

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, March 28, 1966

MR. CHAIRMAN: The Honourable the Member for Ethelbert Plains.

MR. HRYHORCZUK: Just before we adjourned, Mr. Chairman, I was telling the members of the committee what I thought we were paying for the privilege of having Monoca of Switzerland using our renewable resources, what the taxpayers will have to contribute for Monoca's privilege. If we look at the annual report on Page 60, we find that there were 820 sawmills in operation and 502 timber sales. Well, I don't know many of these timber sales were held by the sawmill operators - that doesn't really make any difference - but they produced a total of 29 some odd million cubic feet, and this gave the Province of Manitoba a revenue of 900,000 in the stumpage dues. Here we have Monoca of Switzerland who will use approximately 25.6 million feet, which is pretty close to what last year's production was, which will cost the taxpayer not less than a half a million dollars a year. Or, if you looked at these two operations, you'd see that there's approximately 1,400,000 difference annually.

Now coming back to The Pas. In the Town of The Pas itself for many years there was a sawmill, a very efficient sawmill I might say, Mr. Chairman. I went through this mill back in 1927. I don't know what the output of the mill was but the carriages were operated by steam and the saws were not circular saws, they were the chain saw, a bunch of gang saws, and every bit of usable material was used for one purpose or another. Now, I don't know how many years that mill operated in that area but I'd say it would be for quite a number of years, probably 40 to 50 years, and the virgin timber in and around, or the first rows, was pretty well cut out by this mill. I don't know when it discontinued its operations; I don't think it discontinued them very long ago, and if it did there no doubt was a smaller mill put in its place. But what I'm trying to point out, Mr. Chairman, is this, that immediately around The Pas - and when I say "immediately" I mean within probably 20-25 miles - it will all be an overcut area; that is, that this particular mill that is going in there now will be cutting second growth timber. I wonder whether the people who have entered into this alleged agreement - I say alleged because I haven't seen it - really know what they are getting into up at The Pas; and this only strengthens my argument that we should have more mills in that area located at strategic points.

What we are doing in the north is exactly what we are trying to get away from doing in the south. We are centralizing in the north, not learning by past experience that we want to de-centralize industry as much as possible. Here in the south we are using every effort and spending a lot of money to de-centralize; in the north we are doing exactly the opposite; and you can readily understand, Mr. Chairman, what it would mean to some of those communities - and some of them are fairly large, like Thicket Portage and Wabowden and there are any number of them - what it would mean to them if they had a sawmill operating the year round producing, say, 50,000 feet a day or somewhere in around that neighborhood, or even 25,000 for that matter, that would employ most of the fathers of the families in the areas and they wouldn't have to start moving into The Pas or anywhere else. I want to mention at this time, too, just before I sit down, Mr. Chairman, that I think that the most efficient way to operate in any area is to cut all commercial timber in the one operation instead of having the next man go into an over-cut area and have to put up with stumps and so forth - anybody that has been in bush operations knows just what I mean, because then the roads are more costly, it's much harder to build your roads into these areas, to get into the timber you want to take out because of the stumps that are left by the operators that were there before you.

I think I'll leave it at that. I want to repeat Mr. Chairman, that I do hope, I do hope that the plans of the government materialize. I am only expressing an opinion; I may be wrong; but it looks to me as if there is just the odd possibility that we did not look at this overall picture as we should have.

MR. CHERNIACK: Mr. Chairman, I enjoyed listening and learning from the Honourable Member from Ethelbert Plains on the problems involved in pulp operations and forestry. I must admit that all I know about it is the occasion when my army unit was camped up in Northern Vancouver Island without fuel, and we were sent out to get some fuel and we found that the best fuel was in the form of telephone poles that were not being used. There is still a bill floating around somewhere for \$97.50 which I doubt if the government has paid. However, I'll try and make up for my shortcomings.

Starting first, as I do, with the commendation that the Minister gave to his Deputy, Mr. Stuart Anderson, certainly very well-deserved, a man for whom I have the highest regard and who I think must be a tremendous asset in the department. I listened to what the Honourable

(MR. CHERNIACK, cont'd) . . . Minister had to say about shortage of staff and the need for staff, and I see that his report points that out because apparently he is using his Deputy Minister in log rolling or breaking up log jams as is recorded for posterity in the picture which appears on Page 6. I think possibly those aren't his greatest attributes but if the Minister needs that kind of help I gather he's available for that purpose. I don't even know if he's the one who also appears on Page 1 - there are two of them there - and if he is, he must be very busy, which of course explains the photograph of the Minister talking on some sort of a broadcast operation, no doubt looking for his deputy. I think we ought to support the Minister in his attempt to obtain more staff.

We did speak, though, of reforestation and I wonder if the Minister could clarify for me the need for a voluntary organization named the Prairie Provinces Forestry Association to go out to the public to raise funds for the purpose, as I understand it, of reforestation. I see they do an educational job; I have no doubt that they can do a good job in that respect. I have no doubt that it's very valuable to encourage individuals to participate in projects of this type, but I do wonder at the need for them to go out for public subscriptions and ask for money for a purpose, as I understood it, of planting trees which according to the annual report on Page 62 reports a tremendous undertaking by the government in tree planting. However, I suppose we'll hear from the Minister as to the need for this organization.

I'd like to ask the Minister what is happening in regard to his department and the government in connection with the recreational area in and around Winnipeg Beach. It's not the first time that the question has been raised as to just what the department is doing to attempt to revive what is a pretty rough situation in regard to the attractions at Winnipeg Beach and the other areas, and when one considers the vast amounts of money the government is spending in other areas of the province in this field, I would like to know, is the government, or is it not, doing something specific in connection with Winnipeg Beach?

The question of the pulp mill that has been raised is one that I'm looking forward to hearing about. I presume the Minister will deal with the questions that have already been raised so that we will become more familiar with the picture as to just what are the plans. The address made in introducing the subject of the pulp mill to the House, and indeed to the province, indicated clearly that the province itself was not advancing any money or putting up any money to assist this endeavour in setting up its plant. I understood that there was some road work going to be done; there were concessions being made in terms of the stumpage fee to be paid; but no money is being loaned to them, although as I think the Minister of Industry & Commerce said, they would have a right to apply to the Manitoba Development Fund. We may yet find out where that \$50 million will be used by the Fund.

However, I'm anxious to know just what the investment will be on the part of the government in this operation and what protection the government is looking for in terms of the future, the long range future. We had a very interesting and dangerous situation some three years ago in connection with the San Antonio Mines in Bissett, and although the monies are not repayable for another two years, I believe, the government was to have received constant regular reports on the operations. I think it's probably high time that we get that report and find out how they are doing. I don't think anybody in the House was too concerned with the monies that were advanced and when and how and if they would be repaid, providing this community was kept alive and working for the benefit of the people living in it and of the province, but I'm wondering whether the problem that arose three years ago may repeat itself, and what is being done to prevent a repetition of this problem. Now I doubt very much if anything could be done for Bissett itself to prevent a repetition unless there were enough profits involved in the San Antonio Mines to ensure some preparation for the future, and as I recall it, one of the criticisms that I had, whether I voiced them or not, in regard to the agreement with San Antonio Mines, was that there did not seem to be a provision made that in the event that they get back on their feet, there would then be some sort of, if you want to call it depreciation allowance, or something set aside to prevent the recurrence of some problem such as this, and the question arises about the pulp mill or about any other endeavour that the government is aware of that starts up now in the far north forming a new community, a company town, and just how the government looks at its agreements with the various firms that are involved. Is there provision made in some way to protect against the creation of a ghost town when for one reason or another it becomes economically necessary to close up the town? We've had that experience in Manitoba and certainly it has occurred in various parts of Canada, where for some reason the need for the product or the ability to get it out of the ground has terminated and a town was left without any ability to continue

(MR. CHERNIACK, cont'd) . . . to support itself, with many many thousands of dollars in investment left there and suddenly becoming useless. I'm speaking now in terms of property owned by residents, life savings sunk into one or another of these towns, and I would like to think that the government is visionary enough that in its negotiations and dealings with the pulp mill operation or any other, that it does make some sort of provision for that. There are always provisions made for various contingent requirements of all companies, mining companies -- well, all companies. And it seems to me that it would be reasonable that where we have agreed to a reserve for various contingencies, for various needs that might arise, there ought, too, to be a reserve for the eventuality of the company going out of business and leaving families, people, investments, stranded in towns which are no longer economically justified. I refer in passing only, to this heating operation in the River Heights area where a company says, "We are about to go broke; we want to close up shop; we have no reserve to take care of our customers to whom we've serviced up to now and who are now put to a substantial expense because of that closing up."

