Mr. Speaker.

But, Mr. Speaker, I think it is a very timely Resolution, it is a very important one, and I congratulate the Member for Brandon East for putting it on the Order Paper. I would think that maybe he wished that he hadn't put it in as soon as he did, because certain things happened in the political arena that maybe made parts of it outdated. But nevertheless, it does deserve the attention of the House and I would like to speak on it today, Mr. Speaker.

Mr. Speaker, I would like to speak on some of the topics that the Honourable Member for Brandon East raised in the debate and try and convince the Member for Ste. Rose to at least take another look at our amendment and see if he can't support it. I was really aghast when he said that he couldn't support the amendment, because there is some fruit for thought in both Resolutions, and I will try and deal with it as quickly as I can, Mr. Speaker.

The Member for Brandon East in his remarks mentions the energy self-sufficiency problem that we are facing in our country today. Mr. Speaker, I would suggest that, as a net importer of fossil fuels, the people of this province and Manitoba has a very direct relation and a direct interest in the questions that are raised regarding the supply and the price of oil and of natural gas.

As the Premier indicated in the First Ministers' Energy Conference, which was I think in 1979, we endorse a self-sufficiency policy as the primary objective of a new Canadian energy policy. And to support, Mr. Speaker, an oil-pricing policy that proposes or supports artificially low prices in this day and age would absolutely be unrealistic, because of the many factors that are going around us today, such as inflation and other matters. I think, if we were to support such a thought, it would result in a failure to develop the new supplies of Canadian oil and the Canadian taxpayers would have to pay for the growing import subsidies that we are facing in the country today, and they would grow and grow and grow. By directly paying increased prices, I suggest to the Honourable Member for Ste. Rose and the Member for Brandon East, offshore dependence would be reduced almost immediately, and new supplies would be generated in Canada, with an end result being that we would finally start getting on the track to the self-sufficiency which we are striving for in this country.

Mr. Speaker, Canada imports both oil and natural gas, as every member in the Chamber knows, however, on a net basis, when you look at the net, 6 percent of Canada's total energy consumption of last year was imported. So, in other words, that means that 94 percent of the energy that we consume in Canada is our own, but we are importing 6 percent. So in reality, if you look at some of the statement and remarks that are made, especially in Eastern Canada this past winter, we are in a very tight situation. Luckily the weather was not that difficult, but especially the Atlantic Provinces were in a different position altogether than we were out in the west here. So Atlantic Canada is totally dependent on import oil in our country at this time. Import oil to provide the crude for its refineries.

In an emergency what would happen? Supposing that this winter that the weather conditions on the St. Lawrence Seaway were such that the tankers couldn't get to the refineries in the Maritimes, or supposing that some other thing that happened that the crude couldn't be supplied to those refineries in the Maritime Provinces; what would happen, Mr. Speaker?

In addition, Mr. Speaker, I think we must look at the production from the conventional sources in Western Canada is decreasing 5 percent annually, the statistics that I have. So I say that decisions must be taken to augment the domestic production and reduce the non-essential demand that we are talking about and the problems as quickly as possible.

Mr. Speaker, the Member for Brandon East talks about petroleum price increases in his Resolution. And while I am sure every member of this Legislature, and certainly our party and the government regrets the necessity of increasing oil price, I think we must recognize the need to increase the price, preferably on a sort of a phased basis towards a level that is adequate to ensure the achievement of energy self-sufficiency by the year 1990 or sooner, if possible. Although that is difficult, as I stand here today, to determine exactly, the price I suggest, Mr. Speaker, would be a sort of a replacement price, replacement cost price, necessary to ensure optimum development and the utilization of the domestic energy resources in our country.

Mr. Speaker, the Member for Brandon East further goes on in his Resolution and he states that petroleum price increases in Canada during the past few years have been related to world oil price changes and not to changes in the cost of production in Canada. And, Mr. Speaker, if you look at that statement closely you will find that it is not necessarily the case.

First of all, Canada's domestic oil price increased, I think 3 1/2 times between the fall of 1973 and the end of 1979. In contrast, the price of Saudi Arabian oil increased eight times, I think, it was eight times in American dollars, in that same period from 1973 to 1979. So consequently, Mr. Speaker, while the domestic price has been set with some view of the rising world oil prices, the relationship is not a strong one, particularly after 1979 when the OPEC countries virtually doubled their prices to about what, \$26 U.S. In that year Canada's oil price went up a dollar, I think it went up to \$13.75 a barrel.

