

LEGISLATIVE ASSEMBLY OF MANITOBA
CONCURRENT COMMITTEES OF SUPPLY
SUPPLY - CO-OPERATIVE DEVELOPMENT

Time: 8:00 p.m.

MR. CHAIRMAN, Morris McGregor (Virden): Call the Committee to order. Co-Operative Development, Resolution 40 1.(b)(1). The Member for The Pas.

MR. RONALD McBRYDE: Mr. Chairperson, I wondered if the Minister wanted to comment first on the comments of the Member for Lac du Bonnet before I ask him. . .

MR. CHAIRMAN: The Honourable Minister.

HON. ROBERT (Bob) BANMAN (La Verendrye): The Member for Lac du Bonnet, before we had adjourned for the Private Members' Hour, asked what the reserve regulations were. As of November 1979 when the regulations were passed, the credit union shall establish and maintain a general reserve equal to 3 percent of its loans. Now, in order to arrive at that particular figure, the credit unions have been asked to set aside a minimum reserve annually of 1/4 of 1 percent until the 3 percent is attained. So that means that the sooner they arrive at the 3 percent, of course, they don't have to put away that annual reserve any more, but up until the time that they hit the three percent, they will have to, over a series of years, put away 1/4 of a percent every year.

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

MR. McBRYDE: Yes, Mr. Chairperson. I wanted to comment earlier, and I couldn't get the floor, on the comments of the Member for Minnedosa on my earlier comments. And one thing, Mr. Chairperson, is that my comments in terms of the credit union as opposed to the bank in helping to develop the rural economy, I think that even the Member for Minnedosa would agree that more of the local money stays in the local community through the credit union than through the bank, even though banks do relend money in the local area.

The part that bothered me the most though, Mr. Chairperson, about the Member for Minnedosa's comments was the misinterpretation of what I had to say. Because, Mr. Chairperson, I don't believe in what the Member for Minnedosa talked about and sort of attributed to me in terms of government interference, government regulation and government control. What I was talking about - and I know that the members of the department are familiar with my comments on this before and generally react in this manner - is in terms of backup and support in the systems, and not in attempting to take control of local co-operatives but being able to give advice and assistance when that is needed. And, Mr. Chairperson, we would have never had the development of the fishing co-ops in northern Manitoba, nor I'm sure a number of the retail co-ops in northern Manitoba, if that kind of support service wasn't there from government, because the local communities didn't have the resource and the expertise and the knowledge initially to establish these kinds of operations and these kind of functions.

So when I talk about the level of support in government involvement, I am talking about government involvement in terms of a backup kind of service in terms of giving support to the communities. And I mentioned, I talked previously in the Estimates and in the House, in terms of the way that you give that kind of support and advice, because there had been and there is always a danger of in giving support and advice and assistance for the development of fishing co-ops and retail co-ops, of in fact taking too much authority from the local people who are doing it. And then we had the example in one community where people referred to their co-op store as the government store, which doesn't say very much in terms of their understanding of co-operatives, and it didn't say very much in terms of the approach that was taken by the co-op development people, at that particular incident in time. I think that has changed quite considerably, but at that particular

point in time, it didn't say much about the kind of assistance that was being given. So, Mr. Chairman, I'm not sure of why the mind-set of the Member for Minnedosa would assume automatically when I talked about government assistance that I was talking somehow about interference, because I think that's sort of against the basic principle of the co-operative movement and of the credit union movement where, in fact, it's people doing things for themselves.

What I was talking about, in terms of outside of Northern Manitoba, is that there are the existing credit unions which probably don't need very much assistance from government, and probably our most existing co-operatives don't need much assistance from government, but where the need is still necessary is in terms of those operations that are just getting started where people are interested, that this is one instrument available. And certainly that has to be the role of the department in Northern Manitoba where I'm more familiar with, Mr. Chairperson, in terms of if a community is looking at moving in a development venture, what is the best instrument for them to use and to have the co-op people go and explain what a co-op can and can't do.

Mr. Chairperson, I've discouraged some communities from using the co-op instrument in terms of a retail store, because I said until you get the full support of the community, then there's not much sense doing it. Because people are going to go to the other store or he's just going to lower his prices for the first few weeks the co-op store is in existence, and everybody's going to go there. Unless people have a full understanding, that's what's going to happen and have a commitment to the co-op store before it's ever started. There's no sense a small group or a few people in the community starting it. Everyone in the community has to have a commitment or a good majority of people have to have a commitment to it before it's going to work. So that is the kind of support and backup, and education process. I don't really understand the Minister's reason for selling off at a very low rate the program that was developed. Because certainly other departments of government give lots of assistance in terms of curriculum, to students, and to schools in terms of what their department represents and what their department does. I mean, there's lots of school programs that probably wouldn't get along without all the information that comes from the Department of Natural Resources in terms of wildlife and those aspects from federal and provincial governments. So, Mr. Chairperson, I think that the sale of co-op curriculum to inform students of the Co-op curriculum was just an example sort of of the continuing downplay or the lack of emphasis given. And this is again the aspect, Mr. Chairperson, of the government putting all its eggs in one philosophy or one approach to development of an area, and this government now, the present government of Manitoba, gives a grant to the Junior Achievement to teach young people in the schools how to be entrepreneurs and how to be free-enterprisers. And I guess that's very appropriate, Mr. Chairperson, because it teaches them how to use government money to develop their own enterprise. And, Mr. Chairman, that's the way a number of businesses do develop, so it is appropriate training for the young people, in terms of how to apply for various government grants etc., to use government money to be entrepreneurs. But, Mr. Chairman, then I think in the same manner, that people should be fully informed of how co-operation works economically, and how the co-operative and credit union movement works in our society, in a mixed economy like Canada, and a mixed economy like Manitoba, the role that the co-op movement can play. And, Mr. Chairperson, I suppose that's part of my general philosophy or my general idea of education, that people should be exposed to as many options, as many ways that things can be done, as possible.

For the same reason I support teaching people about labour unions in our schools, because people should be aware of labour unions and how they operate. It should be part of the education process. And certainly private industry makes all kinds of material available to our schools in terms of selling their point of view and their economic philosophy etc., and I think that it continues to be worthwhile for this Minister, and I am pleased that he is at least not opposing, not actively opposing the co-op curriculum that was developed and is giving some encouragement now from a distance, now that he has sold it off, but at least giving some encouragement from a distance for the use of this program, in which he was in direct contradiction for comments made by the member for Minnedosa from his chair, when he said that even the Co-op College had given up on that curriculum, and the Minister contradicted the member for Minnedosa in that regard because the college has

not given up and is further developed and is trying to make that curriculum available on as wide a basis as possible.

So those are my comments to this point on this section, Mr. Chairperson.

MR. CHAIRMAN: The Member from St. George.

MR. BILLIE URUSKI: Thank you, Mr. Chairman, I was interested in the Minister's comments in respect to the reaction, or his perceived reaction to some of the school trustees in the province of Saskatchewan with respect to the Co-op Program. Could the Minister tell us what his feelings are towards the program and how he perceives those reactions that he was alluding to by the trustees in Saskatchewan. Is that his feeling about the program that the department has sold? Is that one of the reasons that the government has sold the program, because of his agreement, with that type of reaction? Could the Minister give us his comments with respect to that program?

MR. BANMAN: Mr. Chairman, I guess we can go through it again. I think we debated it pretty long during the last Estimates, but let me just say that the agreement that we made with the Co-op College of Canada, I believe, is in the best interests of not only the co-op movement in the province of Manitoba, and I might add after deliberation and after speaking with the co-op movement in the province of Manitoba, this is one thing that's been overlooked, that the Co-op Council of Manitoba, which is comprised of the Manitoba Pools, the UGG, and all the whole co-op system, recommended this particular move to myself. So, Mr. Chairman, I think that we have the best of both worlds in this particular instance.

For instance, they have indicated to us that there is a feeling that the people in Quebec have shown an interest in this series. They will now be possibly undertaking the translation of this particular material into French, which again will help Manitoba in that we have made an arrangement that these materials will be provided over the next couple of years to us free of charge, and then as the program is developed, all they will charge us is the cost of printing. So we believe that it is a pretty good deal for the province of Manitoba. We will not only be able to over the next number of years receive any books that we need in our school system free of charge, after that, after they have finished some of the programs which were not finished and have expanded on some, for instance, into translation in other areas, we will be able to benefit from that by only paying the cost of printing, which I think is very reasonable.

The problems that we've had, and we go into it again, is one department of government developing a particular curriculum program and then telling the Department of Education that you are now going to put that on the shelf, and that is objection. And interestingly enough, it's one of the objections that the Department of Education had with regard to this program, not only with this government but with the previous administration. It is the same sort of thing that has come up now within the Department of Co-operative Development and the school trustees in the province of Saskatchewan and it's sort of a reoccurrence of what happened here about a year and a half ago, and they are expressing some concerns. But I think that the agreement that we made with the Co-op College of Canada is a good one and I think that Manitobans will benefit from that because it's a body which is made up of all the co-operative people throughout the length and breadth of Canada. They have the resources, they have the people in place to promote this, and I think that the co-op movement in Canada will benefit from this particular agreement.

MR. ADAM: Mr. Chairman, I was interested in the Minister's comments where he indicated that this move to transfer the course to the Co-op College was made after consultation with the directors of the co-op groups, council of the province of Manitoba. Was that decision made in consultation with this group after the Council was aware that the government had totally withdrawn the program and shelved it and pressured the government then to do something about it, and this was an alternative to put the program back in some perspective, at least to salvage something for the province of Manitoba and was this, at that point in time, that the government indicated that they would be amenable to that kind of a move,

at least to salvage something for the province of Manitoba? When was that decision made?

MR. BANMAN: Well, Mr. Chairman, the development and the discussions that we had, first of all with the credit union movement and then with the co-op council, was to ask if they had any interest in further developing and further promoting this. It was felt by them that the best body to undertake this and endorse the government's move in having the Co-op College of Canada take it over, who have the resources to develop the program.

MR. URUSKI: Mr. Chairman, could the Minister indicate for my knowledge - maybe I don't have all the available data available to me - how much of the course was not complete in terms of what is considered a total package, or were some portions a basic course complete and there were some additional parts of it not complete? What was complete and what wasn't complete?

MR. BANMAN: There were certain portions of the kit that was supposed to go in the total package which had to be developed; and the other problem is - we foresaw it and as indicated later by the Co-op College - is that a number of the areas had to be upgraded and brought up to date, and that was a substantial amount of work involved with regards to that. So I can't give you a percentage of what was completed, but a fair amount of the books were completed, but the total package - I think there were some film strips, about another two-thirds of the film strips had to be completed. Some of the work with regards to that had been done. But there were a number of things - updating - as well as a total putting together of the package that had to be done.

MR. URUSKI: The Minister then indicates, or at least can I take from his comments, and he may want to take it otherwise, that basically the data had been gathered with the exception of some updating of some of the latest material and some visual aids that were not complete in the course, but basically what one would consider the textbook portion of the course was complete with the aids in terms of visual and pictorial data having to be added to the material. Am I being unfair in my judgment or assessment?

MR. BANMAN: I'm advised, Mr. Chairman, that about 50 percent of the kit information had been printed, and that there was another 50 percent required. Some of the work had been done, but other stuff was still in the planning stages.

MR. URUSKI: With respect to the kit when - maybe let's get into it and let's just find out, what did the kit entail and what was missing from the kit? Is there a kit available . . .

MR. BANMAN: We supplied everything we had last year.

MR. URUSKI: To the members?

MR. BANMAN: Yes.

MR. URUSKI: Okay. So then, is that an updated one, or is that the one that was there at the time?

MR. BANMAN: That's the only one we had and it was - if you want to call it an updated one - it was the only we had.

MR. URUSKI: I see. What has been changed now since the Co-op College has had the kit? What changes have been made, or additions?

MR. BANMAN: I'd have to get the exact differences for the member.

MR. URUSKI: Pardon me?

MR. BANMAN: I'd have to get that for you. I haven't got those kits here.

MR. URUSKI: Could the Minister supply us the kit and how much of a difference there is now in the kit that is being supplied to schools? I gather the Minister gave us figures today that there has been an interest in Manitoba schools, and some of the program has been distributed to schools by the Co-op College. What difference is there in the material that is being distributed now as it was then? Is there a substantial difference, or what is the difference?

MR. BANMAN: I'm advised, Mr. Chairman, that there are three staff men working in the Co-op College right now to complete the kits and complete the whole package and upgrade them. So, as far as I understand, that the kits per se that we're talking about developing and that were not developed, have not been completed to date. What has been distributed, and what has always been available to the Manitoba schools, are some of the textbooks which the honourable members received last year. I think the member remembers that, and they were distributed in the House to the members. So there is, right now, the updating and the final preparation going into that particular program.

MR. URUSKI: The Minister talked about having a difficulty with respect to the Department of Education and the Department of Co-op Development in being able to sort out the, I presume, jurisdictional or professional differences with respect to who shall or who shall not promote the course in the schools. Was there a basic program outlined, a course of action outlined in the Department of Co-op Development as to who shall promote the course and who shall carry out the distribution of the material as it was being completed, the preparation of which was being completed?

MR. BANMAN: The promotion of the book was carried on by the department. Every school division - and I haven't got the numbers here, they are in Hansard from last year - were sent X number of copies. I think one school division received over two hundred and some copies of the textbooks, not of the final kit, and were told that these books were available, and should they wish any further information to contact the Department of Co-op Development. The things that we have done with regard to co-op promotion in schools is upon request, and we do receive that, whether it be from Keewatin College or from wherever. When people ask that we come and speak about co-ops, we come in to put on a little seminar for the students, and so there is constant promotion going on. But we did provide all the groups with the books, showed them what we had, and there were a number of people that did tour a number of the schools promoting the program. And I must stress here, that is as far as the Co-op Department went with regard to that. Now if the school boards in their wisdom do not wish to pick up that particular program, then of course the promotion work becomes something that you can question whether or not it's been effective or not. But we feel that by having the Co-op College, which is not a government agency, go to bat and promote this, not only in the schools, but I think there's a certain responsibility in here, if we have credit unions, whether the credit unions or co-operatives throughout the province who have a good membership, I think it's up to them and through the Co-op College, I think this can accomplish this, and I know the Co-op College will be talking to the different directors throughout Manitoba as well as some of the other provinces. They can approach their own school boards and can approach the people in their areas with regards to the promotion of co-ops. I think that is in keeping with the whole spirit of the co-op movement, to have people, who by the courage of their conviction, and their belief in the co-op system, go out and promote it. We made those books available, but I don't think it's up to my department to go out and twist arms and convince school boards that this is the type of thing they should be teaching. I think that there is a responsibility on behalf of the co-ops themselves to get involved, and I think that this responsibility has been given to them now through the Co-op College who are developing a good package and will be able to go ahead and promote it very actively.