So I'd like to hear, in addition to the other questions we've heard asked in regard to the pulp mill, just what provision is being made in that agreement or in any other in relation to the problems that might arise, and indeed did arise in Bissett.

MR. LEMUEL HARRIS (Logan): Whereas Manitoba is rich in suitable raw materials, and for primary chemical industries, the establishment of primary chemical industries in the province would encourage a wide basic secondary industry by local business and co-ops, that the Government of Manitoba with the funds from a new proposed Manitoba Development Corporation set up four or five corporations such as caustic soda and a chlorine plant at Neepawa, a methanol plant at Brandon, and a starch extract at Portage la Prairie, to produce primary chemicals in the Province of Manitoba. Manitoba and Ontario produce 80 percent of the world's nickel of which 98 percent is exported. Manitoba has North America's largest deposit of chromite and abundant sources of cheap hydro electric power.

The foregoing is all that is necessary to develop a large stainless steel industry in the province. The Manitoba Government in concertation with Ontario had a gradually increasing royalty to nickel which would not be applied to nickel consumed in the province by industrial users, such as was done in Ontario and Quebec to encourage the establishment of newspaper industry in Manitoba. With this and everything else that goes along, we have all kinds of different metals here in Manitoba and different clays, and I see here they are talking about a pig industry and they have some of the finest clay in the world as was produced in China for the last two or three thousand years. We have the material to go with these clays to produce the finest china that is going, and I cannot see why we cannot produce a plant here to compete with any china that is put out by any other nation in the world. It is only up to us to go out and do so, but have we got the will to do that? It seems to me that with this pulp industry we have given everything away and everything that comes along we are so, it seems so far away from everything we have to give it away so that we have to make a nickel on it where we should be making a dollar. So I feel that all these things should be run by the Crown, regardless to how it goes, and come back to the people. But we are giving them away to other people and we are going to have to pay for what they are going to take out after they are through with us. Thank you.

MR. LYON: Mr. Chairman, if my honourable friends opposite have exhausted themselves, I'm quite happy to participate in this debate.

I want first of all to thank my honourable friend from Ethelbert Plains for his thoughts on resource development in Manitoba. I don't pretend to know as much about forestry as my honourable friend, because he not only lives in a forestry area and has lived there all his life, he knows something about the actual workings of forestry in Manitoba from a practical standpoint, so I must defer on some matters to his superior knowledge when it comes to this very important topic. I do feel, however, that he's under some rather important misapprehensions concerning the development of the new integrated forest industry at The Pas, and in my own modest way I'll try to put him straight on some of the points that he has raised in the course of comments with respect to the new pulp development.

As a layman looking at the forest industry, I tend to regard it something like the human race, because a tree is very much like a human being. It's born, it grows, it goes through an infantile stage, it goes into a stage of adulthood, a stage of maturity, and then it gets into a stage -- as some of us do if we live long enough -- of senility, and ultimately it dies; and if no use is made of that tree during its life span, whatever it may be -- a quick-growing variety it may be, in the northern areas it may be up to 85 years, 50 years; a slower-growing variety it may be

(MR. LYON, cont'd) . . . 100 years or more years - and if no use is made of that tree we find that it presents the same picture to the rest of mankind as the human being who really doesn't use the resources that he has and who is not put to proper use by those who are responsible for resource management. This is, I suppose, a very simple or kindergarten way of saying that forestry, forest resource, is a renewable resource. It has a life span, and if it is not used during that life span then it either rots away or is burned away as is the case quite often with large tracts of forests which are inaccessible and where the degree of protection that a government can offer to a forest is minimal because the chance of developing it within a matter of five, ten or fifteen or twenty years is very unlikely. And so, as with all renewable resources, the attempt by government or by the private sector of the economy should be to try to utilize that resource which is a renewable one during its maximum period of benefit to the people in the province.

That is precisely what we are trying to do at The Pas. We have had in northern Manitoba, in this acreage that my honourable friend talks about, this 40,000 square miles, a renewable resource which has been in large measure growing, reaching maturity, then reaching its over-mature stage and eventually dying, rotting and forming humus on which or in which the seeds of the next generation of trees will grow. There have been some small operations taking place in northern Manitoba, that's very true, but the amount of exploitation of that resource - and I use the word "exploitation" in the best economic sense of that word - has been minimal, with the result that we in effect have had a resource in northern Manitoba which the people of Manitoba have really been getting no benefit from. Furthermore it's a resource the maintenance of which has cost the people of Manitoba some money in terms of forest fire protection, in terms of other surveys and other forms of maintenance that are required from time to time in order to ensure that you do maintain it in the hope that somebody will come along some day and use it.

Well that day has now dawned in Manitoba, and far from saying that this is a bad day because we are giving away the resources of Manitoba, I would expect my honourable friend from Ethelbert Plains, above all, to stand up and cheer because he knows the benefit of the utilization of a renewable resource. And here, for the first time on a large scale we have this large wasting resource (and that's what it has been up until the present time) now going to be put to productive use for the people of Manitoba, and I don't think necessarily only in terms of productive use meaning a return to the tax coffers of the province, because I think in terms of a productive use meaning first of all an industry for a community, and all that flows from that. I think of the thousand or more jobs that that wasting resource is now going to provide for people primarily in that northern community, and I think of a community such as The Pas, which is so ably represented by my desk mate, the Minister of Welfare, which is going to reap the immediate and the direct benefit from the utilization of this formerly wasting resource by seeing economic development take place there which will result, according to the best forecasts we have, in an approximate doubling of the population of The Pas over the next nine to ten years. These are some of the benefits that I see flowing from it.

I can see construction going on in The Pas, first of all at the plant which will be required to process the pulp. I can see further construction going on in terms of the four or five hundred homes that may be necessary to accommodate the workers who are going to be working in this plant or in connection with some aspect of the forest industry. I can see new apartment blocks going up in The Pas to provide further accommodation for these people. I can see such things as shopping centres that will have to be built, new commercial enterprises moving in to service this enlarged area of people, this growth area, which is what is going to happen to The Pas, because this formerly wasting resource is now going to be put to productive use.

I can see the transportation industry in Manitoba reaping a big benefit from this kind of development in northern Manitoba, both the truck transportation, the rail transportation and indeed the air transportation, because of the increased activity that will be generated by this new and very large industry locating in an area of Manitoba where no industry of this magnitude has been located before.