In addition as well, Mr. Speaker, the price of oil in Canada is not set by the OPEC countries, as the members opposite seem to indicate, it's set by the federal government. That the price of oil is set by the federal government, following discussions with the provinces, particularly the producing provinces, and Alberta. The price of oil is not established by any one government in Canada on a unilateral basis, as evidenced by the numerous and complex negotiations and the ongoing discussions that are going on, likely even today, between the federal government and the Ministers of the various provinces, seeking ways and means of arriving at a price on that particular topic.

Secondly, Mr. Speaker, I suggest it's one thing to suggest that tying price increases to changes of the cost of production in Canada; and it's another subject altogether to try and implement it. It's easy to stand up here and talk about it, but try and put it into place is another subject matter altogether and one that we should address ourselves to today. Because I say, Mr. Speaker, the cost of production is not specific, you can't put your finger on the cost of oil today, and the reasons are many. Look at inflation, look how the prices have risen in the last two or three years on every matter, everything related to what we're living around; the oil industry is no different. With the cost of production that the honourable members are talking about, should we go back to the cost of '66; should we go back to the cost of '73; should we go back to the cost of '79; or what replacement costs are you talking about? That is a difficult subject, and we haven't addressed ourselves to it in the resolution.

I suggest, Mr. Speaker, changing an artificially low price means the Canadian people are still going to pay in two other ways. They're going to pay through growing imports, the subsidies that we have to pay through the continuing escalating gallons of imports that we must bring into this country, and we have to subsidize that by taxes to the east, and the other way we're going to suffer is because we are not developing new supplies in our country. So we're going to lose two ways.

Mr. Speaker, the Member for Brandon East then goes on and talks about enormous profits, and this was one of the highlights of the great Member for Ste Rose's eulogy about these enormous profits, talking about \$50 a barrel, etc., etc. But the Member for Brandon East argues that the present oil pricing vehicle is inflationary and inequitable and I agree with him. There's no doubt at all that the rapidly escalating cost of oil is a major contributor to the inflationary problems that we have in our country today. Until now we, in Canada, Canadian citizens have been fortunate to have the means to set our own domestic price of oil. However, as the conventional sources of oil are rapidly diminishing, prices have got to rise. They must rise to bring the more expensive, the non-conventional sources of oil such as the tar sands, such as the heavy oil around Lloydminster and those fields, into the marketplace, and that's going to cost a lot of money and it's going to be expensive.

It is a fact of life, I would suggest, Mr. Speaker, that Canadians must start paying a higher price for that kind of oil, the tar sands oil and the heavy oil, otherwise it's going to stay where it is. Other industrialized countries in the world today are making those adjustments and have made them. In contrast, we in Canada here are sitting with our heads buried in the sand, paying less for oil and gas than these other western industrialized nations. They fully recognize that the problem isn't going to go away, and it's not going to be resolved unless we meet those prices. We can stand here and suggest keep the price down, it just isn't realistic.

With respect, Mr. Speaker, to the pricing policy being inequitable, that doesn't necessarily have to be the case because it remains to be seen whether or not the new Liberal government in Ottawa today, which members opposite supported, whether that government is going to institute, in fact, a policy that's equitable. We don't know that today. But the honourable members opposite, and their federal counterparts, supported the federal government, and I hope they get that equitable oil price that they are so striving for.

At the First Ministers Conference on Energy the Premier of this province, Mr. Speaker, indicated the need for special adjustment measures in connection with the higher prices of oil. It's spelled out loud and clear. And the possibility of the so-called cushioning measures by the federal government, such as tax relief in the form of tax credits, to offset at least some of the negative consequences for provincial economies and for the individual or the commercial consumers, is a very critical part, I suggest, of that overall strategy. And it was that type of cushioning again, Mr. Speaker, that I must remind the members that the former Conservative government, the Clark government, promised that kind of cushioning in its budget. That budget of course was thrown into the waste basket by the members opposite and their Liberal colleagues for some strange reason. --(Interjection)-- Well, you did, that policy was there. Mr. Speaker, the Member for Brandon East is concerned that the oil price increases will resolve . . .