MR. URUSKI: Mr. Chairman, could the Minister indicate whether initially when the department promoted this, whether the books were provided at cost, or were they provided gratis, and what is the situation now with respect to any

school division undertaking a program. Would they have to buy the books or will the province supply the books that are required? What was the situation?

MR. BANMAN: As I pointed out in the press release when we made the announcement in Saskatoon at the Co-op College of Canada, one of the, I think, benefits of this particular program is that over the next several years the Co-op College will provide to Manitoba schools that wish to avail themselves of this particular program, the material for no charge. In other words, the schools can receive this material without a cost. Once the kits are completed, the updating has taken place, we are in the unique position to be able then to buy this material from the Co-op College at the cost of printing. In other words, the updated material should be translated into French and we have some Caisse Populaires in the Province of Manitoba that would wish to use them, we will be able to, under the agreement, buy those books at the cost of printing.

Now the original distribution to all the schools in the province was at no charge to the schools at all, so that there were no restrictions placed on anybody that didn't want to come up with some money. That condition exists for the next couple of years, that the schools who wish to use the material that we sold to the Co-op College will be able to avail themselves of that material. I think it is a good arrangement for the Province of Manitoba; we can tie into it any increased activity within that particular Co-op College with regard to this promotional program. In speaking to them, they have a number of people working on a few ideas of their own with regards to the curriculum development, and if we can avail ourselves at a relatively low cost to those materials, and should the credit union system as well as the co-op system here start aggressively promoting that, I think it is a good deal for the Province of Manitoba.

MR. URUSKI: Thank you, Mr. Chairman. How long will the agreement the Minister talks about with respect to having the material sold at the cost of printing, how long does that type of an arrangement last between the College and the province? Is there a specified period of time?

MR. BANMAN: No time frame.

MR. URUSKI: So unless there is a fundamental change in the textbooks and the basic material, then the Minister indicates that the agreement is in perpetuity. Or, you know, for the next decade, ten, twenty years as it is foreseen, there is no problem. Okay. Thank you.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR SAMUEL USKIW: Mr. Chairman, again, I have been very much amused by the further comments on the part of our Minister, with respect to accessibility to the curriculum material for our school system. The Minister is suggesting that the co-ops themselves should promote education related to co-operative development in Manitoba. Well, you know, that may be proper, but then I think if he is adopting that position we would then have to delete whole sections of our present curriculum, which I suppose one can interpret promotes non-cooperative economic development in the province. So really what the Minister is saying, that if want to talk about banking we will feature the Royal Bank in our text, at public expense, but if we want to feature the Steinbach Credit Union we shall do it at the credit union's expense. That's really what this Minister is saying. Well, Mr. Chairman, if you examine the text, and I haven't examined a recent one, but one of the reasons why we went into this project was we wanted to redress the imbalance that was already in the text, and the text dealt with banking as banks, not as banks and credit unions. When they talked about the elevator company, they didn't say there's Manitoba Pool Elevators, which is a co-operative, and then there is Pattersons, or whoever else. They featured a picture of a elevator that was essentially emphasizing the private sector, non-cooperative sector. The co-op sector is a private sector. But there is a built-in bias, has been over the years, within our school system for what used to be the case before the co-ops came on the scene in this province, and all we were trying to do is redress that

imbalance so that each side gets sort of equal play as an educational tool in the school system. Now the Minister is saying yes, we will continue to feature the Royal Bank, but if the co-ops want the credit unions mentioned in the text they've got to pay for it. That's really what he is saying. Now Mr. Chairman, that's not good enough. We happen to have a lot of people in Manitoba that participate with credit unions, are owners of credit unions, tens of thousands of them, that I think deserve a little more than that, and you know I'm shocked because the Minister happens to come from a community that is heavily involved in the co-ops and the credit unions, for him to take that position; 352,000 credit union members in Manitoba, Mr. Chairman, and this Minister is saying they should have the major role in funding the educational thrust on co-operative development.

MR. BANMAN: No, I never said that.

MR. USKIW: Mr. Chairman, the Minister indicated . . .

MR. BANMAN: You can get the books for nothing.

MR. USKIW: The Minister indicated that if they wanted they can ask for them and they will have them at the cost of printing.

MR. BANMAN: Nothing for the next two years.

MR. USKIW: That's what he said this evening, they can have them at the cost of printing, and they can receive them from the Co-op College in Saskatchewan. But, Mr. Chairman, unless you are wanting to continue the discrimination, that implied that we ought to delete whole pages out of our present text that emphasizes other types of economic activity, and I think that it is time that the bias was removed. Heavenly days, we've got enough people interested in co-op development to warrant a degree of balance in our school texts so that the student body knows that there are alternatives as to how they would want to participate in the economy in Manitoba. This is not available to them in a fair, unbiased manner today.

Now the Minister says, well, but if they desire it, we will telex Regina, and they might give it to us, or they will give it to us. Well, where is the role of the Minister? Where is the role of the government of Manitoba? If they want it? Education isn't something that someone has to ask for; it has to be available, full and complete.

Mr. Chairman, it is just not sufficient to argue that it is available somewhere in Canada and on request it can be supplied. I think that's a cop-out. We had the program established; this Minister disbanded it and, Mr. Chairman, he says that he disbanded it on the recommendation of the Co-op Council of Manitoba. Well, Mr. Chairman, let's recap that for awhile. Because when this government announced that they were going to disband or get rid of this material, so to speak, and I believe they used fairly strong terminology at the time, the Co-op Council met with the government and indicated to the government that they had been involved in preparing this material and pleaded with the government to continue with the project. But when the government stood firm, Mr. Chairman, and they came to realize that the only way to save this project is to put it in the hands of the Co-op College, yes, that's when they came back to the government and said, okay, if you don't want to continue, then we recommend that you give it to the Co-op College or offer it to them in the hopes that they would sustain some benefit for Canadians out of that effort that was made here in Manitoba. That's the history of it, Mr. Chairman. So let's not forget how this developed.

Mr. Chairman, I would like to know from the Minister whether he knows how he ranks with his sister province to the west in terms of provincial government involvement in the area of a Co-operative Development Department, the global dollars and cents figure? How does this Minister compare with other jurisdictions; how does he compare with the province of Saskatchewan with respect to the amount of support the public is providing through their tax dollars for a co-op development thrust?

MR. CHAIRMAN: The Member for Logan. Did the Member for Logan want the Chair?

MR. JENKINS: Well, I thought the Minister was going to answer. If he is not prepared to answer at this time, then I'm prepared to . . .

Thank you, Mr. Chairman. You know, the Minister brought up a very interesting topic in the discussion that we have been having here this afternoon and this evening. He said that school trustees are not in favor of this program. There are many programs, I imagine, in the school curriculum that are laid down by the Department of Education that the school trustees are not in favor of and they still have to teach them.

We had a unique situation here, Mr. Chairman, in this province. We had a curriculum course prepared by Manitobans, printed by Manitobans, available for Manitobans. The curriculum branch of the Department of Education, and I know we are straying a bit, but since this topic is here, have curriculum courses in this province of books, courses that are prepared not by Manitobans, in many cases not by Canadians, but by Americans, by people in Britain, courses that come on here that often give a very biased view of what our current events are, our historic events are. You know, children today are wanting information, and I think first of all mostly want information about their own country and, in particular, their own province.

We have the opportunity here. We presented a curriculum. It's unfortunate that the Department of Education, and I think since the change of government, it reflected a new change in policy. There certainly was a change in policy, because since we were involved in government at the time in developing this course, there was never, to my knowledge - and I was not a member of Cabinet but there are three former Cabinet Ministers here - there was never this sort of complete rejection by the Department of Education that what the Department of Co-operative Development was doing was not acceptable. It was a program that seemed to be in tune with the Department of Education at the time. There are many topics, as has been pointed out here today: The history of the trade union movement and how it operates within society.

You know, we want to prepare our children for the world society when they leave school. Our children leave school today, if they are in the academic stream, are the most ill-prepared for a job in society. They have no job skills if they come out of the straight academic stream, and that includes the universities, if they come out of the B.A. and Bachelor of Science in the junior level. They have no saleable skills on the job market today. We are doing a hell of a lot better job out of our community colleges. These people are getting better jobs than those who we have sent through the straight academic stream. I say that the departments of education, not only in Manitoba or in Canada, but in the United States as well, have done one hell of a job with their curriculum, a hell of a job. They can't keep the kids in school because they are not interested, because what they are learning is Mickey Mouse stuff. They are not learning about the facts of life and this is how you are going to learn the facts of life, by having a curriculum that makes some sense to people. True, I quite agree that we should be teaching all aspects of society. But I'll say that the banking society has made sure that in the textbooks, they are better mentioned. There is more mention of them than there is of other alternatives in our society.

I have nothing against the free enterprise system. It works well. This is a free enterprise system too. This is enterprise by people . . .

MR. BANMAN: This is one of the freest forms of enterprise.

MR. JENKINS: I agree with the Minister; it is one of the freest forms of enterprise that we have. It is people that are banding together to work for their own benefit. But unfortunately it has been downgraded. It existed in previous governments before the New Democratic Party came in as - what was it - in the corner of the Department of Agriculture. I think that's where it was.

My wife, when she first worked in this country after she came over here as a war bride, worked in the Department of Agriculture. She worked for Mr. Darwin Chase and Edmond Brossier - I think Brossier was his name, close, something like that. She was a bilingual secretary for the chap from the Caisse Populaire. But

it was just a little, sort of an adjunct attached onto the Department of Agriculture, sort of forgotten, and went on for years.

The Minister gave us some interesting figures, and I would like him to update them sometime before we are through with this department. I think he said that the figures, now we have approximately 352,000 people who are members of credit unions and caisses populaires in the province of Manitoba, starting from 1975 which I think we started with 295,000. I would like the Minister to update those figures between 1976, 1977, 1978, 1979 - his staff is here. Show the membership rise, show their assets. And I know the numbers of credit unions and co-ops, as the Minister has said, there have been numbers of mergers within the past few years. I know that is true of the credit union that I belong to. The same thing, I would like an update on the co-op, how they have developed. Just how have they developed since 1975? Let's have a look at the figures. These are something that we would like to see.

I would also like the Minister to - not only this Minister, but the Minister of Education last year, because I think we had a pretty good discussion last year in the Department of Education on this program, and it's unfortunate that they overlap into one department and then the other. But that's nothing unique or singularly that happens just in these two departments; it happens in many departments because there is an overlapping.

But just how many kits were distributed? We heard that there were kits distributed. If I remember correctly last year, there were not that many kits distributed, when we look at the amount of kits that were available. So I would say to the Minister that perhaps we can have an update on just how many of those kits were distributed at that time.

But again, I come back to this idea of curriculum. People within the teaching profession - I know I have one here - there are people who have lived within that ivory tower and they seem to think that they have a sole God-given right to decide what curriculum should be. And I think that if we want to make education interesting for our young people, we have got to open up the whole Department of Education, the whole curriculum process, and get in all the aspects of our community life and national life and provincial life into that curriculum so that we make that time that children in that learning process, so that it is interesting to them. The programs and curriculums as they're set up in today's schools are as dull as ditchwater, the kids are disinterested. It is only because certain teachers are innovative and they do certain things that are on their own outside the curriculum that impress children. But the curriculums that have been set up - and it was the same under our government, it's been the same under every government I think since Day One - it's been a dull, ditchwater sort of a curriculum. And until we get - this just happens to be an example of an attempt to try and bring some fresh ideas and some fresh thoughts, and flush out some of the cobwebs that are existing within the Department of Education and the curriculum branch and the curriculum committee. For God's sakes let get out into the Twentieth Century. We've been in the Nineteenth Century long enough, or Eighteenth Century.

Our teaching methods are an attempt to try and keep our children within the schools. It's failing. We are turning children out. They are leaving the schools, ill-prepared for the world of work; and we all have to go out there and work one way or another, whether it's with our hands, with our head, or whatever it is. But we have to turn these children out into society, and these are our future generations. There has been some small measure of getting fresh ideas in, but unfortunately this government saw fit to throw this idea because, ideologically, I think they were opposed to it. Perhaps some of the text was a little too strong and I don't see the Minister of Economic Development here this evening, but I know last year he took some very strong exceptions to some of the examples that were used in the texts that were prepared. I think that's more than anything, the mental ideological block that the Progressive-Conservative Party had. Once they read these certain things, throw these things out, these are Bolshevik ideas, they'll corrupt our young people. My God, I have far more faith in our young people, that they will be able to assemble and assimilate all factors of our society, the whole fabric of our society, and make their own minds up. Surely to God we're not going to just spoon-feed them, this pap that we've been spoon-feeding them with for the last hundred years. Because if that's what you're going to accomplish - and perhaps the method of setting up this curriculum was the

wrong way, I don't know - they say hindsight is 20-20, but to my knowledge there was no great argument at the time that this program was being developed at that time with the Department of Education.

The argument seems to have come in since we have had a Progressive Conservative government in this province, not before, and all of a sudden what was seemed to be a new idea in the curriculum branch here in Manitoba and the curricula that would be available has now become taboo. And I agree with the Member for Lac du Bonnet, the only way we could salvage, the co-ops and credit unions could salvage this program, because the government was prepared to dump it and I'm sure if they hadn't have gotten 28,000 they would probably have incinerated it. So they got 28,000 for a program that we spent approximately half-a-million dollars for. And a program that, by the Minister's own admission, the Co-op College of Canada, the credit unions and co-ops, even the caisses populaires in Quebec are tremendously interested in it.

So this was not a political hang-up that the New Democratic Party was on, trying to preach their philosophy to the children of Manitoba. It was pointing out one facet of our society, that this is one way that people can proceed in their economic life. They can go on a strict one for the Member for Minnedosa, who is a banker. And I have friends in the banking industry, some I served overseas with and I know them, they're retired, they're nice fellows. But I can assure you - and the Member for Minnedosa said he belongs to the credit union too and he owes more money to the credit union than he does to the bank - well, maybe that's his way of getting back at the credit unions, I don't know. --(Interjection)-- Right.