So these are some of the benefits that I see flowing from a forest development centred around The Pas and encompassing this 40,000 mile area; and in addition to that, even though my honourable friend may disagree with this, I can see that the Province of Manitoba will be getting some revenue from this particular source in terms of stumpage, which we were not getting before, because out of this 40,000 square miles of forest reserve, Crown forest reserve, we have an annual allowable cut which is many times in excess of what has been taken out with the result, as I have mentioned before, that the trees were either rotting or burning and we were

(MR. LYON, cont'd) . . . paying for the fire protection even though we weren't getting a return from them, but I can see now that there will begin to be a return even with 37-1/2 cents stumpage rates for the first seven years - that's more than we were getting before. And after 7-1/2 years we're going to be getting 75 cents, and that's a lot more than we were getting before because what we were getting before was nothing; and then after 15 years, as my honourable friend has mentioned, the stumpage rate being keyed in to the pulp industry in North America, to determine what a fair return would be for the utilization of the trees in this area.

There is a tendency, I think, for people to think of a forest reserve or a berth in terms of a company having complete control over a large area. Now my honourable friend will know this as well as I, but basically, all that is given to an entrepreneur who is going to exploit this renewable resource, is the right to cut trees. And he is given this right to cut trees - and here I want to firmly assure my honourable friend - he is given this right to cut this forest on the basis of sustained yield, because this principle certainly is embodied in the arrangement with the new pulp company which is locating in northern Manitoba. I can't imagine the Bill Schortinghuis of this world, or the Web Websters, the directors of forest management, or the other professional foresters that we have in Manitoba who introduced the principle of sustained yield, allowing any government, whether it be this or any other government that may in 25 or 30 or 50 years succeed this government, I can't imagine those professional people allowing any exploitation that would not be based, as certainly this is based, upon the sustained yield principle. And we have a good harvestable yield.

Another analogy, you might look upon forests in a longer chronological sense, something like a crop of wheat, as something that renews itself; and this annual cropping of quite large amounts of timber, pulp, can be taken off on an annual sustained yield basis, an annual allowable cut which will permit the regeneration of the same amount so that you can continue cutting the same amount for a period theoretically to infinity, provided of course that you're not infested by insects or that you don't have too many major problems with forest fires. And so, far from looking at it from the limited standpoint of my honourable friend, I still regard this development at The Pas as one of the great stepping stones in the economic development of the future of this province, because all of these benefits that I have talked about certainly will flow from it, and in addition to it, the Public Treasury will be getting extra money that it was not getting before.

I wonder if my honourable friend is aware that in at least one province that I can think of in Canada where a pulp industry was developed on a fairly intensive scale, no stumpage dues are paid at all to the Provincial Government. This was one of the incentives that the administration of that time saw fit to extend to the private enterprise field to get them to develop this renewable resource. And so I think that the stumpage dues that are being charged will be found to be a reasonable return, having regard to the problems that are inherent in the development of this kind of a resource, the problems of accessibility which my honourable friend has dealt with, and so on. And the fact that we get stumpage dues back in money in the pot, money that we didn't have before, and money that will be of benefit to the people of Manitoba in so many other ways than the limited taxation . . .

I think, as well, of what my honourable friend said about the number of small mills that we have in Manitoba and the kind of exploitation that is taking place in this general area at the present time. He will recall, he will know from his own days when he sat on the Treasury bench that the exploitation has been minimal up to the present time. Some would say that there has been in fact a form of hydrating going on - and I don't mean that in a derogatory sense - but the forest operators have been going in, taking a specific specie of wood for the specific purpose that they wanted, and taking the best stands and the most closely accessible stands, which is only right and proper and makes economic sense.

But the important word, I think, in this new forestry development is "integrated", and integrated means that they will have a use for all the wood that they cut. They will not only have the -- let's start first of all with the sawmill; a large sawmill indeed, and a sawmill that we certainly hope and expect will be up to high standard and will turn out high standard material that will find a ready market in the Province of Manitoba. The chips from this mill can be utilized in turn - part of this integrated operation - eventually in the pulp process, and the foresters, the cutters don't have to go into the forest and look only for certain types of wood that are suitable for sawmills; they can go in and they can harvest on a general basis the trees that they come on. But as my honourable friend knows much better than me, you don't just

(MR. LYON, cont'd) . . . necessarily find one specie of tree growing in one tremendously large area with no other species present, you find species intermingled, one among the other, and so if you can harvest these and find multiple use for these different species through your pulp mill, through your sawmill, through the utilization of your chips and so on, then you have what the professional foresters regard as a truly integrated operation which results in better cropping of the resource and which results in the highest utilization of that resource through the various media into which this wood is followed, whether it be pulp, whether it be ultimately some time perhaps a chipboard plant, whether it be through the sawmill, whether it be box factory, or whatever. But my honourable friend gets the drift of what I'm talking about -- the maximum use of the resource through the multiple areas in which wood can be used in an integrated industry. And this is what we have and this is why we're so delighted to see the maximization of the use of this resource which will take place from this projected development in northern Manitoba.

Now I don't know if there is much else that I can say in a general way. I should mention that the present operators in this area, because of the large amount of the allowable annual cut that our people feel is there, have, as the Minister of Industry and Commerce indicated in the announcement when the pulp project was announced, have been protected not only to the extent of their present annual allowable cut, but double their annual allowable cut, still leaving all the timber and all the pulpwood that is necessary for the development of this huge project. And so I think this is good: (a) for Manitoba; (b) for the forest resource in Manitoba; (c) for the people of The Pas and that whole surrounding area because of the economic activity that will be generated by it; (d) for existing operators, because they still have a large future ahead of them, not only in terms of their own cutting but in terms of the kind of cutting that will be generated and necessary to supply this integrated industry which will be established there.

Now, I don't know that there's much else that I can say at this time except perhaps to reiterate what I said earlier. We will have not all sweetness and light; we've got work to do. The province will have certain obligations with respect to roads as has been mentioned by the Minister of Industry and Commerce; but again, if one chooses one can look at this in a negative sense, but I suggest that we should look at this in a very positive sense because what does the north need more than accessible roads? These roads are not being built purely for the forest industry; these will be public roads, the ones in which the province is interested, built, which will result or can result in mineral exploration roads; they can be used for recreation as well. And so anything, any kind of economic activity which generates road building in this particular sector of Manitoba certainly can't be looked upon as being something that will hinder the development or be bad for the province.

Forest fire protection I have already mentioned. We are giving forest fire protection to the area at the present time with no great return for it. We will continue to give forest fire protection to the area on a more intensive basis than we have in the past because we will have this great resource, which is now being utilized, to protect. But these are things that we were going to be doing in any case, and so to attribute their cost solely to the development of the new project at The Pas, I think would be a wrong thing to do.

There will be a stimulative effect as well on the inventorying of this total area and areas that surround it, and of course you know you have to have proper inventories of all resources, particularly your forest resource, to give people who are interested a general idea of what kind of a resource you have and whether it's there in manageable proportions, and its accessibility, and so on. And this again is good, not just for the company, but this is good for Manitoba because it gives us a better idea of the kind of resource that we have which heretofore has been wasting and which has not been the benefit to the people that it might well have been.

I could be awfully facetious but I am not in a facetious mood tonight. My honourable friend said, "Why did it take this government seven years to establish a forest industry at The Pas?" My honourable friend knows quite well a question I might ask him in turn. Why did it take our predecessors so much time and they didn't even establish one? But I am not going to belabour that point at all. The fact - and the important fact - is that the industry is here, and I think this is something in which all Manitobans should rejoice because it will mean economic acceleration not only for that region of Manitoba but it will be a boom over the long period for all the people of Manitoba.

My honourable friend from St. John's asked about the Prairie Provinces' Forestry Association. This is a group which has been established now for some years to forward and to present to the public information with respect to the value of forest cover, some information with respect to the value of the industry to the country, and more particularly however, I think, information particularly to our youngsters with respect to the value of this resource and the

(MR. LYON, cont'd) . . . efforts that should be made by all, whether young or old, to preserve it through careful habits while we are in forested areas on recreation or hunting or for whatever purpose we are there.