MR. SPEAKER: Order please. The honourable member has five minutes.

MR. McKENZIE: Thank you. The Member for Brandon East is concerned that the oil price increases will result in enormous profits to the multinational oil corporations for use in purchasing or controlling other Canadian businesses. The Member for Ste. Rose, that's one of his high points. Mr. Speaker, in that context I suggest that the Manitoba government supports the establishment of a mechanism, a mechanism to monitor and to review periodically the effectiveness of a new pricing schedule, as well as other aspects of energy strategy on both supply and demand.

So specifically, the returns of the oil companies should be monitored, they should be monitored to assure that they are being utilized in the national interest, in support of energy and self-sufficiency for all Canadians. Once again, Mr. Speaker, very strange. The Clark government proposed that kind of a monitoring mechanism in their budget, in its natural energy policy, Mr. Speaker, a policy that was defeated by members opposite and their Liberal colleagues in Ottawa. So who is kidding who, Mr. Speaker, in this resolution?

Mr. Speaker, then in closing, I'll close it off very quickly, with respect to petroleum supplies, the current pricing, certainly practised, I say, is inadequate. Production from conventional supplies is declining while Canada's

demand for petroleum increased - I think it was 3.2 percent in 1979, the largest increase we have had in this country since 1973. The National Energy Board expects the declining trend of domestic production to continue, and I support that. Canada's dependency upon imported crude oil is going to increase, it's inevitable, with its attendant supply and price vagaries that go with it.

So I say, Mr. Speaker, I believe, and our party believes, and the government believes, that by directly paying higher prices Canada will reduce the off-shore dependencies and the non-essential demand, as well as increase the supply from supplies that are presently uneconomic to develop. These steps, as I say, if we follow them, Mr. Speaker, will move Manitoba and Canada closer to the national goal of self-sufficiency which we are all seeking.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. EVANS: Thank you, Mr. Speaker. I welcome the opportunity to speak on this subject again, since my Brandon colleague, the Member for River Heights, has presented an amendment to the original resolution. And I must say, the amendment, at first blush, looks rather attractive because it does relate to a statement, I guess which was made by the Premier of this province on November 12, 1979, at the First Ministers' Conference on Energy, and indeed those items, six items, I would say, at first glance they looked very attractive and items that one cannot quarrel with, such as supporting the goal of energy self-sufficiency. Surely no one in this Legislative Assembly, Mr. Speaker, is against achieving energy self-sufficiency. The argument is, how do you achieve self-sufficiency? So we're arguing about policy, and I guess that's what politics is all about. Policies, the policy difference. --(Interjection)-- We do have a policy, and if you give me a moment I will explain it.

And the other item relates to a Western Power Grid and hydro development. One can't take objection with that. Another motherhood thing, Item 4, special cushioning programs, tax credits for northern residents and senior citizens; again very admirable and so on, and who can quarrel with that? Item 5, consideration of a new pricing system for natural gas which would keep gas prices from rising in lockstep with oil. That I agree with. I agree wholeheartedly that the pricing of natural gas should not be automatically locked into the pricing of oil. As it is now, I believe, it's 85 percent. The price of oil goes up a dollar, I think the price of gas goes up 85 percent of that increase.

And the other, Item 6, that there be a new set of federal-provincial conservation programs. Surely we all agree about conservation.

But it's Item 3, Mr. Speaker, as my colleague, the Member for Ste. Rose has put his finger on, it's Item 3 that is the critical one that I have a lot of doubt about and which really, in many ways negates, I believe, the intent of the original resolution, because Item 3 says that we should have a self-sufficiency pricing for oil to encourage increased domestic production and decrease reliance on imports. And that of course is part of the replacement of our resolve, which says that we do not achieve oil supply increase based on pricing to achieve world levels. So you're eliminating part of my resolution which says we shouldn't go automatically, holus-bolus like zombies towards world price levels. Instead of that, that's eliminated and this idea of self-sufficiency pricing is suggested. And of course, self-sufficiency pricing does imply, the implication, Mr. Speaker, is clear. And that is, that the Conservative Party of Manitoba, the government of Manitoba and its supporters believe, as Joe Clark has stated at the Tokyo Summit Conference on Energy some months ago while he was Prime Minister of this country, that Canada should go, indeed must go, for its own sake of energy self-security, must go to world prices.