I can assure you that my banker friends that I had down in eastern Canada were not members of the credit unions or caisses populaires. They were real hard-nosed old bankers, and I remember having many a discussion with them on the relative merits of their banking system and the credit union system. For some people it works, for some people it doesn't work, but I think the choice should be there. And the only way that our young people are going to know that there is another alternative economic system of financial transactions and being able to make your money work, is through credit unions, co-operatives and caisses populaires.

But many people don't find out about this until later on in life, and the option should be there for our young people, so that they know that when they go out and start to work, that if they want a bank to do their financial transactions they have the banking system. And I say there's also the trust companies and the finance companies, they should be also within a curriculum, showing the relative merits. And I guess if we see what's happening to the finance companies today because of the high money lending rates, that they're having to borrow from the private banks and then in turn pump another 6 or 7 percent on top, they're having to close their banks up. It's a good job maybe the WHA folded up because AVCO, which was the presenter of that cup, may be wanting that cup back to bail themselves out. --(Interjection)-- Yes, melt it down. Maybe it's not even pure silver at that.

But, Mr. Minister, I say to you, and I say to your government, that you have muffed an excellent opportunity. This was just one small step toward broadening the curriculum that is available to the children of Manitoba, and I think we were unique in that sense. We were the first government in the ten here across Canada that was making a small dent to make something else available to the children of our school system. And I would say that it shouldn't just stop here. There should be other aspects of our whole fabric of life that should be introduced into that whole curriculum system because as I've said before, it's pap and dull as ditchwater and that's why we're losing our children out of the school system. --(Interjection)-- Well, the trade union movement is another example, but that's not the only one.

The Chamber of Commerce should be another one because some of our students may want to become members of the Chambers of Commerce and Manufacturers' Association, and I think that they should be there for them to see. Junior Achievers - I think the government has put some money towards that. But industry does that too. Perhaps the co-ops and credit unions are a little bit slow on the job. Maybe they should be having a co-op or credit union achievers sort of a program. That is something that . . . But nevertheless, as far as the curriculum is concerned, I

think that this is the responsibility - not of this Minister really - that responsibility is a responsibility of the Department of Education and the Minister of Education. --(Interjection)-- And when we get to the . . .

MR. CHAIRMAN: Order. One speaker at a time.

MR. JENKINS: If the Honourable Minister wants to debate this, he has his opportunity. I have 30 minutes. I don't know how much time I have left, Mr. Chairman. --(Interjection)-- Oh, yes, but the program that we're talking about was developed by this department. It was developed by this department. Maybe the Honourable Minister doesn't realize it. And if he needs any elucidation on that I'll be glad to tell him how the program was developed. Perhaps he hasn't. I have the time here within the time limit that I have, but he can sit down sometime when he's having coffee with the Minister of Co-Op Development and --(Interjection)-- Well, the member wants to throw his snide remarks out, that's fine. I could make snide remarks about some of the other Deputy Ministers that were here previously before, Orlikow and others. Some of them sat here for many years and slept pretty woolly-headed. Because I'll tell you something, Mr. Chairman, through you to the member there, that the most innovative programs prior to the strangling of the economy by this government in years previous was done by the Winnipeg School Division No. 1, they did the innovative programs, not the Department of Education. --(Interjection)-- Those are the people. And they can't afford it, Mr. Chairman, because this government has seen fit to put education in the scrap heap where they figure it belongs. And they have passed on the cost to those who are really creatures of this Legislature, municipal councils, school boards, they're creatures of this Legislature, because they create, we create them. Their jurisdiction is under this government and you're starving them. And as long as they're starved, there's going to be nothing creative out there.

But, Mr. Chairman, I think I have pointed out to the Minister the fallacy of what you have done. You have taken the opportunity to open up the Department of Education to fresh ideas, and we're going to be sitting there with the same old ideas 50 years from now. I hope not.

MR. BANMAN: Well, Mr. Chairman, first of all let me make it understood that over half of the materials that were produced by the province, by the Department of Co-Op Development, were distributed free of charge to the school system. So over half of it was distributed to the school system for them to look at and use and see how it felt it should fit within their system. So we did not hold anything back from them, half of the materials went out to them.

The member asked for some comparisons, how we stacked up with some of the other jurisdictions. What has happened over the last number of years right across western Canada is the consolidation of some credit unions, as the member mentioned, and in some provinces it has been even more dramatic than here. And let me take for example the example of British Columbia, in 1975-76 they had 183 credit unions; in 1978-79 they have 167. Manitoba had in 1975-76, 192; we now have 197. Saskatchewan had 249 in 1975-76; now have 236. So it's very close and what's happening really is that because of certain management problems and that, the smaller credit unions have amalgamated with the larger ones, so it doesn't really mean that they're not providing that service to the members. But the membership numbers are up significantly. 1975-76, as I mentioned before, is 295 - and I'm rounding them off now for the members - 295,000; 1976-77, 317; 1977-78, 332; and 1978-79, 351.

Now, along the same line, I'll give him the growth and the assets; 1975, \$638,000; 1976, \$782,000; 1977, \$955,000; 1978, \$1.14 billion.

MR. JENKINS: Just a minute, Mr. Chairman.

MR. BANMAN: I'm sorry, I'm sorry, Mr. Chairman.

MR. JENKINS: There's something wrong with the Minister's addition here because he has a tremendous jump from - and that's why I asked the Minister . . .

MR. BANMAN: No, no, it's million, I'm sorry.

MR. JENKINS: The first figure you started out with you said \$638,000.00. I think you meant \$638 million.

MR. BANMAN: Million, I'm sorry.

MR. JENKINS: \$782, \$797, was it?

MR. BANMAN: \$955.

MR. JENKINS: No, no, I mean the . . .

MR. BANMAN: \$782, \$955, \$1.14 billion.

MR. JENKINS: Thank you.

MR. CHAIRMAN: The Honourable Minister. The Member for Logan.

MR. JENKINS: Now, could we have the same figures for the Co-ops, for the same period? Does the Minister have those figures available?

MR. BANMAN: No, I haven't got the assets here, but I can give you roughly the membership and the number of co-ops. In Manitoba in 1975-76 there were 275 co-ops; 1976-77 it dropped to 273; 1977-78, 273; 1978-79, 276. And this compares almost exactly with Saskatchewan - well actually, Saskatchewan has dropped over the last four years.

MR. JENKINS: These are the number of co-operatives.

MR. BANMAN: The number of members for 1975-76 was 117,000; 1976-77, 123,000; 1977-78, 140,000; then we had a dramatic jump in 1978 to 185,000.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, the Minister obviously doesn't fully appreciate the impact of the effort that we were embarked on some three or four years ago, and the arguments that are being put forward in support of that effort here this evening. That particular illustration is just but one illustration that I outlined to him moments ago. A whole host of things in the - and this is not the place to debate it obviously because it has to do with the Department of Education - but just as an example, I noticed a document that was shown to me by a constituent where the teacher had to scribble out the word "state" and write in the word "province" because the material was obviously American material brought into the Canadian School system and wasn't brought in with proper revisions, but they had to pencil them in.

Now this is part of our problem, and when we looked at the curriculum project relating to co-operatives and the history of them and their development and a teaching aid within the co-op idea, we undertook that on the basis that it was time that we had some input into developing our own school program, our own curriculum, made in Manitoba, Mr. Chairman. And this is but a start in what we consider to be an important area of our economic life, and there is much more to be done. And, Mr. Chairman, I don't mind admitting to members of the committee that when we first broached the subject with educators in the department, they kind of raised their eyebrows and they said, well, but you know you're going to rock the boat a bit. It's been this way for 100 years, and some people might not like the additions or the changes that you want to have the department agree to. It was not an unexpected reaction, but they were not of a mind to resist, Mr. Chairman, they were very co-operative.

The project was undertraken jointly as between the Department of Education and the Co-op Department, and we have the former Minister of Education here, who was very much involved in that exercise. So when the Minister suggests that it wasn't proper for one department to impose its sort of ideas or demands on another department, that is nonsense. This Minister is implying that the departmental heads

will be the policy, the people that determine the policy for the government. Well, Mr. Chairman, we don't elect departmental heads, we appoint them, and they are to respond to the policies of the government that is elected from time to time. And perhaps this Minister doesn't know that. Maybe he is of the opinion that he is elected in order that his departmental officials tell him what he must do in policy areas. I don't know. That certainly is not my perception of government, Mr. Chairman.

So there is no room for anyone to suggest to me that policy decisions ought to be determined beyond the ministry, because what the hell is the ministry getting paid for, Mr. Chairman. That is his function. Yes, he needs an awful lot of advice, and hopefully uses some good advice from time to time, but it is his responsibility to determine the policy and the direction that his department takes and that his government follows. So any bureaucratic static has no bearing, Mr. Chairman, on where this province is going to go as far as I am concerned; if I have anything to do with it, no, it has no bearing. If there is a determination to move in a certain direction, the bureaucracy's role is to respond to that determination, and that is the proper political process, Mr. Chairman.

Now, Mr. Chairman, the Minister should take a look at the province west of Manitoba, because that province has a population very much the same as ours, about a million people. Now their budget for their Co-op Development Program is somewhere in the order of \$2.5 million, which is not a great deal, but you know, that compares very favourably to this Minister's \$826,000.00. I can't even recall the figure that it was at two or three years ago. But in any event, I know it was in excess of \$1.5 million at one time.

Now, this Minister has taken an attitude that because we have a co-operative development department on paper, that it would just be too much to scrub it, so we've got to keep some sort of image or face for the people that want to participate in the co-op movement in this province. But that's as far as it's going to go as far as this government is concerned, Mr. Chairman. That is the image that I see in this Minister's efforts and on the part of this government. It's pure lip service. I don't know why we have a department because, Mr. Chairman, this could very well function back in the kitty-corner of Agriculture or some other department because it's back to status quo ante in terms of the effort that is being put forth forward in co-op development. So let's put things in their proper perspective.

The province of Manitoba surely could afford more than what they are providing in these Estimates for Co-operative Development. I believe that there are sufficient numbers of Manitobans very much interested in co-op development and the credit union movement, and that should be recognized more fully.

Now unless, Mr. Chairman, this Minister believes, as has been suggested to me out in the corridor, that maybe we ought to have a tag day for co-op development so that his department would have some money to function with, and that's really the sum total of his effort as Minister of this department and it's not good enough, Mr. Chairman, for the people of Manitoba.

MR. BANMAN: Mr. Chairman, I take certain exception to what the member has just said. You know, he bases his premise on one thing, and that is, the more money you put into something, the better the thing will happen. Mr. Chairman, he has been in the field long enough to know that just because you throw money at a particular thing, doesn't mean that the results that you achieve are the ones you want to achieve. And I am telling the member now, I believe that I have a group of individuals in the co-op development department that are doing an admirable job, are handling the situation very well; we're doing a good job.

MR. USKIW: Even with one hand tied behind your back. That's right.

MR. BANMAN: Mr. Chairman, you know, the problem is that you have to compare apples with apples in this thing. He talks about Saskatchewan. We all know that Saskatchewan has, when we're talking about the co-op movement, has many more co-op's than Manitoba has ever had.

MR. USKIW: Why?

MR. BANMAN: Because, Mr. Chairman, that is where they were started originally in the first place. The other thing that has happened in Saskatchewan, Mr. Chairman, and that has nothing to do with what the members were trying to accomplish before, is that Saskatchewan was unique, unlike Manitoba, where we have over half our population in one large area. And many of the areas, and I talk about Humboldt, Saskatchewan, and many of the other smaller towns, they had many more smaller communities which did not have the different services open to them, which were open to the people in the province of Manitoba.

But let it not be said that the department lacks in providing response to the system as well as to people who are interested in the co-op movement because of lack of funds. We believe we have a good unit that is working well together. I should point out to the member also, that a number of years ago, in 1974, we determined that we would let the system itself do its own auditing. That resulted in a major change in staffing. That was one of the major changes. We used to go out and do all the physical audits of everybody and it was understood, I believe, by that administration, that what would happen when that facility was given over, that there would be a natural attrition of some of the staff, as it went on. Saskatchewan still does a certain amount of auditing, and as a result is then responsible for higher staffing.

But the interesting thing, Mr. Chairman, is that the province of Alberta, which has almost exactly the same number of credit unions, has a few more co-operatives in their system, has just about the same staff complement that we do. So I don't think we're far out. I think that my staff is doing a good job in promoting the co-ops in the province of Manitoba.

The fishing co-ops, as I mentioned before, have never done better. They are doing extremely well, and we're happy that they're doing it on their own. All the help we're giving them is in auditing and several other things, but I think we have a department here which the province of Manitoba can be proud of and I am sure that the co-op movement - and I think that's the sort of the proof in the pudding in this thing; you sit down and talk to the people in the co-op movement, which I do, Mr. Chairman, on almost a monthly basis, are fairly happy with the direction that we're going and the initiatives that are being provided and the response time with regard to that.

So, Mr. Chairman, I will sit here and take some of the . . .
--(Interjections)--

MR. CHAIRMAN: Order.

MR. BANMAN: . . . some of the criticism, but I think if you sit down and you talk to the credit union movement, the Caisse Populaires movement, as well as the co-operative movement out there, you will find a general consensus in that group that this government is doing something to help them help themselves. I think everybody in the committee realizes that's what the co-op movement is all about. As I mentioned before, I think it's one of the freest systems of free enterprise we have and we're providing a good service to them - just because we're not throwing all kinds of money at it, doesn't mean that we're not doing a good job.

MR. CHAIRMAN: The Honourable Minister of Community Services and Corrections.

HON. GEORGE MINAKER (St. James): Mr. Chairman, prior to the comments made by the Member for Lac du Bonnet, his last comments, I thought maybe, Mr. Chairman, that we should be on page 40 of the Education Department dealing with curriculum, development, and program development and support services, because, Mr. Chairman, the Minister has indicated that books are available that promote the co-operative movement and the credit union movement for the education system free of charge for the next two years and at cost thereafter. I think the honourable members on the opposite side forget that we as a government do not fall into the trap that they did of disorganization, where they had costs of education hidden in different parts of the departments of, say the Credit Union, or the Co-operative Development Department, and they are promoting this same type of approach with our government

which we would not accept, because the Minister has offered the documents or the books to the Department of Education.