I can't give my honourable friend the exact figures but certainly I know they are available and I can soon get them, to indicate to him the kind of field work that is done by the Prairie Provinces Forestry Association and their very able Executive-Director, Mr. Beaven, who has been working in this field for many years. The organization is supported by private subscriptions from industry, from individuals, and has been for many years to the best of my knowledge supported as well by a grant from the Province of Manitoba. At our forest station down at Hadashville, Mr. Beaven brings groups of youngsters from all over Manitoba. Each year he shows them the kind of research work that goes on there; he shows them the kind of sample plantings that go on there; he encourages them to take an interest in the different species of wood that we have in Manitoba, to be able to identify the various kinds of trees that are so important to us from an aesthetic as well as an industrial sense and, generally speaking, the work that they do gives a much better understanding to our young people of this forest resource and of the beauty of the forest than perhaps any other organization that I am aware of. So they are a most worthwhile organization, one that certainly deserves the support of the people of Manitoba and the many people who subscribe to them privately.

He asked a question about Winnipeg Beach and I merely say to him that there was the recreational study made on that area, on the whole west lake area, the west shoreline of Lake Winnipeg, and that report is currently under consideration by the departments of government who are concerned with it.

He asked for a report on the San Antonio Mines and I can give him a brief report tonight of some of the matters in connection with that mine that have transpired over the past year. I should say first of all, Mr. Chairman, that the important thing about the community of Bissett today is that it is still functioning as the community of Bissett. That was the main aim and purpose of the enabling legislation that was put through this Legislature some three years ago to provide assistance for exploration to the San Antonio Mine Company in order to keep the community going, and I think that's what motivated all of us who supported that bill, almost unanimously as we did. Since that time the Company has lived up to all of its exploration requirements under the agreement that was entered into. The Company has received the total amount of the loan money that was authorized by that Act, some \$240,000, and has expended almost twice that amount in exploration since that time. In addition, the Company has, since the period when the Act was put through this House, put in capital expenditures in excess -- fixed assets expenditures in excess of \$200,000 thereby indicating that there were improvements that they wished to make and that they had some feeling that there was a future to this mine.

Their besetting problem (and I'm speaking now of the Mining Company) throughout this whole period has been the question of manpower. They have had a shortage of manpower off and on ever since this matter became a matter of public concern some three years ago. I'm sorry to say that from the latest reports that I have from the mine, that problem is still with them and they don't have sufficient personnel to break the quantity of rock that is required to keep the mine going on a continuously profit-making strain. In addition to that, their financial condition became such last fall that they came to the provincial government and indicated that unless they had support, not by way of loan but by way of something similar to the grant they received from the Federal Government under the Emergency Gold Mining Legislation, that they would have to consider ceasing operations very shortly. We immediately made contact with the federal authorities and asked them whether or not there was any opportunity of the mine receiving further EGMA assistance to see them over this critical period of manpower and money shortage, and while we did not receive the 100% support that we were asking for the mine, we did finally reach a compromise with the Federal Government whereby that government agreed, if Manitoba would agree, to a straight subsidy on a 50-50 basis of \$90,000 which was paid to the mine just before the end of the last calendar year, to be paid to the mine on the basis of \$15,000 per month and, as I mentioned, to be shared 50-50 by each government, the Manitoba share to be of course \$45,000.

Now that is the latest stage of the mine. The mine has been operating continuously over the past three years. The prognosis with respect to ore I would have to leave to those people who are responsible for the operations of the mine, because of course the position of the government with respect to its loan is that in effect of a first mortgagee; we can recover our loan money, should the mine ever cease operations, out of the assets of the company whether they be fixed

(MR. LYON, cont'd) . . . assets or whether they be cash assets. The operation of the mine, however, is a matter that is and always has been the concern of the operators themselves, but this is the position to date. Manpower continues to be a most vexed area with the mine. I think we should all keep in mind, of course, that mining is what the economists call a suicidal or a non-renewable resource, and ultimately all mines do have to come to an end and that situation will face all mines in Manitoba sooner or later; that is, when they run out of additional supplies of ore which they are fortunate enough to find in near proximity to their operation. Fortunately, we have not had too much experience of this nature in the province. It's much more common in other provinces where I am told, for instance, this year in the Province of Ontario something like four gold mines will be closing, but we should keep in mind the fact always that, as opposed to the forestry industry, the mineral industry is a non-renewable resource. You take it out, and once you have taken it out there is nothing more to take out if you exhaust all of the mineralization in a certain area. Unlike forestry, it doesn't reseed itself and come back with new veins. That is why, of course, we are very much interested in the exploration program that is being carried on, the very extensive one that is being carried on in Manitoba at the present time, and that is why we wish to encourage, and encourage as much as we do, the participation by all mining companies in further exploration in the mineralized areas of this province.

I don't believe there are any other questions that I have left unanswered at this time.

MR. CHERNIACK: Mr. Chairman, just picking up from where the Honourable Minister left off, I understand that he was spelling out to us the facts of life about non-renewable resources, saying -- he didn't say it but I suppose he means, "This is the way the ball bounces. When you run out of stock you close up shop." But during all this time that a mine is productive and the shareholders are taking their profits out of the mine and out of the resources of the country and declaring dividends, during all this time their employees are probably investing substantial sums of money more and more as they purchase their homes and as they start paying off their mortgages, and maybe by the time the mine runs out of resources the mortgages are paid up and here you've got all sort of employees of this company stuck.

Now I understand the facts of life and I understand the basic economics lessons that I took many years ago, but is it then a fact that this government is not making any preparations now I understand for the knowledge that there will come a time when the resource is used up and the town is a ghost town. I had suggested that in the original agreement involved in the royalty deal or whatever occasion the government has to do business with the setting up of a new enterprise, that there should be provision made at the time, that there should be something left to take care of this probability, because as the Minister says, we know it happens. Fortunately it hasn't happened too much in Manitoba, so we now know from what he himself says that it's going to happen, so either we should know soon enough that it's going to happen so that we can start thinking in terms of broadening the base of that town as to going into other fields of endeavour, or if we feel there is nothing else that that town could do but close up shop then we should be prepared for that well in advance so that we are not faced with an emergency situation which was our problem three years ago.

MR. HRYHORCZUK: Mr. Chairman, I do not have any quarrel with the Honourable Minister. Many statements that he made in reply to me throughout the years, ever since this government has been in power, I was one that kept asking him when we can expect a pulp mill in the north. I am fully aware of the fact that if you don't harvest your timbers when they are mature, they become over-matured and then you have a lot of waste. I spent some time in this area during the past four or five years, and I do know what some of the operators there now have to put up with. One in particular who paid \$14.00 a thousand for lumber, is operating oh, about 10 to 12 miles off the highway and in part of this timber sale there was a virgin stand of spruce. A large part of it was rotten, had been over-matured; it should have been taken out years ago. That I can understand. I do not argue with the Minister as to whether we should harvest this timber. It is how we should harvest it, and whether sufficient thought was given to this particular agreement that the government entered into with Monoca from Switzerland. I am satisfied that our producers - not talking about the pulp mill in itself, but as far as producing pulp, either the debarked type or export, or for the mill, or the saw timber; I'm quite sure that our operators in this province could have very well handled all of that - would have been willing to pay considerably higher dues than what Monoca is going to pay and the government would not have had to spend \$1 million on access roads.