That's what you're suggesting, that is the position you are taking. I say you are taking a position which is in favour of a position that is being held by the province of Alberta, and you are also supporting the position that is stated quite clearly by the multinational oil corporations. That is your position. Now, you're entitled to your position. But let's all agree, you are in favour of the position of the multinational oil companies, you are in favour of the position of the province of Alberta. Ipso facto, automatically therefore, Mr. Speake, I state categorically that you are not in favour of protecting the position of the consumers of the province of Manitoba. You are not protecting the interests of

the consumers of this province, so let's get that on the record. It's quite clear that from the Premier down, members opposite, the Conservative Party in this Legislative Assembly stand for a policy which is, in effect, in step with the policy of the government of Alberta and the policy of the multinational corporations.

Now, Mr. Speaker, I want to say something, and this is just a put-down. I for one do not pretend for a moment, and this is really a put-down, that you can have oil industry development by any other way than by large corporations. To think and talk in idealized terms of small companies, and lots of competition among private companies is utter nonsense. You know, I know, the only way you can develop the oil industry probably is through multinational corporations, or the other alternative is some other large corporation or other organization which is only controlled by the people. Let's face it. The only way you can develop oil and petroleum resources is through large organizations. You have to amass capital. You have to amass a large army of technicians and experts. There is no other way. But let's recognize, let's realize, that there is no such thing as price competition. There is no such thing such thing as price competition, Mr. Speaker, let's face the fact that prices . . . In fact, my friend the Member for Roblin has just stated it, that the prices are set today in this country by a government decision. It's an administrative price, it is not a market price; it is not the market price that is set for wheat on world markets; it's not the price that's set for cotton on world markets; it's not a competitive price; it's an administered price whether you are talking about OPEC, where you have a group of nations who decide on whether the price of a barrel of oil should go up by \$1, \$2 or \$5 or what have you, or whether you're talking about a price established within a country.

I might add that what we are doing in Canada by setting the price administratively through national fiat or by government decision is no different than probably what's going on in most countries of the world. I might also add, Mr. Speaker, most of the producing countries of the world do give their consumers a break. They do not charge their consumers the world price. Well by whatever means they do it, the consumers in those producing countries, the producers in those consuming countries, Mr. Speaker, do not go to world prices. So we are not out of line in that respect.

So I am not knocking the multinationals being in this business because that's the only way you can do it. I recognize that. Who can knock the multinationals in trying to achieve their own objectives of maximizing their profits, looking after their interests. But, Mr. Speaker, I'm elected, and I would hope everyone in this Assembly is elected, to look after the people in my constituency; the Member for Pembina is elected to look after the people in his constituency; we're all collectively looking after 57 constituencies which equal the bottom line as the province of Manitoba. I am standing up here taking the position that I am, and my colleague from Ste. Rose and this party is taking the position that we do because we want to stand up and protect the interests of the consumers of Manitoba and not the interests of the multinational companies.

Now, Mr. Speaker, I would like to suggest that this government take a leaf out of the policy document and the many reports that have been issued by the Conservative Government of Ontario. The Government of Ontario is a net consuming province and therefore in a very similar position to the province of Manitoba, we are both net consuming provinces. I say, Mr. Speaker, I can live with the position of Premier Davis and the Conservative government of Ontario. As a matter of fact, Mr. Speaker, I would like to just briefly read a statement made by the Ontario Minister of Energy, the Honourable Robert Welch, who is also the Deputy Premier of Ontario. This was an address he made in St. Catherines, Ontario, Wednesday, October 24th 1979, so it was just a few months ago. Let me just read a couple of paragraphs which are the pertinent paragraphs and are apropos to our debate on pricing of oil. It says, "There are those" and I would hope honourable members listen because I am quoting to you what the Tories in Ontario are saying, so why don't you listen? "There are those in thi country who would like to see the price of Canadian crude oil go to world price." There are those in this country who would like to see the price of Canadian crude oil go to world price. "We in the Ontario government oppose such a policy." We in the Ontario government oppose such a policy. "Not only do we believe that world price is unnecessary to

the achievement of domestic crude oil self-sufficiency, it would do incredible harm to the Ontario economy." And you can say ditto for the Manitoba economy. "And when the Ontario economy suffers the entire country suffers. And every time the price of a barrel of oil goes up by \$1 it drains \$300 million from the Ontario economy, \$300 million which would otherwise have gone back into our economy to the benefit of industry, to the benefit of retailers, to the benefit of consumers and to create jobs."