I would suggest to the honourable members opposite that if they have a dispute with regard to what curriculums we are presenting in our education system, that they deal with that under the education system, not under this department, and that we're not prepared as a government to hide the costs of education under this particular department where they have at some time in the past, because we feel that we should present to the people of Manitoba where the true costs are and what they're for. They may go on for hours about the fact that these books should be provided and people from the department should go out and spend time in the Department of Education and so forth. I would suggest that if they have a complaint with regard to the school system and whether or not the co-operative movement and the credit union movement is included in our curriculum at school, they should discuss that and debate that matter under the Education system, not under this particular department, because the actual back-up material is available to the Education Department as has been indicated by the Minister that it's available for the next two years and thereafter at cost. I don't see any dispute that they should have with this proposal that the Minister is offering at this time.

MR. CHAIRMAN: The Member for Burrows.

MR. BEN HANUSCHAK: Mr. Chairman, the Honourable Minister of Corrections just mentioned that if we have any criticisms to make with respect to the co-op education program, our criticism ought to be directed at the Department of Education. Well, I would just like to refresh the committee's memory, if I may, Mr. Chairman. As has been mentioned by a number of colleagues of mine, this was a unique program, this was quite a marked departure from the traditional education route that had been followed for the last century or more.

The Honourable Member for Minnedosa said it's a brain-washing program. The unfortunate thing is that the kids in our school system had been subjected to a brain-washing program for over a hundred years and it's about time to develop a program that would enable and motivate the children to think for themselves and to resolve their own problems, which was the main thrust of the co-op education program which we developed. And for that reason, the development of a program was undertaken on a joint basis involving two departments, the Department of Education and the Department of Co-operatives. I should also mention, Mr. Chairman, and I am sure you will recall this point having been brought to the committee's attention last year, that there was also a third party involved with development of the program in addition to the Departments of Education and Co-operatives, but also the teachers and the school boards out in the field. And if the Honourable Minister would check the first two or three pages of the co-op education program, the credits page, he will find the names of all of the schools and the school divisions listed who participated in the piloting of the program and carrying it through its experimental stages.

So, because there was a recognition of the need for input from the Department of Education, the educational leadership, the expertise and the co-ordination that the Department of Education was able to offer, and also a need for the involvement of a department which would be able to examine the program from a practical point of view in terms of its application to the day-to-day operations of a co-op movement as it affects each and every one of us, and hence the involvement of a department of co-operatives. And then of course the involvement of the schools, because they are the ones who are going to be ultimately responsible for the delivery of the program and hence we want the feedback from the teachers in the system and receive their comments as to how well certain portions of a program have been designed, what improvements could be made, etc., of changes, and those have been done.

Now, the Minister had mentioned that one-half the materials have been distributed to the schools; they didn't hold anything back, and the program is there for use by the teachers. That is true, Mr. Chairman, but there is one very important ingredient lacking, and that was the ingredient which we had made provision for, namely, the provision of an in-service training program for the teachers who will be using the material, to demonstrate to them the most effective use of it, ways and means in which they could integrate the use of a co-op education program with

the teaching of other courses; Social Studies, well, it covered the whole range from Social Studies to Mathematics and you name it, and the program related to all facets of our education program. Well, it's that component which is presently lacking. It's true, the material is there somewhere in the school system, but there is no one out there in the field to assist the teachers in showing them how to use that material in the most effective manner for the benefit of the students in our schools.

The Honourable Member for Minnedosa had muttered under his breath when my colleague, the Member for Lac du Bonnet had made reference to the fact that Saskatchewan is spending \$2.5 million in this department, and we something in the order of \$800,000, and so he said that, well, Saskatchewan has potash and oil. But, Mr. Chairman, I would like to point out to you that the reason why Saskatchewan is spending \$2.5 million, is not because it has potash and oil, it's because the government of Saskatchewan recognizes the need to spend the type of money that it has appropriated in this particular department, recognizes the need, the role and function that the co-op movement serves in our society. The Honourable Member for Minnedosa says that they want to brain wash the children. Well, Mr. Chairman, the co-op movement took root in Canada and the world long before any department of education ever thought of including a co-op education program from the school system, and it managed to take root after centuries and centuries of being brain washed by the capitalist system. Nevertheless, the co-op movement was still able to take root and flourish.

But the province of Saskatchewan does recognize the need, it does recognize the fact that it does have quite an extensive co-op movement, but it also recognizes the need to further develop co-operatives. Now when the Minister says that, well, he meets with the co-op movement on a regular basis and the co-ops say, oh, they are perfectly happy, nothing more need be done. But, you know, Mr. Chairman, the Minister is speaking to the wrong people. The Minister is speaking to the wrong people. I have been a member of a co-operative for a quarter of a century. I'm a member of a consumer co-operative, a member of a credit union. I suppose as far as my own personal needs with respect to the co-op movement, I have what I want out of the co-op movement. So if one were to ask me, is there anything more that I would want in the area of the development of the co-op movement personally, my answer perhaps, speaking as a man on the street, would be, "No, I am quite satisfied."

But, Mr. Chairman, what about the many areas in the province of Manitoba, in the remote communities and so forth, within which there is still a tremendous amount of work that should be done and can be done to develop the co-operative movement to enable people to work together in an attempt to come to grips with and resolve their own problems. Those are the people that the Minister ought to be talking to, and not just the executive officers of the co-op movement because, as I have said before, those are the wrong people to speak to.

Now, the Co-op Education Program which this Minister gave away for less than ten cents a pound, less than the price of the paper that it was printed on and then says, well, it is also there in the schools for teachers to use, but without any attempt, and we will follow this up with the Minister of Education; we will attempt to determine what assistance the Minister of Education is offering the schools to enable the teachers to effectively use this material. I am sure that I could tell you this right now, Mr. Chairman, that we won't find one dollar assigned for that purpose in the Education Estimates. So the material is just left there to lie and to die a natural death.

Now, I would like to remind the Minister, Mr Chairman, that the Co-op Education Program, as my colleague the Member for Logan had mentioned, is a unique program; as someone from the government side referred to it, as an Orlikow Development. Yes, it is true that Dr. Orlikow was Deputy Minister at that time and certainly was very much involved in the development of this program, but I would like the Minister to know that this "Orlikow Development," as it has been referred to by a government member, has been recognized by a number of outstanding universities in the world, namely the University of Ottawa, the Harvard University, and the University of London, and by the faculties of education within those universities. The educational value of it has been recognized by those universities. So it has received some world recognition, not to mention the fact that it was very very well received by a Commonwealth Conference of Directors of Youth Secretariats and,

in particular, by the directors of the youth secretariats, or whatever their counterparts are called, in the developing countries of the British Commonwealth.

Those people saw the validity, the effectiveness of the program, the manner in which it could be used not only in the schools, working with children, but that it also had an adaptability to it that made it useful for use in an adult education program and working with youth and working with young adults in a very clear, simple, logical, systematic way pointing out that the alternative to competitive is co-operation and fact that there are many problems facing society, economic problems and others, which could best and most effectively be resolved in a co-operative way rather than a competitive way.

These people from other countries of the British Commonwealth had recognized that, Mr. Chairman, which the Minister doesn't - and I don't expect him to because it's not his philosophy to recognize that type of a characteristic of this program, because that runs counter to the philosophy of the Conservative Party, as he has demonstrated by what he did with it, virtually thrown it into the waste paper basket, as it were. You know, he sends the program out to the schools and his colleague, the Minister of Education, is doing no further follow-up, and then the Minister of Co-operatives takes a look at the material remaining in his office and you know what he says, well, give me whatever the price of the paper is worth and you can have it. And that's what he sold it for, for the price of the paper. --(Interjection)-- And as my colleague, the Member for Elmwood says, likely in the process of offering it to the province of Saskatchewan, he added in the same breath, you don't want this, do you . . .

MR. BANMAN: To the Co-op College, not the province of Saskatchewan.

MR. HANUSCHAK: To the Co-op College, very well. Ah, to the Co-op College. I'm glad that the Minister corrected me on that, because I would also like to draw to the attention of the Minister and speak about the Co-op College. I would like to ask the Minister what financial assistance, if any, the Co-op College receives from the province of Manitoba? Does it equal that of the province of Saskatchewan, exceed it, come close to it? Because the province of Saskatchewan has in this year's Estimates, \$100,000 for Co-op College which, again, I'm not sure if the Minister is aware, but the Co-op College offers a co-op education program extending to all co-operators in Canada, and there are many people from Manitoba who have been beneficiaries of the program or programs offered by it. It certainly delivers a service reaching into our province.

So it is indeed regrettable, Mr. Chairman, that on October 11, 1977, when this political party took office, that it adopted the attitude toward the Co-op Education Program that it did. I have the impression, Mr. Chairman, that this Minister, as perhaps his predecessor, just did not take the time or the trouble to enquire into how this program came to be, that they did not take the time to apprise themselves of the fact that there was the involvement of many many schools and teachers in the school system, all of whom perhaps were not necessarily New Democrats, Mr. Chairman. It wouldn't surprise me if there were probably some who voted Conservative in the last election, maybe for the last time, but they may have voted Conservative, because there comes a time when those of us who care see the error of our ways. and we mend our ways. --(Interjection)-- Well, some of us don't err in that fashion. Some of us have voted NDP all along and will continue voting NDP. The Honourable Member for Minnedosa says some of his best supporters are co-op people. I wouldn't doubt that. Some of my best friends are bankers, so I wouldn't . . .

But, Mr. Chairman, it is regrettable that here was a program developed which had received worldwide recognition, and to have this Minister virtually dump it in the waste paper basket, the product of far more than what may have been shown in the Estimates over the years while we were government. There were thousands and thousands of hours and time and effort put forth by teachers, of their own time, in the preparation of materials, in the review of materials, in the preparation of lesson plans, which they did on their own time, to effectively present the material in the classroom. And if one were to attach a price tag to that, a price tag to the effort that was put into the development of the program, not in the Department of Education, not in the Minister's office, not in the Deputy Minister's

office or in the Cabinet room, but out in the field, there are countless of hundreds of thousands of dollars worth of time and effort put forth, an immeasurable amount. All of that effort put forth by the hundreds of teachers out in the field, this government has chucked in the waste paper basket, and that is regrettable.

MR. CHAIRMAN: 1.(b)(1)--pass; 1.(b)(2)--pass; 2.(a)(1)--pass. The Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman. Could the Minister give us the breakdown in the expenditures there?

MR. BANMAN: 19 permanent SMYs, including the director, 10 development officers, chief of finance and control, and three accounting clerks and four secretaries. The \$20,000 increase is due to the provisions in the GSI and the annual increments.

MR. URUSKI: Mr. Chairman, there is a slight drop in terms of the grant assistance. Could the Minister indicate what . . .

MR. CHAIRMAN: That's one item down, to the member.

MR. URUSKI: Mr. Chairman, we may as well deal with the entire area, then we will just go through it.

MR. CHAIRMAN: 2.(a)(1)--pass.

MR. URUSKI: No, Mr. Chairman, let's deal with the item and then we'll go through them all when we are finished our discussion on it.

MR. BANMAN: That particular assistance was provided to the Co-op Housing Association of Manitoba in an agreement which was struck a number of years ago where we started off at \$50,000.00. It was agreed, after a succession of years, that it would be dropping off at the rate of \$10,000 per year, so this year we have provided \$30,000, next year \$20,000.00. The grant was designed for the promotion of the co-op housing field. They are now also dealing with the Manitoba Co-op Promotional Board, which is providing them with some assistance for special studies and things like that.

MR. URUSKI: The assistance in its totality is to the Co-op Housing . . .

MR. BANMAN: One grant.

MR. URUSKI: The one grant to that group. Mr. Chairman, in the development and regulation of co-ops and credit unions, have there been any credit unions that have been absorbed or got into financial difficulty and were absorbed into other credit unions, or actually have had to close their doors in the last year?

MR. BANMAN: There were a number that were absorbed, some in northern Manitoba as well as a few in Metropolitan Winnipeg here.

MR. URUSKI: These would be credit unions, or caisse populaires, as the case may be?

MR. BANMAN: It is only in the credit union movement. The caisse populaires have been pretty strong and we haven't seen too many difficulties in the last little while in that particular section.

MR. URUSKI: Mr. Chairman, how involved does the department become in areas where credit unions have run into some difficulty, I'm presuming, in terms of extending credit and not being able to handle their accounts receivable and keep the cashflow going? How involved does the department become?

MR. BANMAN: Well, in 1974, when the legislation changed, the responsibility to ensure that the stabilization efforts and that the accounting procedures were proper and that their management was in place, was to a large extent, handed over to stab. fund. With the implementations of the regulations of the bill that was passed in 1976, I believe, '76 or '77 we passed a bill in the Legislature which really, in many instances, made the bill conform with the new corporate legislation that was passed at that time. It now gives the stab. fund even more authority with respect to the controlling of credit unions that are in difficulty, and as the member will appreciate, very often there's a combination of problems - a problem with the board of directors, not good management. To make one of these credit unions tick properly, you need sort of a, what I call a three-way joint approach to it and that's a good membership, a good board of directors and good management. If one of those is weak, they seem to have problems. But the credit union and stabilization fund is now dealing with those problems and we, per se, do not get involved unless they ask for our particular input on it. We do, to a certain extent, monitor and help them out wherever we can, but the responsibility as far as providing the funds and seeing that the mergers and everything work out properly is the stab. fund's responsibility.

MR. URUSKI: Mr. Chairman, who keeps statistics with respect to mergers and closures, if any, and what statistics are available? There is no annual report required by legislation of the Department of Co-op Development. The Loans and Guarantee Board and the Co-op Promotion Board are the two that are tabled annually in the Legislature. What type of statistical data does the department keep on co-ops and credit unions, or is that primarily done through the Stabilization Board?

MR. BANMAN: No, we do keep a record of the number of amalgamations and corporations, if you want to call that, between credit unions. We also receive articles of revival, notice of intent to dissolve and things like that. Those figures can be dug out for the members and presented to them if they wish to have them. So the department does keep track of all that.

MR. URUSKI: The information on dissolutionment and incorporation and starting up would be available in the department or could be presented as statistical reference of some picture of change. Would they have actual information, not only numbers, but in a community breakdown, or is that not really done?

MR. BANMAN: Not really. I guess we could provide you with all that if you wanted it because we do have the file on that, but it's provided just sort of in a block number.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. A.R. (Pete) ADAM: Mr. Chairman, on that particular point, the odd time that the credit union will be in financial problems of some form or another, is there no expertise or assistance available from, say Co-op Central, that goes out on a regular basis to see how these credit unions are doing, because it seems that the problems that arise come up too late. Isn't there some way that it could be set up that these things could be stopped or reduced before they get to a point where the credit union is unable to cope with it?