These operators had been paying their own way for years. I know of one operator in this same area that made 30 miles of winter road in order to get into his sale. He had no assistance from the government; he did it on his own, and that is the reason why I feel that there could be a

(MR. HRYHORCZUK, cont'd) . . . mistake, a very grievous mistake in this particular arrangement. Now the Honourable Minister says to us, those forests were there for years and bore us no revenue; we at least are going to get some revenue out of them. But Mr. Chairman, for every dollar in stumpage dues that we get, we pay out \$7.00 out of our Consolidated Fund. That's at least \$7.00; it could be considerably higher because we have no idea what the cost of these all weather roads are going to be, or the winter roads, that the government has undertaken to build. I don't call that a good deal. If I've got to spend \$7.00 to make \$1.00 I certainly don't call it a good deal, whatever effect it may have elsewhere, but had it been done in the manner in which I proposed, then we would not have paid \$7.00 for every \$1.00 that we spent. We'd probably obtain \$7.00 for every \$1.00 we spent. It would be just the reverse.

The Honourable Minister tells us that he has good forestry officials and that they wouldn't allow any government, no matter who it is, to do anything that would cut out the policy of sustained yield. Well, in the past seven years, Mr. Chairman, I've seen a lot of things done by this government that I'm sure was not proposed by the officers of the various departments, and it would not surprise me one bit that the Honourable Minister's staff are not too happy about this arrangement. He tells us that one province allowed a company to come in and that company pays no stumpage of any kind. That is quite possible. We don't know what the circumstances are so we can't argue that, but I can say this, Mr. Chairman. If one province has made a poor deal it certainly is no excuse for us to make one, because I am quite sure that there are other provinces that have made better deals than what we have made right here.

Now, he was talking about utilization of all species, Mr. Chairman. In this particular area, outside of spruce and tamarack and probably some cedar, there is very little of other species. You'll find some poplar and birch on ridges but the vast majority of the stands of timber in this area is spruce, which is utilized for pulpwood. So as far as maximum use is concerned, as far as other species are concerned, I don't think that they enter into this picture to any large degree.

Now he tells us that the present operators are going to be assured of their quotas and maybe their quotas will be doubled. Well I don't know, Mr. Chairman, whether he should stick his neck out that far, because he does not know how much timber there is in that area, and I'm quite sure if it is found that all the timber that is in the area can be utilized by the Monoca of Switzerland that our private operators will be asked to get out, not have their rights to produce doubled, but if that timber is not there it will be Monoca that will have the preference and not our Manitoba operators.

He tells us the roads will not only be used for timber purposes, forestry purposes, they will be used by the public, another economic activity. May I remind him that not a single mine was established in the north because a road had been put into the area. The mines of Lynn Lake, Thompson, all of these mines were put in there, there was not a road into them and some of them haven't got a road yet.

I don't think we have to worry too much about the International Nickel not starting up a mine because there's no road there, nor do we have to worry about a prospector looking for a road so that he can trudge into the bush because our prospectors don't work that way, Mr. Chairman. If they start following roads through the bush looking for minerals, I'm afraid they're not going to find very many.

Of course, he couldn't help it - and I don't blame him - he couldn't help but say, well why didn't the former government establish a paper mill up there? Well, I'd like to remind him that there was one paper mill established by the former government, but the former government did things a little differently than what this government does. We believe in doing only when we know what we're about, and certainly without the inventories being completed up there it is doubtful whether we'd be prepared to enter into an arrangement with Monoca or anybody else. And again I must remind the Committee, Mr. Chairman, that we do not know what this agreement contains. We do not know the conditions of agreement. We do not know what the formula is going to be after 15 years of operation. We do not know how much timber there is in this area. And I want to repeat, Mr. Chairman, that we have many operators in the Province of Manitoba who would have been glad to get into that area and supply the pulp and timber that the mills and the pulp mill would require.

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(MR. HRYHORCZUK cont'd).

Now, Mr. Chairman, it looks to me as if this announcement or statement was made in somewhat of a hurry, probably during one of the many flights that were made by the First Minister, because if we look at some of these provisions - and I'm going to read some of them just to show you what I mean - on Page 740 of Hansard, No. 32, we read this statement: "No commitment has been made by the government to supply pulpwood to the company at a fixed price for any period." Well, is that right, Mr. Chairman? In the same announcement we are told that for the 7-1/2 years Monoca will purchase their wood at 37-1/2 cents a cord and for the next 7-1/2 years at 75 cents a cord. Then we come to the statement that "No commitment has been made by the government to supply pulpwood to the company at a fixed price for any period." Well, it has. Either this statement is wrong or the first one was wrong. They can't both be right because they're contradictory. --(Interjection)-- Well, in your language, I've often seen you paint white black and black white; probably you'll be able to do that with this.

Then on the same page we read as follows -- I don't want to read any more of this than I have to. They talk about the roads they're going to build and then they go on to say this: "The government has agreed to accelerate its program and detailed coverage will be given to the northern areas of the province over a maximum period of about eight to 10 years." They're talking about inventories now. Well I say it's kind of late to start taking inventories after you've made an agreement.

Then on Page 741: "In the past, it was difficult to justify the expenditure of substantial sums for investigations of the kind until a return from the forest was foreseen." But there is no return from the forest, Mr. Chairman. And then they go on to say that it will incorporate the latest survey -- they're talking about survey and data computing technique - "thus representing good value to the company and the government." I say as far as the company, yes; as far as the government, no.

And we read on further: "The government will continue to accept responsibility for fire protection for the area as it has in the past. This is a continuing program that has been limited in the past because of the high cost and limited returns." Well, are the returns not limited now, when we have to pay out \$7.00 for every \$1.00 we get from this project? "In general terms it may be stated the province will benefit from this project in the form of increased revenues from stumpage." Well, how can you make that kind of a statement?

And here's one that I think is worthwhile taking note of, and that appears on the bottom of Page 741: "Traffic on the Hudson Bay Line will be increased very substantially in carrying pulpwood to Churchill and in carrying raw materials, pulpwood and chips back to The Pas for manufacture." Does that mean, Mr. Chairman, that the pulpwood that is going to be cut in this 40,000 square mile area is all going to be sent to Churchill for debarking and then sent back to the pulp mill for processing? That's the way it reads. Well that company will be broke before it gets started.

And where do they expect to get any chips from this debarking process? They're debarking, they're not chipping. --(Interjection)-- Well, this is a debunking effort.

Then on 740 we have this statement: "The existence of a steady local market will remove the problem of dependence on fluctuating distant markets." Well, may I remind the Honourable Minister that his pulp mill is going to depend on these distant markets. They're not going to be selling their pulp in The Pas or Churchill, and the fluctuation in that market will affect the amount of wood that this particular pulp mill is going to utilize.

But what worries me to some degree, Mr. Chairman, is the fact that this government has had some experience in bush work, and it has been burnt at least twice and they still carry on in the same fashion. A birth plywood factory, a plywood factory was started up at Birch River - you will recall this little story, Mr. Chairman - and the operator, the initial operator wasn't able to meet his commitments to the government or to the Development Fund; they foreclosed. Then they went ahead, they found somebody else to go in there and they gave him more money and they gave him all kinds of help that was imported all the way from British Columbia, and if you look at Page 60 of the Annual Report here's what it says about that plant: "Plywood production at Birch River has been difficult because of a problem in obtaining continuous supply of poplar plywood bolts." In other words, they establish an industry and then they find out that they haven't the material that this industry needs to operate it. Incidentally, since this report was written that factory burnt down. And I hope the government was able to recoup whatever it loaned the operators.

(MR. HRYHORCZUK cont'd).....