Mr. Speaker, as an aside I would say, by rough calculation being a much smaller province, I would say for Manitoba it is probably between \$35 million and \$50 million dollars. At any rate, "As well, we in Canada enjoy the advantage of being potentially self-sufficient in energy. While the rest of the world may be forced to pay high prices for oil, prices set, not on the basis of production costs but set artificially high at the whim of the OPEC cartel, we in Canada should not be forced to pay those prices for developing Canadian resources regardless of what it costs. Canadian oil prices would be lower than world prices, a great advantage for our industries and international markets, and greater exports mean jobs for Canadians. A healthier economy not only in Ontario but in the entire country. And that is why we feel the price of Canadian oil should be set in Canada, by Canadians, and not tied to a price set by overseas, by a foreign cartel."

Mr. Speaker, what I have said in my resolution really is the position of the Ontario government which is a well-known Conservative government. And here we have the Conservatives in this province opposing the position of the Conservatives in Ontario. That I can't understand, Mr. Speaker, because we are both net consuming provinces of oil.

Mr. Speaker, the point is of course, the crux of the matter is, does a particular price increase benefit us in terms of providing additional crude oil supply? And there is a great deal of wonderment and a great of question as to whether an arbitrary automatic, almost automatic, across-the-board increase in crude oil pricing will achieve the additional oil supply that we need and that we want in this country. There is a considerable amount of evidence that the profits now being earned by the multinationals are far in excess of what they can use for further exploration and development and I'd like to read a couple of lines from an article by Mr. Anthony Whitingham which appears on Page - wouldn't you know it, they don't even have page numbers here - but it appears in the Macleans magazine of November the 12th, 1979 . . .

MR. SPEAKER: Order please. The Honourable Minister of Transportation on a point of order.

MR. ORCHARD: Well, Mr. Speaker, I'm just wondering if the member would care to share with us what his pricing policy is. He's been dodging the issue.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. EVANS: Mr. Speaker, I hope I would get an extra minute for that interruption. The article states, and I say this is from Macleans of November 12th, 1979. I'll give you a xerox copy if you like. The corporations do put in revenues into exploration, we're not doubting that. He also says some of the expansion is interrelated - this is the expansion of oil revenues by the companies - is interrelated but non-oil-producing ventures such as uranium or chemicals or the acquisition of smaller existing oil companies, which in the end does little except make the companies larger and increase their monopoly.

Mr. Speaker, that's what we're getting from these across-the-board price increases. We are not getting additional supplies of oil, we're getting the oil companies richer and more powerful than ever before. The problem too is, Mr. Speaker, a matter of getting adequate information on exactly what the companies are doing. I would like to read further from this particular article if I might, quoting U.S. Senator Henry Jackson who was commenting on the oil companies, and he says, "The facts are," he said, "we do not have the facts," an observation no less valid today and in Canada too, M. Speaker. "More recently, the greatest black eye within the industry is being worn by the Exxon Corporation after a Nova Scotia court case revealed overcharging and deceptive accounting practices through its Canadian subsidiary, Imperial Oil. The fact that it took nothing less than a

court case to bring those facts to light shows the potential oil companies have for concealing or just glossing over a lot of basic information.

"Tax policy, too, is part of the unique nature of the business. Dome Petroleum Limited, for example, receives most of the funds for its Arctic exploration from tax-sheltered-private-drilling-fund investments."

So, Mr. Speaker, there is a lot of question I have about the value of giving across-the-board price increases to make the province of Alberta richer and to make the multinational oil companies richer than before. Mr. Speaker, the policy that I would advocate is the policy that the government of Ontario would advocate and that is a blended price. Let us indeed pay a higher price to bring the tar sands onstream.

MR. SPEAKER: Order please. The honourable member will have five minutes when this next comes up for discussion.

The Honourable Government House Leader.

MR. MERCIER: I move, seconded by the Minister of Economic Development that this House do now adjourn and resume in Committee of Supply at 8:00 o'clock.

MOTION presented and carried and the House accordingly adjourned until 2:30 tomorrow afternoon (Wednesday).