Like, for instance, their stand at Portage la Prairie - probably the Member for Portage may have brought this up, I don't know, I wasn't here - but the Portage la Prairie Credit Union had some problems last year. They suffered quite extensive losses. They've had problems in trying to change over to computerized systems or something, and they ran into a great deal of trouble. This is really what I am referring to, whether there isn't some way that these things could be - it seems to me that what's happened in Portage la Prairie is an ongoing thing for the whole year. It seems to me that this is the type of situation we would be monitoring more closely, and if central has the expertise to do it, why are they not doing it; if they're not responsible for doing it, why shouldn't the department be doing it? Should there be more Planning and Research in this area, because I see there doesn't appear to be any funds allocated for planning or research or anything. We

know that the entire department has been wound down considerably. Maybe it's going out of existence, I don't know, but when I look at the figures for '77 and the total figures for this year, which in real dollar terms is about \$661,000 in real 1977 dollar terms - well, I'll let the Minister answer, and maybe I could ask a few more questions on some other areas.

MR. BANMAN: One of the problems which the credit unions have had, and I guess contributes to the problems of the Dauphin Credit Union, as well as some of the others, and that is the problem of the large commercial loans. The credit unions do very well in handling them, the small car loans, the personal mortgages on your homes, and dealing with individuals, and have people loans' officers to deal with that. When you're starting to talk about half a million dollars or a million-dollar loan, and if you'll read the history of the Dauphin Credit Union, that it's really one thing that got them into their real jackpot, that they lack expertise in dealing with these large corporation loans, because they have to be monitored very closely and there has to be a certain amount of expertise with regard to this.

What has happened now is, with the expanded powers that have been given to this stabilization fund under the new regulations which were passed in November of last year, they have set certain limits on the size of loans that can be passed by each individual credit union, depending on their stability and their managerial capabilities, so that there will be a check by the stabilization fund before a certain credit union, let's say, who has not a good reserve ratio, issues a \$250,000 loan to some commercial enterprise. That is one check in which they hope to avoid the type of problem the Member for Ste. Rose is talking about. But you have to realize that managers, boards of directors are making loans. If the loan is made, the moneys have been dispersed. The member will appreciate even if you have a first mortgage, there hasn't been a proper appraisal done on that. That's after the fact, and there is no way that the Stab Fund, or the government, or anybody, can come back on a thing like that. There has to be good management; there has to be a good board of directors and, as I mentioned before, a good group of citizens that are concerned about what's happening to their credit union. But there is a mechanism which has just been put in place which hopefully will avoid the problems of these large loans going out without having the proper scrutiny. And, as I mentioned, that seems to be the area where most of the credit unions got into trouble. They can handle the small personal loans, some of the farm loans and that, but it's when you're coming into the big loan areas that they lack the expertise and have got into problems. Hopefully, this system which has now been introduced by the Stab Fund will help to serve as some check and balance on the whole system.

MR. ADAM: Then I understand that each credit union, depending on its assets, will be allowed to make loans up to a certain point. I'm talking about my own experience in dealing with different banks and, you know, they'll say, "Well, the manager is allowed to go up to \$10,000 before he . . . otherwise, if you ask for a larger loan than that, he has to get in touch with head office."

MR. BANMAN: If I could just add, that's precisely what we're talking about. It will be based on the management strength, the board strength, the assets of that particular credit union. The checks and balance that the member is talking about with traditional banking institutions, I think if you're coming into a loan dealing with several hundred thousand, very often Winnipeg won't even handle this, you get it cleared at Montreal or something. And what is happening here is that a board of directors with the manager could okay a half a million dollar loan with nobody having a second look at it. Hopefully, this system won't slow the process down that much, but will provide that little bit of expertise that maybe in some of these high commercial loans is required to make sure that depositors in that area and that credit union are not brought down to their hands and knees by one particular loan. That's what they're hoping to achieve by setting certain guidelines down, depending on the management of the credit union, the assets, the amount on deposit and what they have in the reserves.

MR. ADAM: Mr. Chairman, I know that, say, if large borrowers come into a bank, they would spread the risk out between different banks maybe to handle a particular loan, and I'm just wondering, why wouldn't the credit union do that? Why wouldn't they widen the risk? Say that there may be more than one credit union involved. It seems to me that more people would be involved in that kind of a loan. There would be more safeguards if there were more branches involved, share the risk but on a wider base.

MR. BANMAN: If the member will recall, I think it was about two years ago the announcement was made - as a matter of fact, I think I have the distinction of having the first loan through the Niverville Credit Union in Steinbach in Manitoba through the new Northlands Bank, which is owned by the co-op movement in Canada, and that bank is to provide precisely what the member is talking about, the higher risk commercial loans, which the credit union locally feels they are not big enough to handle. It might be an enterprise that's a fairly large enterprise, and you have a credit union maybe which has \$10 million assets, does not have the funds at the present time to deal with it, will then refer that to the Northlands Bank. And what happens at that time, is that the expertise from the Northlands Bank, including the people who are involved in commercial lendings on a day-to-day basis, as well as the funds that are dedicated to that bank, are shared by all the credit unions right across Canada. So there is a vehicle which has been put in place and is starting to operate to try and help smaller communities which might have a big enterprise in it that the local credit union cannot help. So, there is a mechanism coming in place and I understand it's starting to work fairly well.

MR. ADAM: Mr. Chairman, I wonder, in regard to Credit Union Central, how solvent is the Central? And what about the reserve, where is the reserve placed? With Credit Union Central?

MR. BANMAN: It's on deposit with the stabilization fund - I mean with the Central, I'm sorry.

MR. ADAM: How solvent is Central? What is the expertise at Central?

MR. BANMAN: The expertise at Central are pretty good. They've just strengthened them. As a matter of fact, they hired the Assistant Deputy Minister of Finance from the province of Manitoba, Mel Anderson, several months ago. They've also brought in one or two people from Saskatchewan and are right now building a pretty good group of solid people who have financial background and who know what the system is all about, and are attempting, in co-operation with the stab fund to build up and have the reserves built up and proper management put in place with regard to the whole system.

MR. ADAM: Yes, well, I don't think the credit unions are covered by Canadian Indemnity are they? Like as far as deposits are concerned?

MR. BANMAN: I think the member is referring to the Canadian Deposit Insurance. No they are not a member.

MR. ADAM: So that means that the security of deposits with the credit union, any loss of....

MR. BANMAN: If I can just interject here. Apparently the stabilization, and this is the delineation of authority out there, the Stabilization Fund is not, I understand that the Central is. So the Central which has the funds on deposit is a member of the Canadian Deposit Insurance group.

MR. ADAM: What about, I want to find out, as a depositor, I'd like to find out how strong Central is with their reserves? How can I get that information?

MR. BANMAN: Mr. Chairman, it is public information, the member could get an annual report from the CCSM. They put out an annual report.

MR. ADAM: Is it in the annual report here.

MR. BANMAN: No they put out there own annual report, the Co-op Central is the association of all the credit unions in Manitoba and they put out their annual report and you could see exactly how much was on deposit and what the assets of all the credit unions were; it's all in their annual report.

MR. ADAM: All their reserves? How long have they been doing that? Or have they always done that?

MR. BANMAN: Well it's an incorporated body, they have to provide it to their membership, so as far as I know, they always have.

MR. ADAM: Because, you know, it seems to me that I've tried to get this information from individual credit unions; I've never been able to get that information. They come in and say; it doesn't matter how much money you've put here, you can deposit as much as you want and it's safe, you don't have to be restricted to \$20,000 in a chartered bank. You know, they tell you, and I say; well okay show me, and they say; well we can't do that. So I am just wondering why I can't go into a credit union and say; how safe are you? I only deal with credit unions, I've cut out the banks because they make too many political contributions. I don't have a dollar in a bank anywhere because they make too many political contributions. So I want you to tell me that my money is safe. You are the Minister responsible for my money. You got rid of your best Deputy Minister of Finance, so you said.

MR. BANMAN: Mr. Chairman, given my few dollars in the credit union out in Steinbach I know that the guarantee that the member speaks of is up to \$20,000, I would have to make some further enquiries, but as far as . . .

MR. ADAM: In the bank?

MR. BANMAN: No, in the credit union also.

MR. ADAM: Oh no, oh no. I am dealing with at least four credit unions. Okay. They all tell me the same story, that it is unlimited. You're deposits and your savings and your chequing accounts with a credit union is unlimited, and that is where you should place your money. But I would like to go into a credit union and be able to obtain that information right there, and I don't seem to be able to do that. I would ask the Minister "Why not?" and I think that I have a valid point; that's an absolute valid point. You know, the manager says; "Oh, you don't have to worry" but then you see the credit union in Portage la Prairie had a very very difficult year last year, I'm not saying they are going bankrupt or anything, but they've had some very difficult problems to overcome there, and I don't know whether they have overcome them, or whether they will be able to overcome them this year or not.

MR. BANMAN: Well, Mr. Chairman, I guess all I can say right now is that if member requires some pertinent information with regard to how CCSM is operating, it's just down the street here. They've got a new building there . . .

MR. ADAM: I have no connection with them. I don't deal with them.

MR. BANMAN: Mr. Chairman, I suggest you call Mr. Hanson, who is the Chief Executive Officer over there, and I am sure he would be just too happy to give you all the information that you require. I should point out that the Stab Fund ensures the deposits in the credit union and in the 75-year history of the credit union movement in the province of Manitoba, no depositor has ever lost any money.

MR. ADAM: Yes, well the Minister, just a few minutes ago said that the maximum in the credit union was \$20,000.00. That seems to conflict with the information that I have received from a number of credit unions. Every one of them, in fact, told me the same thing.

MR. BANMAN: The Central, as a member of CDIC, has the insurance of the \$20,000 deposit, but the stab. fund guarantees the deposits . . .

MR. ADAM: Up and above that?

MR. BANMAN: . . . all the deposits in all credit unions. I just don't want the member for Ste. Rose to hold me responsible if we get a 1929 crash, but as I mentioned, even during the tough times during the Depression, in the last 75 years, no depositor in the credit union system in Manitoba has lost any money. So I think it is a pretty good record and I think they are doing a pretty good job.

MR. ADAM: The Minister brought up quite a point, he's expecting a 1929 crash.

MR. BANMAN: No, I didn't say that.

MR. ADAM: Because of the policies in Manitoba, you know, we are just likely to get it. No, I will move over to something else. Could the Minister tell us . . .

MR. CHAIRMAN: Order. One speaker at a time.

MR. ADAM: Could the Minister give us any information on how many co-op housings have been undertaken this year and have had assistance from the department?

MR. BANMAN: We provide assistance in personnel, and as far as the grant is concerned, through this and through the Co-op Promotion Board, to CHAM, which is the sort of sister organization through which everybody works and one of the problems that has happened is because of the higher vacancy rates in the province faced in the apartment business is the fact that a number of these are really struggling right now to stay alive, and we have undertaken to give them some money through the Co-op Promotion Board to do a study with regard to some of the aspects and some of the difficulties that they face. Right now they are looking at winding down their operations in the near future and trying to concentrate on making the ones that they have right now viable, and that includes the one in Brandon, which is having a high vacancy rate, as well as several in Winnipeg here. They are struggling with trying to make them go.

They are also dealing with CCSM who provided some interim financing for them and they are also dealing with CMHC, who will have to make out the final payments and who have provided a major portion of funding and loans for these particular groups, but there are a number that are struggling right now and are trying to rectify the problems.

MR. ADAM: Does the Minister have any figures, Mr. Chairman, on how many projects were started this year or did he answer? I don't know if I caught that. Have there been any new projects this year?

MR. BANMAN: There are about 19 co-operatives dealing with housing in the province of Manitoba and right now we are in the process of trying to assist them in surviving. I think, under the present conditions, when we have vacancies in the province of Manitoba everywhere, I think to start up new ones wouldn't be the direction we want to go. I think it is up to the department to try and help out and strengthen some of the existing ones rather than marching headlong into some other problems. Out of the 19 some are in various stages of completion, I think they are just about all done right now, but now we are going to have to see if they can remain viable and remain in the marketplace.

MR. ADAM: So then I take it that there have been no new projects in 1979, that what we are doing now is completing previous programs undertaken in previous years. Is that correct?

MR. BANMAN: That's right. There's a number of vacant homes which we are trying to sell as well as apartments being rented.

MR. ADAM: I see. People that had to move out to Alberta or Saskatchewan to find jobs? Isn't that true? Okay, I'll let it go for a while.

MR. CHAIRMAN: The Honourable Member for Logan.

MR. WILLIAM JENKINS: Thank you, Mr. Chairman. Some of the questions that I was going to ask have been asked by the Honourable Member for Ste. Rose. The Minister stated that the Stab Fund of the Central is now in the position to monitor. Was the financial difficulty that the Portage la Prairie Credit Union, that got itself into financial difficulty, were they in this financial difficulty before the Legislation was changed last year, which I believe the Minister stated that the Central . . .

MR. BANMAN: Yes.

MR. JENKINS: . . . now does a monitoring to see that there is no over-extension of a financial transaction by a local, and I would like to know if the credit union in Portage la Prairie which evidently, I think the Minister said, got into financial difficulties to the tune of about \$3 million, if that was prior to the Legislation or has it happened since the Legislation was changed? And if it has, has the Minister then, and his department, reviewed the legislation to see if there are some weaknesses in it that doesn't allow the proper monitoring of financial transactions to make sure that credit unions do not overextend credit of the magnitude that the Minister was talking about before.

I would also, while we are here, I would like to ask the Minister just under what section we could discuss his reports - the two reports which he files with the Legislature - he could nod his head, under the Minister's Salary, I imagine would be the proper place? And I just throw out to the Minister for a suggestion and it doesn't have to be very elaborate, but it does help for members in opposition, since you people have all the information and we have to ferret it out, that perhaps a very simple report of the department next year, I throw that out for the Minister and the members of the Treasury Bench. I am not going to hold you to a date but I hope you would have the report prior to the discussion of your estimates, because the single lines that we see here in the estimates are, you know, I mean it describes briefly what the department is doing, but really we come into this estimate procedure in this department cold, all we can do is look at last year's estimates, the debates and proceedings which took place in the Committee, but we really have nothing of what the activities of the department were for the year 1979 to 1980. The Minister has that information. That's one of the unfortunate things that we have under the Parliamentary system and the Cabinet procedure. Even members of the backbench of government don't have that information unless they get that information through a Minister, and having served at a local level of government, information is free to all members and that's perhaps one of the weaknesses of the Parliamentary system that we have to go through a debates procedure looking at Estimates here. When there is no report, we really don't have anything to measure the department's activity from one year to another. I mean, all we have is, well here we have a half a page, unless we go through a tedious procedure here to find out exactly what the department is doing, and I throw that out, not in severe criticism of the Minister because I don't believe it was done when we were government. But I think that there should be something for us to have a look at, to compare what did your department do in the last fiscal year as compared to the other year. You know, what were the activities? We really don't know what the activities of the department were because we just get what information that . . . You know, if we don't ask the right questions, we don't even get the answers because we don't even know what's happening.