But this is the kind of a thing that you've got to know what you're doing. Evidently you didn't at Birch River and it was only a small project; you could very easily have found out whether there was the material for this particular type of a factory. You didn't even do that, and today you ask the Legislature to approve of something that's way above anything that this factory has ever been. What assurance have we got that you have taken the proper precautions in the north? What about your Sprague attempt? Your first people in there went bust; you foreclosed; you sold them to another outfit. They're still operating. I hope they're doing well and I hope they continue to do well. I'm only pointing this out because the government in the past has not been careful and how do we know that all of a sudden they have become careful?

Now let's take a look. We have one pulp mill in Manitoba. Let's see what kind of an agreement we have with them. And here, Mr. Chairman, I have to go entirely by memory because I was in this House in the Session of 1953 when that agreement was entered into, and if I'm wrong I stand to be corrected, but a block of timber was given to the Manitoba Paper Company on certain definite conditions, and if I remember them right the conditions were as follows: That they had to maintain all production on a sustained yield basis, which simply means that 100 or 1000 years from now they will be producing just as much wood as they are producing today. They had to make certain reforestation programs. They had to have them - they're spelled right out in the agreement. They had to look after their own fire protection. They had to make their own roads; and in addition they had to purchase certain quantities of wood from outside their own area to help other pulpwood producers in the Province of Manitoba.

Now we don't know whether this agreement with Monoca of Switzerland has any of these provisions. We know it has in some of them because we're told about the road building. We're not told anything about reforestation; we are told this government is going to offer fire protection, which Manitoba Paper looks after itself, and incidentally I don't think that Manitoba Paper has had a major fire because of the care it takes.

Now there's one other little matter that I'd like to raise. Many of the statements in this announcement are based on an assumption, and the assumption is that all five stages of development will be undertaken. Well there is serious doubt whether we'll go past the third stage, which is the pulpwood mill, and

MR. EVANS: at the first stage.

MR. HRYHORCZUK: No, I didn't say that. I said we'd probably get to the third stage where there is a pulpwood, but the fourth and fifth is the sulphate plant and something else in there - I just forget what it is. But why do I say this is doubtful? Because, Mr. Chairman, if you look at Page 738 of the Hansard that I've been referring to, you will find this statement: "Stage 4 would be subject to the then existing economics of such a proposal, the establishment of a chemical furnishing plant with a minimum capacity of 50 tons per day." Subject to existing economics, whatever that means. "Stage 5 would be subject also to the then existing economics." And if that wasn't enough, then you go over -- this is a statement contained in the letter from Monoca of Switzerland to the First Minister -- but where do we stand on this particular subject? If you refer to Page 739, you'll find there, and I quote: "Subject to market conditions, the company intends to establish, along with the paper mill, a chemical pulp plant." Providing conditions are satisfactory; subject to market conditions; providing conditions are satisfactory. So there is absolutely no assurance that the fourth and fifth stage will be carried out, and yet on the assumption that it will, the rest of this announcement is based. How much value can we give to it?

Well, in conclusion, for the time being, Mr. Chairman, I would like to refer the Committee to the 1964 Forestry Act, Section 12 (1) "Timber cutting rights, including forest management licences, timber sales and different permits, shall be granted in such manner and by such means as in the opinion of the Minister secures the maximum benefit to the forestry industry of the province." Now I want the members of the committee to note that. And I say that this has not been done, and I say, because of this particular section in the Act, the government must obtain the sanction of this House to the agreement that it has entered into or intends to enter into with Monoca of Switzerland or Churchill Forestry Industries (Manitoba) Ltd., whichever one of the two you want, and I think it is only right and just that before this Legislature approves that agreement that we have a copy of that agreement tabled so that we can study it.

MR. FROESE: Mr. Chairman, I would like to make a few general remarks under the Minister's Salary. I listened with great interest to the Honourable Member for Ethelbert this afternoon when he opened debate after the Minister's very short introductory remarks. I thought the remarks by the Minister were too short. Is it just because we are limiting ourselves to 80 hours in committee that this is being done? I think if that's the case, it's not too good a practice because I think we should have a fuller statement by the Minister on the opening for discussion of a department.

The member for Ethelbert mentioned the forestry industry and the new deal, the big pulpwood coming into Manitoba. I have a number of questions that I would like to ask the Minister in connection with this new industry coming in. Does it come in under the federal industrial subsidized grant program? Will it be able to get these grants that we have been discussing under a separate resolution here in the House for several weeks now, because this means that this new company will be getting millions of dollars in grants from the Federal Government and that they very likely will put little of their own money into the venture, because once you have a certain amount of money to put into a venture like this you can borrow the rest, so that the people themselves probably will put very little money up of their own, that is if the area certainly is in the designated area as far as that is concerned and whether the program applies to this industry. I would like to know. Certainly the Honourable Minister does know if it does apply.

Then too we know from the International Nickel experience that these people own the townsite of Thompson and we as a government have provided them with the services such as schools and so on. Does this apply to The Pas? Will these people be owning the - they naturally will be owning the site of the plant - and will they also own larger portions of the town where new buildings naturally will go up. Is this the case, and will these people not have to contribute to taxes, to the schools and to the municipality in that area? These are some of the things I think we should know about. What about mineral rights? We are giving them the access to the area of 40,000 square miles. Do they also get the mineral rights with this? Is there any mention of this in the agreement? I already mentioned the matter of school and municipal taxes. Are they exempted in any way? What about the erection of new buildings on these 40,000 square miles? What is the situation? Can anyone still purchase lands in that area, and so on? To what extent, if any, has the government committed the railway to this new company? Will it interfere with the hauling of grain to the terminal at Churchill? I think these are questions that we should have some light thrown on because they most likely have been discussed and I for one would like to know a little more about the whole situation.

I notice from the Manitoba Budget and Economic Review of 1965 where the Premier and the Treasurer made such a glowing picture of the province and he also commented on natural resources in his statement, and on Page 11 of that report, I'd like to read one paragraph in particular, and I quote: "Stimulation of mining and oil exploration has resulted in several significant discoveries and investigations in 1964. Mining discoveries included the Birch Tree nickel deposit near Thompson and the Anderson Lake copper deposit near Snow Lake. The Mukasew (Fox) Lake copper zinc deposit near Lynn Lake was investigated for production. Gypsum production began at the Silver Plains mine south of Winnipeg. It is anticipated that a high-quality face-brick plant will be constructed in the province in 1965. The number of mining claims staked in 1964 almost doubled that of 1963. New programs are planned for 1965 to stimulate the development of mining activities in the province - a mineral investigation program, a change in the royalty tax provision applicable to new mines and a mining road access policy."

These are all things that were painted so glowingly, and I would ask the Minister to comment on these very points. What is the picture today? What has happened in 1965? Has all this come about? Has this new brick plant been constructed? What about the mining claims? Have they been doubled again? What about the new programs and development for this province in 1965? Has it come about? What about the royalty tax provision changes? And all the new mines and the access roads - how many have been constructed? I think these are some of the things that I would like to hear about. After all, the Minister made such a great picture of this, so let's have some report on this matter. Let's hear about the new mines that have been established during the year.

I note from the estimates that the estimates for the department are up this year from last year, but then I also note that the revenues that they anticipate from mines and natural resources will still not cover the cost of operating the department. It is still short. Now I

(MR. FROESE cont'd).....think after all these years that they have now been in office, that certainly something should have been brought about to at least cover the cost of operating the department, let alone showing some revenues that should go toward the cost of operating the government. We see the provinces to the west of us all getting enormous amounts of funds from their natural resources to cover costs of government. Why can't something more be done in Manitoba? I think there's definitely something lacking and I'm just wondering whether when we do get an industry that we're not giving them such large concessions that there is nothing left for the people of this province.

I note from the report of the International Nickel Company in 1965 that they certainly show large earnings. There is no separation made in the statement of how much of this came from the nickel mines in Manitoba, but certainly in their statement of consolidated earnings for the year ending December 31, 1965, they show net earnings of \$143,794,000. This is after they have set aside funds for income tax, for depreciation, pension plans, reserves of different kinds, so that they have their kitty well stuffed and yet show a large surplus. And when we get out of the \$143 million - we get probably some \$4 million - this isn't very much. Certainly I think there is room, lots of room for improvement. These are a few of the matters that I wanted to touch on under the Minister's salary. I certainly will have some further remarks to make as we go along.

MR. CHAIRMAN: (Resolutions Nos. 62 to 66 were read section by section and passed.) Resolution No. 67 - (a)--

MR. SHOEMAKER: Mr. Chairman, I thought I'd better give you a little rest here. You are the hardest working fellow in the last two or three seconds there.

On the two or three trips that I made up to Grand Rapids I made it a point to enquire as to whether or not there was provision made when the huge dam was built to allow the fish to go upstream, and I think the answer has always been in the negative. Now what is this likely to do to the fish population in the years to come? That would be my number one question that I certainly expect to get some kind of an answer on before we pass this item.

On this same subject, an article appearing in the Free Press last year said in respect to a lot of the wildlife in the immediate area that many of them were doomed to die, and I wonder if a survey was taken to determine in fact the amount of wildlife that did die as a result of the flooding in the forebay area. This article goes on to say that what was once a huge duck and goose breeding area is fast disappearing under water. What effect has this had on the future hunting industry?

Last year when this famous Goose Preserve area was being discussed at great length, my honourable friend the Minister said in trying to justify the purchase of the Goose Preserve that every duck that was shot in Manitoba was worth about \$9.77. As a matter of fact on Page 116 of last year's Hansard he says that, "In 1947 the Illinois Natural History Survey in a carefully prepared study of hunter expenses arrived at the figure of \$9.77 as the actual cost of each duck to the hunter," and I'm not arguing against that if that was the result of a very careful survey. Those were 1947 figures, and if they were true in 1947, my guess is that the value of every wild duck shot today would be worth roughly \$20.00. Surely then we don't want to see their habitat destroyed, if it has in fact been destroyed as is suggested by Stan Bentham in this article that appeared less than a year ago in the Free Press, because this is a pretty disturbing article.

Now I think it was Friday of last week, Mr. Chairman, that the Honourable Member for Swan River moved second reading of a private bill in the House that had to do with the preservation of wildlife, and I spoke on it at that time, and congratulated my honourable friend for introducing it into the House. I went on to say that if we had an abundance of wildlife, and in particular wild bird life, that it was in fact due to a lot of farmers in the areas for feeding them. I made a telephone call to a couple of farmers in Langruth since the supper hour to enquire of them as to crop damage in their areas last year, and they informed me that it was quite extensive. I was told that their banging machines, for the lack of a better word - I forget what my honourable friend calls them - these shooting machines and shells --(Interjection)-- Bangers I'm informed - bangers - they set them up in the fields but really all this does is scare them out of one field into another field. That is you can't fill their gizzards with bangers. They've got to be filled with something, the same as my honourable friend if he was shot at - and he's been shot at quite frequently in the last couple of hours - it doesn't whet his appetite or take his appetite away. He's still got to have some food, not only food for thought but food in his gizzard the same as the Sandhill Cranes and the ducks have to have.

(MR. SHOEMAKER cont'd).....

Now there was a pretty good program started about 1956 and 1957, and I think in 1958, on what was called the Duck Feeding Program. I made a trip out to the area at Langruth one day when they were feeding the ducks, and believe me the ducks never had it so good. It was really effective, because all they were doing was running out with a truckload - I think they were using barley the day I was there - and tipped the box up and ran along on the beach and spread the feed out and the ducks were there by the thousands gobbling it up and they stayed out of the fields.

Now the only time, as my honourable friend knows, that you have to do this is in the real wet weather. If the farmer gets all his crop down in the swath and it comes a rain and it's there for two or three days, the wild ducks certainly play havoc with it. They eat a lot of it and they trample a lot more of it into the ground. The farmers in the area can't seem to understand why they gave up this duck feeding program and replaced it with these bangers because they are not as effective by any stretch of the imagination as the feeding was, because as I said before, all it does is scare them from one field off onto another, and if you had a banging machine in every field it would still scare them into somebody else's field even 20 or 25 miles away. So I would like to know from my honourable friend why they gave up this duck feeding program when it was apparently so successful, and what his philosophy is in this regard.

Now when I spoke on the Bill the other day, this Wildlife Bill, I said that I was very much in favor of setting up some kind of a program to compensate the farmers for the damage done by wildlife, and I notice my honourable friend the Minister of Agriculture is taking his seat now and he will likely say this is all taken care of with our crop insurance program. It is to a degree. It is if every farmer in the area has crop insurance and if he does suffer a loss beyond about 50 percent, because as he knows, the crop insurance program only covers about the last 50 percent of the loss.

I suggested I think six or seven or eight years ago that a simple way to compensate the farmer for his loss sustained would be to increase the licence, the shooting licence just a fraction - it wouldn't take very much - put it into a fund and pay the farmers for their loss on those years that there was in fact a loss. My honourable friend the Minister of Agriculture has adjusters that are quite capable of determining what the loss is or what the loss would be from - from anything - and in the Crop Insurance it covers all hazards. I have done hail adjusting myself for fourteen years and I know that the adjusting end of it is not a problem at all.

On June 17, 1963, I received a letter from the then Minister of Mines and Natural Resources and the present Minister of Health and he says, "My position has not changed with respect to compensation to farmers for damage caused to their crops by wildlife. I think you are aware that the department has extended its efforts in preventing depredation not only in the Delta area but also in the Big Grass Marsh area." I don't know what his position was then; I don't know what it is now; and I don't know what my honourable friend's was then and I don't know what it is now, because all this letter says is that it hasn't changed. Well if he would tell us what it was three years ago, and if it hasn't changed we will know what it is today, but perhaps he could enlighten us.

He goes on to say, "I note your comment on the doubling of hunting and fishing licences this year and you are no doubt aware that we increased the fishing licence this year and that I received criticism in the House for doing it." Well he wouldn't have received criticism from me if he had used the extra revenue to compensate the farmers.

Two or three years ago, Mr. Chairman - five years ago as a matter of fact - the then Federal Minister of Agriculture and the man in charge of ARDA down there said they were going to devise a brand new plan that was called "Pothole Pay for Farmers." They were going to pay farmers to have potholes on their farms so that the ducks would nest around them. I haven't heard any more about that jet age plan and I don't suppose I will, because it would seem -- (Interjection)-- I'm going to hear about it? Well find and dandy, but if I was a farmer and had a pothole in the middle of 100 acres of wheat, I would certainly want to be paid for the wheat that these ducks would eat when they waddled out onto the wheat fields, and I would be delighted to hear what my honourable friend's plan is in respect to pothole pay.

Now, Mr. Chairman, I noticed on the last time that one of the fellows on this side sat down, he said "passed". Will you see that he doesn't pass so quickly this time because we want some answers. In fact he says that he's going to enlighten us right now and shock us to

(MR. SHOEMAKER cont'd).....death with this new pothole pay program and compensation for farmers, so don't let him get past this item without making some comment.

MR. LYON: Mr. Chairman, I think we're on Fisheries. I'll be happy to comment on my honourable friend's questions on wildlife when we get to Wildlife.