I would suggest that the Minister think seriously on that and it doesn't have to be anything elaborate, it can be something of this type here and the reports would come out from the two boards that are required by legislation to report. I'm not saying that you should be required to report but I just would say that it

would make the job of all members, and I speak for members in the backbench on the other side because they are in the same predicament. The Member for River Heights wanted . . . I know he's an executive assistant, not to you I believe, but to another Minister. He maybe has a little better channel but there are other members in the Conservative caucus that perhaps would like to ask some questions, and I think the whole budget procedure is . . . I think all members, regardless of which side of the House they may be sitting upon, we have no report and we have really nothing here to discuss except these few lines that we have in here. With that, I'll let the Minister make his reply.

MR. BANMAN: There is no legislative requirement, but we did last year, Mr. Chairman, put out a small report. I guess the staff and myself are on the same wavelength as the member is. They wanted to expand somewhat on that and hopefully within the next couple of weeks we will have a report. Unfortunately, it's not on time for this particular Session. Next year we'll endeavour to try and get that tabled towards the beginning of the Session so that if Co-op Development happens to come in one of the first or second estimates, then we can have that for you. So we did put out something small last year; we hope to expand on it a little bit and we'll be tabling that in the Legislature very shortly.

The other question that the member has is that the regulations under which the Stab Fund now has additional authority to move on items which they think are of concern to them and safeguard the credit union system in the province were passed in November, so that it be after the events that the member is referring to.

MR. JENKINS: Then the Minister is saying that the statute that we passed last year and the regulations coming into force came into force in November.

MR. BANMAN: In november; after the fact.

MR. JENKINS: After the fact, so hopefully, what we have seen happen at Portage la Prairie will not occur in the future, and of course, as the Minister said, well, there are things that . . . Even banks sometimes get themselves over-extended. I'm not in the position of my friend from Ste. Rose; I belong to the Credit Union, but I don't belong to four of them. But I think the questions that he asked were ones that were valid and . . . --(Interjection)-- The Member says he's spread out pretty thin. Well, I don't know; I don't want to pry into his financial affairs and it's none of my business anyway. But I thank the Minister that he and I are on the same wavelength as far as this report and it's just unfortunate that we didn't have that report. I know the Minister is not required to provide it, by legislation, but it does make the Estimates procedure much easier for us to discuss the Minister's department and, after all, we have an interest in seeing just what is happening in the department and if we don't have any type of report, then we really have nothing to judge just what we can, as I said before, ferret out of questioning. With that, I'll raise my other questions I have under the Minister's Salary.

MR. CHAIRMAN: 2.(a)(1)--pass - the Member for St. George

MR. URUSKI: Thank you, Mr. Chairman. Is this the appropriate place that I could speak about the Loans and Guarantee Board, the next one down?

MR. BANMAN: I think in discussion with the Member for Logan, we were going to leave both the Co-op Loans and Guarantee Board and the Promotion Board to the Minister's Salary, if that's okay with the committee.

MR. URUSKI: Oh.

MR. CHAIRMAN: 2.(a)(1)--pass; 2.(a)(2)--pass; 2.(a)(3)--pass; 2.(b)(1)--pass; 2.(b)(2)--pass.

MR. URUSKI: Mr. Chairman, could the Minister give us the breakdown on the salaries and staff man years, whether there has been a change from last year.

MR. BANMAN: Eight permanent SMYs again: the director, three auditors, one inspector, two registration officers, and one secretary for staff support. The staff man years are identical to last year and, again, the increase is GSI and annual increments. The other expenditures are stationery and telephones. One of the reasons for the slight drop in that is that last year we had to print all the new Credit Unions and Caisse Populaires Acts and that we don't have to do this year because we have a sufficient supply in stock for the coming years.

MR. URUSKI: Mr. Chairman, the services provided in both (a) and (b) by the staff, how do they differ and what are their respective roles? If the Minister would like to . . .

MR. BANMAN: The staff under (a) is basically development officers, people that are out in the field dealing with the fish co-ops; (b) is the regulatory function. In other words, we were talking about the statistics. We are the registrar for the Province of Manitoba, so that the dissolution of credit unions and establishment of credit unions, have to be filed with the Province of Manitoba, that we keep proper control of it. This particular department is one which does the filing of regulations and looks after the distribution of the regulations, as well as the enforcement to make sure to have a good liaison with the CCSM, to make sure that everything is running properly with regard to the regulations and the statutes, with regard to annual reports and all the other things.

MR. CHAIRMAN: 2.(b)(2)--pass; 2.--pass.

Resolved that there be granted to Her Majesty a sum not exceeding \$694,200 for Co-operative and Credit Union Development and Regulation, \$694,200--pass.

Resolution 42, 3. Acquisition and Construction of Physical Assets--pass - the Honourable Member for Logan.

MR. JENKINS: Mr. Chairman, I wonder if the Minister could give us an idea of what this appropriation is for. Last year there was no money for Acquisition and Construction of Physical Assets; what are we building or acquiring for \$56,300 this year?

MR. BANMAN: I believe, Mr. Chairman, last year it was covered under existing old capital authority. With regard to this particular item, there is some money included for the Seymourville Consumers Co-op in the area of loans and it also provides a provision for another \$50,000 of, I believe, a loan guarantee, and it gives us certain capital authority for funding for this coming year. So it's not like we're building something but it's providing loans to a few co-operative associations.

MR. JENKINS: Then I'll raise the same question that I raised with the Minister of Labour when we were dealing with his Estimates, because he had the same thing. I think this is a misnomer. You know, unless we inquire, we see here Acquisition and Construction of Physical Assets. Well, Physical Assets is something that you can take a hold of and feel and see; we're talking about loans. I suggest to the Minister that next year when you're preparing your Estimates, and I suggest this to all Ministers if this is what you're doing in all departments, if this is grants and loans, well, then I think that's what it should be listed as in the Estimates, not as Acquisition and Construction of Physical Assets, because it's misleading and it's misleading to Members of the Assembly and it's certainly misleading to the press and members of the public at large when they pick up a copy of the Estimates of Manitoba and they see, lo and behold, we have . . . Well, here is one right here, but I guess we . . . Well, here we have Acquisition and Construction of Physical Assets in Cultural Affairs, and perhaps when we get there we'll find out that it's maybe grants for something else.

But it's something that I think the Treasury Bench should be looking at because I think it is a bit misleading to the Members of the Assembly that you have a line in here, Acquisition and Construction of Physical Assets, and then we find out it's either loans or grants.

MR. BANMAN: I agree with the member.

MR. CHAIRMAN: 4.(2)(3)--pass - the Member for St. George.

MR. URUSKI: The Minister indicated that \$6,000 was for the Seymourville Consumers Co-op. That's under a guarantee, I presume.

MR. BANMAN: Which is an existing loan.

MR. URUSKI: Pardon me?

MR. BANMAN: Which is an existing loan.

MR. URUSKI: Yes, you're guaranteeing . . .

MR. BANMAN: It's not a guarantee, it's a loan.

MR. URUSKI: The Department of Co-op Development has made a direct loan to the Seymourville Co-op?

MR. BANMAN: Through the Loans and Loans Guarantee Board.

MR. URUSKI: Could the Minister explain that for my benefit of understanding, Mr. Chairman, the background of that and how does that come about in terms of a direct loan?

MR. BANMAN: Mr. Chairman, I understand that this is a loan. This authority will provide us moneys for loans. There will be \$1 million under the Capital Supply Bill, I think, which will be coming forward, which will give us authority under the guarantee section, so this deals strictly with the loans, the other ones deal with the guarantees. We have a number of others. I think if you will refer to the Co-operative Loans and Loans and Guarantee Board Annual Report, you will see that the loan is to Seymourville Consumer Co-operative; the others are guarantees, so the outstanding guarantees at the end of March 31, 1979, were \$618,000.00. We are asking for slightly more; we will be coming to the House to ask for slightly more so that the Co-op Loans and Guarantee Board have some money to provide additional loans. But right now, we are asking for \$56,300, which basically covers \$6,300, roughly, for the Seymourville loan and \$50,000 which will be allocated possibly to some other fishing co-ops that need loans.

In other words, we don't have the same thing that we have in, for instance, the Manitoba Development Corporation, which has been voted authority, I think, something like \$60 million, which it never used. We don't have that provision in this. In other words, we don't have voted authority that we have never used. The way I understand it is that some of it had lapsed and, as a result, we have to provide for it in our yearly Estimates.

MR. URUSKI: So in the event that there are no loans issued, therefore the \$50,000 would lapse and the outstanding . . .

MR. BANMAN: That would come back next year again.

MR. URUSKI: Now, in what cases would the department itself - like, the Seymourville Co-op, and maybe the Minister wants to comment on that one - get involved directly as the lenders?

MR. BANMAN: Under the provision of the Act, but I don't think that's what the member wants. Let's use the example of some co-op getting into some difficulty because of some accounts receivable that have gotten away on them because the manager hasn't been exercising tight enough control. This could be used to help them over the interim while one of our development officers moves in to try and help him straighten out the problems. We even have a number of consumer co-operatives in northern Manitoba, aside from the fishing co-ops, which we deal with on almost a weekly basis to provide managerial expertise and auditing

expertise. So if one of them would find themselves in a problem, rather than closing them up and then trying to start over again, this would provide them with a loan to maybe help them get back on their feet. So it's not big money but it, in very many instances, could possibly, like in the Seymourville case, probably help them out of a tight spot and keep the co-op going.

MR. URUSKI: Yes, Mr. Chairman, and the 50,000 is what one would consider a reserve in terms of . . .

MR. BANMAN: An uncommitted loan authority, if you want to call it that.

MR. URUSKI: Uncommitted loan. The Minister or the department doesn't feel that any further amount is necessary or there will be additional capital voted in the Supply Bill of \$1 million where their guarantees are outstanding of some \$618,000.00. So you have an additional, roughly, \$350,000-\$400,000 of available capital there, where you're looking at roughly \$500,000 of reserve capital in the event, either for guarantee. Is there flexibility in that capital to either use it for loans or guarantees, or is there a stipulation on that voted authority?

MR. BANMAN: No. The way I understand it, we are asking here for \$56,000 on loans and we are going to be asking for \$1 million on guarantees. That is legislative authority and I stand to be corrected, but I don't think you can juggle between the two because this is what we vote, as a Legislature. Of course the member will appreciate if some emergency should arise in September, or something, we could always go to the special warranty. But the department, based on how the fishing co-ops are doing, how the co-op system generally is doing, figure that this is leaving us enough room to deal with any other problems that could arise.

MR. URUSKI: Well, Mr. Chairman, we're on this issue --(Interjection)-- Mr. Chairman, they're tied so closely together to the Loans and Guarantee Board in this area as well. Have there been many applications in . . . ? Since the report covers - well, it's a year old now, the report is a year old - have there been many applications under the Loans and Guarantee Board in the last 12 months that are not shown here? Have there been additions?

MR. BANMAN: No, Mr. Chairman, not in the last while.

MR. URUSKI: So that I'm given to understand that the only guarantees that are being carried on by the department are those as shown in the report for the year ended March 31, 1979, or have there been some additions?

MR. BANMAN: With the exception, I should note one exception. We provide a guarantee for the Northern Co-op Services, which . . .

MR. URUSKI: It's shown here.

MR. BANMAN: Yes. Which was extended again for the new year. It's on an annual basis. What they do is they go out and buy fishing nets, motors, and as they sell that they pay off the loan, so that has to be renewed every year and that will be renewed again this year.

MR. URUSKI: Yes, okay; I think I understand it. But in terms of new co-operatives the amounts basically are not changing of what you've got in terms of guarantees. You've had guarantees two years ago of 953; you're down to slightly over 600,000. The numbers of co-ops, if I understand the Minister correctly, have not changed. The dollar amounts of each guarantee may vary somewhat.

MR. BANMAN: Yes. The WestMan Media Co-Op, I don't know if they ever drew down, I'd have to do some checking, but I don't think they ever drew down on that guarantee. It was put in place but they never used it. So it says a cancellation, they never really used it.

MR. URUSKI: Yes, that's understood, that it's not necessary that the credit union call in any of the money or have to use it but the guarantee is there in the event that it's desired; I understand that. That it's not necessary the government actually has to pay out money to a lender that a credit union or the co-op goes to. But the amount, as I understand the Minister indicates, has not changed or remains at roughly the \$600,000 mark.

MR. BANMAN: That's right.

MR. URUSKI: Okay. Then can I ask the Minister if the guarantees have stayed or actually been reduced, of what necessity is the government required to ask for, say, a doubling of the guarantee that is theirs?

MR. BANMAN: Mr. Chairman, as the member will realize, a number of years ago some of the northern fishing co-ops got into some serious trouble. Our development officers are meeting with several different co-ops. Some people are looking at possibly reviving one or two of them. I guess all I can say is that we feel this will give us enough elbow room to move, if we have to move, on some of them and I think it would be - what should I say? - not right for me not to indicate that we are hopeful that maybe we will have some new ones coming on stream or reactivated and therefore are asking for money. I guess we could have left it as special warrant but I think, in all respect to the Legislature, I think that it's the correct procedure to follow. The members will appreciate that there could be one or two that are reactivated and hopefully we can accomplish that.

MR. URUSKI: Yes, Mr. Chairman. There was certainly no criticism meant on my part in terms of whether you should vote or not. Certainly if there is the likelihood of some co-ops being reactivated, or some new ones starting up where guarantees would be necessary, that provision be made for that. Are there any applications now before the board that are still pending?

MR. BANMAN: I don't believe so.

MR. CHAIRMAN: The Member for St. Vital.

MR. D. JAMES WALDING: Mr. Chairman, in answer to a question by my colleague from Logan. I believe I heard the Minister say that the reason there was no amount under this appropriation last year was that there was some carry-over from the previous year. Can he confirm that, please?