He did ask one question at the beginning of his remarks however about Grand Rapids, and the basic situation there is the kind of fishwalk that is sometimes used on the west coast for the different species of salmon is not a viable type of project at Grand Rapids. It was felt not to be so by the Fisheries biologist and they also feel, on the basis of their studies to date, that the spawning ground in the forebay should be an improved spawning ground over what it has been in the past. But additionally to that of course as we announced, I believe it was last year, there will be a fish hatchery built at Grand Rapids below the power project to compensate in some way for any possible loss of spawning that might take place or that did take place as a result of the loss of the former rapids. So the matter has been looked after in that way. I'll be happy to answer his other questions when we come to Wildlife.

MR. HRYHORCZUK: Mr. Chairman, may I make a brief comment on Fisheries here? We in the Lake Winnipegosis area are very much concerned at the present time because our commercial fishing industry is, to put it mildly, going to pot. The catch is getting smaller and the fishermen are really worried in that area.

Now if you look at our annual report you'll find what the government is doing towards controlling production and this is what they are doing: Restriction on licences - that means the amount of fish that can be caught by poundage; limitation on fish gear; closed seasons; and hatcheries. Well I understand that the Minister is under pressure now to reduce the mesh size in Lake Winnipegosis and I would very strongly urge and plead with him not to fall for the pressure and maintain that mesh size. In order for a fish to reproduce it has to be of a certain age, which generally means a certain size, and I understand that there are efforts now being made to reduce the gill net size from a four to a three inch. This would finish Lake Winnipegosis for many years to come.

I believe that the steps that are being taken are good. I am not very much a believer in hatcheries insofar as increasing the number of fish for commercial purposes. We did have a hatchery for whitefish on Lake Winnipegosis on Snake Island many years ago and our whitefish population was decreasing until the recent stage where they're almost extinct, so the hatchery was closed.

It seems to me, Mr. Chairman, and I've said this many a time on the floor of the House, I believe both when I was over on that side and this side, that our only hope insofar as increasing production is to see what we can do about improving the natural spawning grounds of the fish. We are putting quite an emphasis on quality and method of catch and our markets, which are all good. I have no quarrel with them, but I do not think that they should receive first priority because neither the markets nor the quality will mean anything if we haven't the fish in the lakes. If we spent as much effort in trying to improve our natural spawning grounds which are the rivers running into these various lakes - incidentally, we have 40,000 square miles of water which is just exactly equivalent of the 40,000 square miles of forest that has been given to our friends in Switzerland - I guess it's just a coincidence, I don't think there's any connection there - but we have I believe the biggest body of fresh water of any province in the Dominion outside of the Great Lakes, and I do believe that if we want to maintain an industry which gives a living to many people in Manitoba that we have to look at this idea of improving the spawning grounds which are the rivers and streams that run into this lake.

We have been doing just the opposite. For example, at Grand Rapids there are no fish runs available and I'm quite sure the Saskatchewan River and its tributaries contributed a great deal to the fish population in our lakes. I hope that when they're dealing with the Nelson River, they'll keep this in mind and if at all possible make fish runs available. Now what actually happens, Mr. Chairman, is when the fish go up these creeks to spawn, they spawn, but by the time the fish is large enough to get back into the lake, the creeks dry up and they're left in little potholes all along the riverbeds and freeze in the winter. I believe a series of small dams along our better spawning rivers with fish runs in them would solve this problem, and I don't think there is any other known way in which we can do as well in the reproduction of our fish.

As far as the stocking of lakes from hatcheries are concerned, I think this is a wonderful program. I think it is being well looked after, and at this stage I can't help but remind the honourable members of this committee that some of the best fishing in Manitoba is in the Duck

(MR. HRYHORCZUK cont'd). Mountains. We have every species of fish that you can find anywhere in Manitoba and there are plenty of fish.

One other thing I'd like to mention here is our program insofar as destruction of rough fish are concerned. Now I am not altogether satisfied that the reduction of suckers to the amounts that we have seen in the past several years is a good program. Last year we took out 4.6 million pounds of suckers. Now that's maybe less than you can find on the land, but still it's a lot of suckers.

What I'm getting at is this, Mr. Chairman. This particular fish does not compete with the better species in feed, that it does not eat what the better species do eat, and also I believe that they supply food to the better species. I've often caught jack with suckers in them. In fact, I caught one jack that had a sucker about 10 inches long inside of him. So they feed on these suckers, and if you take the feed away they're like all other scavengers, they feed on suckers. If you take the suckers away from them, then they'll have to feed on their own species - on the valuable species. I wonder how far we should go in this program because it's a wide open season on suckers at any time - and you can apply that in many ways. At the moment I'm talking about suckers that live in water in our lakes.

MR. HILLHOUSE: We heard you the first time.

MR. HRYHORCZUK: So I would suggest - I don't know what biological studies have recently been made and I may be way off the beam - but I think it stands to common sense that if your pickerel and your trout have no suckers to feed on, they're going to feed on their own kind because that's what they live on - not exclusively, but to a very large degree. But the thing I would like to impress upon the Minister is to make sure that the reduction of mesh size, at least on Lake Winnipegosis - I wouldn't suggest it anywhere - but at least on Lake Winnipegosis that he doesn't weaken under the pressure and allow any reduction in mesh size.

MR. DESJARDINS: Mr. Chairman, I wonder if this is the occasion to talk about the fishing licences - the issuing of fishing licences. This is something I've discussed with the Minister and also with the previous Ministers and I think that they sympathize with my problem. I wonder if the Minister - I think at one time the department had not arrived at a final decision on this - at one time the licences were issued from drug stores, hardware stores and so on, and then I think it was limited to mostly hardware stores and a few drug stores. Apparently in certain places, the example that I gave was a drug store that used to sell at least 200 licences a year, and these people keep a supply of minnows and bait and so on. I don't think, Mr. Chairman - there's only a few minutes anyway - I don't think there's any point in elaborating too much on this. I'd just like to know of the Minister if this is still being considered or is the Minister ready with a policy on this.

MR. LYON: In replying to the Honourable Member from Ethelbert Plains, Mr. Chairman, I certainly agree with him and appreciate his support in respect to the urgings that have been made by some around Lake Winnipegosis for a smaller mesh size. He will appreciate, being familiar with that lake, that what we are trying to do in this valley that we're going through on fish production in the lake is to preserve the parent brood stock of pickerel, and if we were to reduce the mesh size why it could have a very deleterious effect on that parent brood stock and this we don't want to see happen, so I appreciate his support in the policy which has been established by the department of not permitting the small size of mesh.

I should also say to the member for St. Boniface that I'm aware of the particular problem that he has and of the general problem. The staff tell me that if you get too many agencies selling these licences then you run into a very expensive accounting procedure through the Comptroller-General's office that is required, but we are giving some consideration to an idea that I believe I mentioned to him some time ago, namely of having books of licences that could be given to smaller suppliers who presently don't qualify under the existing administrative rule whereby they could take 10 or 15 or 20 on a consignment basis, pay for them as they get them, and then issue them and return the stubs to the department. This is one of the areas very often where we sometimes find differences between the politician and the administration. The administrators can see all of the problems that perhaps the honourable member and I can't see, but at the same time I think there is room certainly for a re-look at this matter because by and large some of these people are only wanting to provide service, and if that is the case I think we should facilitate them.

MR. EVANS: I think if my honourable friend will recognize that the hour has come, I move the committee rise.

MR. CHAIRMAN: Call in the Speaker. Madam Speaker, the committee has adopted certain resolutions and requests leave to sit again.

IN SESSION

MR. COWAN: Madam Speaker, I move, seconded by the Honourable Member from Lac du Bonnet, that the report of the committee be received.

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

MR. EVANS: Madam Speaker, I beg to move, seconded by the Honourable Minister of Mines and Natural Resources, that the House do now adjourn.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 o'clock Tuesday afternoon.