MR. BANMAN: I'd have to get back to the member on that.

MR. WALDING: But can the Minister confirm that he made the statement?

MR. BANMAN: Well, Mr. Chairman, I think that's what it was but I'd have to get the exact . . .

MR. WALDING: Mr. Chairman, is the Minister saying that there was a carry-over from the previous year?

MR. BANMAN: Mr. Chairman, before I say anything more and the member had alluded that I said something with regard to it previously, that was my understanding. I'll have to check further with the Finance Department and see exactly what's involved.

MR. WALDING: Well, Mr. Chairman, it was my understanding that as of April, 1979, that there would be no further carry-over in any department; at least this is what we have been assured by the Minister of Finance and various other government officials and that was the reason for the change in The Financial Administration Act and other accounting changes that the government made. It was that there would in fact be no carry-over, any outstanding capital authority would lapse as at March 31, 1979. I just want to confirm that with this Minister that that is in fact what happened and there was no carry-over or if there was a carry-over, how did it happen to occur in this department and presumably not in other departments?

MR. BANMAN: We're looking at a slightly different situation here, in that last year, at the end of March, 1979, the loan to the Seymour Consumer Co-op was already outstanding. So what I'm asking for here is additional authority, which I didn't ask for last year.

The other thing that is happening is that we are asking for extended authority with regard to the guarantees, which will be a million dollars. But unlike the Manitoba Development Corporation, which I pointed out before, where the Legislature votes and has voted maybe the last - not the last two or three years but used to vote a fairly substantial amount of capital - that never lapsed. And that authority - I'm talking about authority here now, I'm not talking about the expenditure of the moneys, I'm talking about the authority itself - with MDC; I think MDC still has about \$60 million worth of authority on the book, which is voted but through past capital.

MR. WALDING: Mr. Chairman, I'm not referring to MDC and I'm not referring to the amount of some \$56,000 that the Minister is asking authority for this year. The only point that I'm questioning is a statement that the Minister made, that there was capital carry-over from 1978-79 to the 1979-80 year.

MR. BANMAN: Maybe I could just straighten that out. Not capital carry-over, let's call it a loan carry-over. Maybe the terminologies are bothering us here but this was in place and I guess what we've talking about is the authority to continue that in place. And it's not a matter that we were spending any more money; if the member will note on the Co-Op Loans and Loans and Guarantee Board, that was all in place, the loans were in place and what we are asking for is authority here to provide additional loans of \$50 million and continue to carry forward the other one. And for a more detailed explanation I'll have to check with the Department of Finance. But it's not something new. It's something that's on the books in the Loans. So I guess how you handle it and on what side of the ledger you put it is something I will have to check with the Finance Department. But these were in place and not something new that we did last year. It was just a carry-forward of the loans and the guarantees that were in place prior to that.

MR. WALDING: Is the Minister saying that whatever the particular loan was, was paid out prior to April 1, 1979, or that it was paid out subsequent to that and some other authority . . .

MR. BANMAN: No, it goes back to March, 1978. Mr. Chairman, many of them go back five or six years.

MR. WALDING: In that case, Mr. Chairman, the authority for that amount was in the previous year and the loan was made in the previous year. So there was no capital, no carry-over.

MR. BANMAN: That's right.

MR. WALDING: I understand now then that the Minister is saying that there was no carry-over as of a year ago. Thank you.

MR. CHAIRMAN: (3)--pass. Did I see a hand flicker? No. (3)--pass.

Resolved that there be granted to Her Majesty a sum not exceeding \$56,300 for Co-Operative Development, Acquisition/Construction of Physical Assets--pass.

Now we return to 1.(a) Minister's Compensation.

The Member for Ste. Rose.

MR. ADAM: Yes. I'd like to ask the Minister how much time does he spend on this department in relation to his other duties. It seems to me, Mr. Chairman, from what we have heard . . .

MR. BANMAN: Mr. Chairman, a fair amount, because you're dealing with consumer co-ops; you're dealing with the credit union movement; you're dealing with

the Caisses Populaires movement, all which have their own groups within the consumer co-ops. There's your gasoline co-ops; there's your consumer stores; there's ManCo; there's ManCo which is divided, we've got the dairy section as well as the poultry section now. We receive a lot of requests for meetings and there's a fair amount of work involved because when you're dealing with the co-op movement, which has a fairly large membership as well as the credit union group, and the 200-and-some provincially registered co-operatives, as well as the 197 Caisses Populaires and credit unions. It requires a fair amount of time.

MR. ADAM: I was just wondering, looking at the other end of his Ministry, the physical fitness, and it seems to be a much larger expenditure and I am just wondering, you know, looking at the amounts of money spent, and what we've heard the Minister say tonight about the programs and everything, is whether even this amount is justified. You know, from what is happening, are we winding down the department completely? Looking at it, it seems to me that the Co-operative Development end of it is getting shafted on the Minister's Salary, that perhaps it should be maybe \$1,500 there and the rest on the other end of it. That's why I asked that question: How much time the Minister is spending on the other department?

MR. CHAIRMAN: The Member for Logan.

MR. JENKINS: Thank you, Mr. Chairman. I want to deal with the report of the Co-operative Promotion Board and deal with the legislation, especially the second paragraph. "Manitoba received the sum of \$128,000" - I think it is \$128,800, if you look at the statement - "which is invested under The Wheat Board Money Trust Act. The Co-operative Promotion Board is empowered to utilize the income derived from investments to promote research into co-operative organizations, support educational programs on co-operatives and make grants to co-operatives or agricultural organizations, to promote the general welfare of rural Manitobans.

Then I look and it states further in paragraph four that the Deputy Minister will serve as the Chairman of the Promotion Board.

If this Promotion Board is dealing primarily with rural Manitoba, I am quite astounded to see that the Chairman, and that's understandable he will be in Winnipeg because he is here, but the secretary, the three board members, two are from Winnipeg and one is from Strathclair. It seems rather odd that since this program is rural oriented and is a promotion of primarily rural co-ops, organizations and educational programs, that the bulk of the members on this board will be from the city of Winnipeg, especially since the other members are appointed by Lieutenant-Governor-in-Council.

If I was a rural member I would be taking severe umbrage that here is a Promotion Board and the money is derived from a rural industry, the Wheat Board, which is dealing with rural money in this trust account, and the board that makes the recommendations for this is primarily located in Winnipeg.

MR. BANMAN: If the member will just allow me to interrupt. This is the old board as established and had not been changed for the last number of years. Maybe before the member goes on, I believe it was about eight months ago, there was a new board appointed and those people - there's a Mr. Ed Klassen from Homewood; Dennis Ginter from the Steinbach Credit Union; a Mr. Sveinson from Gimli; and a Mr. Henry F. Wiebe from Winkler. So all the members on the board now, with the exception of the chairman, are from rural Manitoba.

MR. CHAIRMAN: I would just bring attention to the member, if they would come up a little closer to the mike; it's not coming through particularly clear. Thank you.

The Member for Logan.

MR. JENKINS: I thank the Minister for that information. That sort of takes the wind out of my sails, I must admit. But I am glad to see that the Minister has seen fit to make these changes because, you must admit that the board was dominantly people in the urban area of Winnipeg and just, really, what would they know of the promotion . . .

MR. BANMAN: Your appointments, Bill.

MR. JENKINS: . . . of programs in rural Manitoba? Well, nevertheless, I think the point was valid and I'll accept the Minister's answer and I am glad that they have.

I just want to deal with the activities of the Promotion Board in 1978 - 79, and especially in view of a statement that the Minister made earlier that the co-op movement originated in Saskatchewan. I think the Minister, if he will stop and think about it a minute, he will realize that the co-op movement was not started in Saskatchewan; it was started in Rochdale in Lancashire in about 1846, if I'm not mistaken, somewhere in that time frame, where a bunch of people in the city or town of Rochdale in Lancashire got together, I think, five or six pounds and started what was the first co-operative movement.

Why I am saying this, I see that there has been a request here that the board turned down, from a C.S. Axworthy, Associate Professor of Law at Dalhousie University in Halifax for a grant to study worker co-operatives in England and European countries, was discussed but after investigation, the grant was turned down. What I would like to know is, how large was the grant that was requested and what was the thinking of the board? I realize that the Deputy Minister is here and I know he can't answer, but he can supply the answers through you. What was the thinking of the board at that time? Was this not a worthwhile project for the board? There are workers in rural Manitoba as well as in the city of Winnipeg. What was the thinking of the board that such a co-operative study of co-operatives in European countries was not warranted? Was it too much for the board or did the board feel that it was not of any value to the co-op movement here in Manitoba?

MR. BANMAN: I will have to take that question as notice because my Deputy at that time was not the chairman of the board and I believe it was - since Co-op Development was with Consumer and Corporate Affairs a year ago, the Deputy Minister of Consumer and Corporate Affairs was the chairman, I believe, and I'll have to check on that. But I'll have to get the answer for him.

MR. JENKINS: Perhaps, then, when we are dealing with the Department of Consumer Affairs we can get this answer, if the Minister can't get it. I realize that the Minister has one of two options: One, we are going to pass his Estimates this evening. The only way we are going to get the answer is the Minister is going to have to get up in the House and make a statement, one way or the other. Either that, or I know that the Department of Consumer and Corporate Affairs will be discussed in this committee room. I believe that's the schedule.

MR. BANMAN: I can provide the member with . . .

MR. JENKINS: I hope it is not just the fact that the name Axworthy is his. I don't know if this person is any relation to the present Minister who was a former member of this House, but I think that I would like to have some background on why this request, and what denomination it was and whether it was figured not to be worthwhile for the money that was involved. If the Minister can get back to us with that I would appreciate it very much.

MR. CHAIRMAN: (1)(a)--pass. The Honourable Minister.

MR. BANMAN: Mr. Chairman, I will undertake to go back and review the minutes of the meeting and see if I can't see what the logic of the board was in arriving at their conclusion and get that to the member.

MR. CHAIRMAN: (1)(a)--pass. Be it resolved that there be granted to Her Majesty a sum not exceeding \$75,900 for Co-operative Development, General Administration--pass.

That completes this department.

The Member for Logan.

MR. JENKINS: Mr. Chairman, I don't believe that you called for the passing of Item 3. I mean, we passed the item, but you didn't move the Resolved.

MR. CHAIRMAN: Yes, I did.

MR. JENKINS: I didn't hear you, I'm sorry.

MR. CHAIRMAN: I read it out.

A MEMBER: Ferguson did it.

MR. FERGUSON: No, I didn't, Mr. McGregor himself did.

MR. CHAIRMAN: I read it. Ferguson read out the other. \$56,300 for Co-operative Development.

Committee rise. As you are aware, Government Services is next here tomorrow.

SUPPLY - NATURAL RESOURCES

MR. CHAIRMAN, Abe Kovnats (Radisson): Committee come to order. I would direct the honourable members' attention to page 79 of the Main Estimates, Resolution No. 106, item 7. Forestry, (a) Administration, (1) Salaries--pass - the Honourable Member for Emerson.

MR. ALBERT DRIEDGER: Mr. Chairman, I just have a few statements that I would like to make. I will not take this time to refute the ridiculous statements made by the Member for Rupertsland prior to Private Members' Hour; I will leave the Minister to do that.

I would just like to bring forward some concerns about the problems regarding forestry in the southeast corner of Manitoba. Looking back over the years, the development that has taken place in the southeast portion of the province in regard to forestry, thirty or forty years ago, when we had seemingly unlimited resources, people like even my father at that time took a team of horses, drove a day east, spent a day cutting wood, spent a day coming back; three days to get a cord or so of wood.

Since that time, many things have happened. The resources have been depleted. Ultimately, finally, the government realized at that time that something would have to be done because we were depleting the resources, we were going to have limited resources if this kept on, and in 1965, the then Conservative government implemented the quota system. The quota system at that time was based on people in the forestry industry in the amount of what they had been cutting over the years. It was established that it was not very popular at that time, as there are people that still have a hang-up about what happened at that time. However, everybody had a certain quota based on the cutting that they had done for a number of years beforehand.

What transpired since that time, Mr. Chairman, was that people sold their quotas. As things progressed, investment became higher, they sold their quotas to fellows that had bigger operations, that had their machinery up-to-date as times changed, and ultimately it came to the point where we have much fewer operators now than we used to have at the time when the quota system was implemented. This seems to create a certain hang-up for the Member for Rupertsland. He says, ultimately, we end up with one operator. Not quite true. But what has happened is that the inefficient operators, and in respect of the high operating costs, the high investment, right now in the southeast corner of Manitoba, I have operators that have got half-a-million dollars invested in forestry equipment. The fellows with the 10, the 20, the 50, the 100 cord quotas, can't make a living; they can't compete.

The same thing happened in Agriculture. We used to have farmers on every quarter section. They ultimately couldn't afford the cost of investment, the machinery cost. They couldn't compete anymore; they sold out. The same thing happened in the forestry with the quota system. It didn't pay, for 10 cords, 20 cords, and the guy that was more industrious, you'd offer him a price and they

sold, and many of them sold for a good price then turned around and went to work for these operators that made the large investments and there are fellows right now in the forestry occupation that are making over 100 bucks a day working for the quota holders, with no investment except a chain saw. The operator or the quote holder, he is the one that has the big investment and is taking the chances. And, what has happened - I'd just like to go back a little bit - in 1965, the then Conservative government established a quota system, a 15-year program, which is transpiring this year. Two years ago, already, the government of the day, our government, the Conservative government went out together with their field staff and started talking to the quota holders in my particular area because it's highly populated on the outskirts. The communities out there used to have a booming business with the forest industry; it's not the case right now. We have a depletion of resources, our staff people, our forestry people establish quotas based on the resources that we have available looking at the long-range term. What has happened is that the people went out; they held meetings. The then Minister of Natural Resources at that time, the present Minister of Labour, he has been out at various meetings with myself included talking to quota holders and non-quota holders.

There was an element of concern among non-quota holders, the younger fellows. Their dads had sold their quotas and they wanted to get into the action. Meetings were held - I think all concerns were sort of taken into consideration - a policy was formed, which was introduced today by the Minister of Natural Resources where, you know, the quota holders still have the right to retain their quota. If there's any additional cuts, young fellows or anybody that wants to, really, can bid on these cuts, which is basically what they've been asking for, because for 15 years it was sort of a close shop. If there was additional cuts available it was only available to the quota holders. So I think when we talk of the smaller operators, when we talk of the guys that are not in the business, I think they now have the opportunity. They have had all along to buy out somebody else.

The Member for Rupertsland has illustrated this is what's going to happen in fisheries. We'll talk about that later sometime. But there's nothing wrong with this. As I illustrated before, in the farming industry there's no way that a man on 160 acres can buy the equipment nowadays, with the cost of operation, that he can sustain himself and a family. The same thing happened in the forest industry. I referred to it before, when they had a team of horses, you could go out with an axe or a Swede saw, and you could make yourself a cord of wood and haul it out; those days are past. He's still living in the past. He says everybody should be able to make a little bit. These fellows that are working for the quota holders are making a bit bit. They're probably making more than most of us sitting around here are.

So, all I'm trying to say, Mr. Chairman, is that, you know, the changes that have taken place are not bad changes, they're good changes and I think we have to be on top of this all the time. The development of the program that was announced by the Minister, it's taken a lot of thought by the forestry people, by the Minister, by the people involved in the actual business, the quota holders, the non-quota holders.

I have a few concerns that I think I would like to bring forward at this time to the House and to the Minister, and I talked to the Minister about it. At the present time the southeast corner of the province is very close to Winnipeg. We have a system of allowing cutting for firewood, one or two cord permits, this type of thing, five cord permits. Thank you, Mr. Chairman. There is a certain amount of misuse that is going on and I would like to encourage the forestry people and the Minister that we have a little tighter control on some of these things because I know for a fact that certain people are whipping up and down that highway past Marchand all winter long on a 15 cord permit, you know. --(Interjection)-- I have told them and I am telling you as well.

Other concerns that have been batted about during the formation of this last policy was at one time we used to have Settlers Permits available to farmers to go out and make certain kinds of wood which they would cut, you know get processed, for the building of homes, barns, and I've gone through that route. These are not available anymore but our quota holders and the people working in the forest industry right now are concerned about a little bit of looseness that we have in the terms of Firewood Permits and things of this nature. For example, farmers are

allowed to make fence posts. They can get a permit - it costs them 3 or 4 cents a pole, whatever the case may be - and they can get out and make their fence posts. I think, being a farmer, I've always enjoyed or had the benefit of doing that. The people in the forestry industry say: Hey! You know, we should be careful with that because some people use this for a commercial unit. They go out and get a permit; cut the fence posts and sell them at a profit.

I just wanted to bring a few of these points forward and I would like to encourage the departmental people and the Minister that we maybe look like at places like B.C. Their major industry is forestry and they have a tremendous programme of reforestation going on. Therefore, every tree that you cut - I could be corrected but my information is that for every tree you cut - you have to plant a tree, looking at the future so that there is a sustained supply available. I think we are going in that direction, possibly a little slowly in my opinion, and I would like to encourage an upstepping of that and, Mr. Chairman, those are my concerns. Thank you very much.

MR. CHAIRMAN: To the Honourable Member for Emerson, that truck going up and down the highway with the 5 cords of birchwood isn't mine.

The Honourable Member for Fort Rouge.

MRS. JUNE WESTBURY: Thank you, Mr. Chairman. I have a question on a matter that has come to my attention and I hope that this is the proper time for me to bring it up, Mr. Chairman.

There were a number of Manitoba students taking a course at Kelsey College in Saskatoon, ten Manitobans, and they applied for jobs with the Manitoba department. I understand someone from the department went up there to interview them and the result was that they hired one Manitoba student and ten from other provinces. I am wondering if the Minister can tell us whether there is any attempt made to give preferential treatment to Manitoba students, since there is no comparable course that they can take in this province, and some of these people feel pretty badly about the fact that they have been, in fact, rejected by the department even though some of them have worked in related occupations in other summers, but neither for a summer job nor for permanent jobs were they, except one of them, accepted by the department. Can the Minister tell us anything about that, and the reasons for it?

HON. BRIAN RANSOM (Souris-Killarney): Mr. Chairman, I would have to enquire into the specifics in the situation, but I can only assume that the hiring would have been done on the basis of their qualifications to do the job. I think, all other factors being equal, then certainly we should be giving preference to Manitoba people. But I think it does become a little bit dangerous, perhaps, to simply hire Manitoba people over any others. I think if that sort of course of action is followed in hiring and in tendering, and in purchase and that sort of thing, that it would tend to lead to a more divided aggregation of governments than we have now, I'm afraid. But I'm not familiar with the specific details; I'll be happy to enquire and provide them to the honourable member.

Mr. Chairman, this afternoon, the Honourable Member for Rupertsland made some fairly serious charges concerning the Abitibi agreement and the reasons he alleged were behind the signing of the agreement.

He charged, Mr. Chairman, if I recall, that the signing of the agreement was politically motivated. I suppose that, in itself, is an opinion that the honourable member might well be able to express and it would, perhaps, be a charge that we could only protest against, but it might be difficult to prove that his statement is incorrect.

However, he went on to say, at that time, that he had made this charge previously, that the signing of the agreement was politically motivated and we had not refuted the charge. He therefore seemed to think because we had not refuted the charge, that it somehow stood, even though it was in fact unsubstantiated.

He went on to say, if I recall correctly, Mr. Chairman, and that the record will show, I assume, he went on to say that a senior executive in the mill ran in Rupertsland and that the company made it very lucrative for him. Those were the words the honourable member used, that the company made it very lucrative for him. He then said, also, that they provided him with expenses and that they provided him with time off.

Now, Mr. Chairman, I, for one, am getting more than a little fed up with this kind of innuendo and charges being made by the members opposite. Yesterday, they were insinuating that a Mr. Joe Slogan was involved in a settlement for some property, without any substantiating evidence whatsoever. Today, Mr. Chairman, they have charged that a senior executive with the Abitibi Company ran in Rupertsland, that the company made it very lucrative, that they provided him with expenses and they provided him with time off. Now, Mr. Chairman, I believe that those charges are false; they cannot be substantiated by the Honourable Member for Rupertsland. He has made those charges previously; they have been denied by the candidate, Mr. George Weiss. They were denied by him in Letters to the Editor. He had vacation time due to him as a result of the time that he worked with the company. He did not receive expenses from the company. The company did not make it very lucrative for him to run. He ran on his own time, and on his own money, and on his own sources of income for the campaign, the same as other members of this Legislature had fund raising activities in order to finance their campaigns.

Mr. Chairman, I think that the Honourable Member for Rupertsland should withdraw those charges or else be able to substantiate them, and at the very least, be prepared to make them outside of this House.

MR. CHAIRMAN: To the Honourable Minister, were you making those statements on a point of privilege, a point of order, or just making the statements?

MR. RANSOM: I'm making them, Mr. Chairman, in the course of debate, because the Honourable Member for Rupertsland seemed to indicate this afternoon in his comments that because his previous charges had not been refuted, not been denied, that somehow they stood. Mr. Chairman, I am refuting those charges now, and I am demanding that the honourable member either substantiate them, or withdraw them, or at the very least, make the charges outside this House.

MR. CHAIRMAN: (1)--pass. The Honourable Member for Rupertsland.

MR. HARVEY BOSTROM: Mr. Chairman, it appears the Minister is very nervous about something which, I believe, his government has good reason to be nervous about, and that is their very close and comfortable, cozy relationship with the Abitibi Paper Company. And there's no better evidence of that comfortable, cozy relationship than the Abitibi agreement which this Minister signed with that company. Mr. Chairman, it certainly raises many suspicions in the minds of people who live, not only in that area, but in other areas of Manitoba, when one considers that the Manitoba Government, the P.C. government, very shortly after coming into power, found it necessary to reduce their royalty rates to the Abitibi Paper Company by about 25 percent of their rate which was established by the NDP government in power.

Mr. Chairman, as I mentioned this afternoon, the Minister and his government did not attempt to even explain it, to use the normal excuses that are used by Progressive Conservative governments when they give gifts to companies of this nature. And one of those, Mr. Chairman, that is usually used in giving gifts like this to a company is that they will increase employment in the area. Well, Mr. Chairman, the Abitibi Paper Company made no such commitment to the government; the government demanded no such commitment from them for purposes of agreeing with these reduced royalty rates and a much better arrangement for them in terms of their control over the forests, their access to resources. They have at least two and perhaps three times the forest area which they had previously under the NDP agreement. Mr. Chairman, they signed an agreement with them giving them these very good deals without asking them or demanding of them anything in the way of increasing employment in the area.

The other thing, Mr. Chairman, they made no attempt to have the company make a commitment to invest further in the economy of Manitoba. Mr. Chairman, everyone who knows the operation of Abitibi knows that their mill in Pine Falls is an old mill built in 1925. It is a piece of capital which desperately needs renewal. Mr. Chairman, we were negotiating with them on that very point. --(Interjection)-- You had better believe it; we were negotiating with them on that very point. Mr. Chairman, there is a definite need for the company to make that kind of commitment, I believe, and this Minister didn't even use that excuse in signing

that agreement with Abitibi. In other words, Mr. Chairman, they made two very lucrative deals for the company, one of them reducing their royalty rates by about 25 percent of its rate previously, and secondly, giving them access to two or three times the resource area they had before, and over that resource area, giving them virtual control of that resource.

It is very obvious, from the people in that area who now go looking for timber rights, farmers, individuals, communities who want to cut timber in that area, have to go to the company to get the right to cut timber. Previously, they went to their elected government to get that right to timber. Now they go to Abitibi. It's as if they turned over the land zoning control of Winnipeg to one of the major developers in Winnipeg, BACM, so that if you, Mr. Chairman, wanted to have your land rezoned for purposes of whatever you had in mind, you would not go to your elected city government or your elected provincial government, you would go to BACM. Mr. Chairman, that's the concept that this government is using.

Then they come in the House here and make their pious statements about wanting to have opportunities for small operators. Well, Mr. Chairman, what hypocrisy. You are talking about having opportunities for small operators and you turn around and give control of two or three times the forest area that Abitibi had previously, to that big company.

Mr. Chairman, there is certainly very little opportunity, in fact, almost no opportunity, for small operators in that area to have further forestry development. --(Interjection)-- Mr. Chairman, the Member for Emerson gets up and talks about his area in the hope that young people are going to be able to get into the forest industry. He is holding out false hopes to young people who want to get into the forest industry, because he just has to look at the statistical supplement in this Minister's report to this Legislature, the annual report of the department, where it clearly shows that since June 14, 1965 when the 15-year timber quota system was established, there's been a 56.64 percent reduction in timber sales in the province of Manitoba. There has also been a 74.6 percent reduction in the pulpwood permits.

Well, Mr. Chairman, why do the Member for Emerson and the Minister attempt to fool the young people of this province into thinking that they are holding out some new hope for them to get into the forest industry, when the forest industry is becoming more and more concentrated in the hands of fewer and fewer people. This Minister and this government, by its actions with Abitibi, are showing that their priority is to give better deals to the bigger companies and, in this case, the biggest company that's operating in Manitoba has control over a vast area of Manitoba, virtual complete control. And not only do small operators have to go and make deals with them, but individuals, communities, farmers, even if you want to go and cut a few rails for your farm, you have to go hat in hand to Abitibi for a permit.

Well, Mr. Chairman, this is ridiculous. This is abdicating the responsibility of government to a multinational corporation operating in the province of Manitoba. --(Interjections)-- Mr. Chairman, the message is coming through very clear to me, it's certainly coming through very clear to the people in Rupertsland, and it came through very clear during the last election. They were not fooled by the actions of Abitibi. I told you before supper, and I'll tell you again, that the people elect governments, big corporations like Abitibi do not elect governments. They may buy them, they may be able to make arrangements with them, Mr. Chairman, but in the final analysis, the individual person who goes to the poll and marks that ballot is the one that elects governments, and some of those individual people, Mr. Chairman, are the small operators that are operating in Manitoba, that are not very pleased about the kind of agreement that this government has signed with Abitibi. Some of those people, Mr. Chairman, are the taxpayers of Manitoba, who, when they become aware, are not going to be very happy about the fact that this government has signed an agreement with Abitibi for no apparent reason, reducing the rates that that company has to pay on the forest which they harvest in Manitoba. The head offices of that company are not in Manitoba. The income taxes that that company pays do not come to the taxpayers of Manitoba. So, Mr. Chairman, giving them a cushy deal on royalty rates simply means there's more money going to Toronto where their head offices are located.

And Mr. Chairman, if you look at the arguments of the Minister this afternoon, when he tried to say that because we were charging Abitibi a higher royalty rate

this was unfair to them, since other smaller operators were paying a lower rate, Mr. Chairman, that's the kind of discrimination I don't mind living with because I like to think that we offer some incentive to the small businessman. This Minister would rather offer incentive to the big business and, Mr. Chairman, they're the people that do not need the protection of government. It is the smaller operator that needs government to act as an ombudsman on their behalf in the international marketplace that we are operating in. It's the small businessman that's being squeezed out by the international corporations, whether it's the small grocery store owner or the independent pulpwood cutter or timber producer, lumber producer or the family farmer. Mr. Chairman, these are the small operators that are being forced out by the multinational corporations, and in that international jungle, government should be working to assist people, should be acting as an ombudsman on behalf of the individual and the small businessman and not operating to help prop up the big guy to rip off the small guy, and that's exactly what this government seems to want to do.

Mr. Chairman, in terms of the resource revenue that we were receiving from Abitibi by way of increased royalty rates, this revenue was not simply for stumpage, it was not simply the stumpage rate that can be comparable to that which is paid to a small pulpwood harvester, or a small timber operator who's cutting timber for lumber production, that royalty related to the resource that that company was harvesting, and which that company was turning into a final product in the province of Manitoba, and shipping out of the province of Manitoba for export. If one looks at the entire operation, we see that there's a woods' operation; there's a mill operation; there's a processing operation; there's a sale of the finished newsprint product; all of these things, Mr. Chairman, are involved in the calculation of what rate that company should pay for the harvest of the forest. Mr. Chairman, it's reasonable and proper for the people of Manitoba to assume that they can get a proper return from their use of their resources. This government likes to talk about cutting back on expenditures, but what they're not telling the people of Manitoba, the message that's not getting through from this government, is that they're also cutting back on the revenues that they are receiving. They're cutting back on the revenues they're receiving from companies like Abitibi.

Mr. Chairman, that is not helping the people of Manitoba, it's simply making it more possible that local governments are going to have to increase their taxes at the municipal level because this government claims they do not have the revenues to be able to assist the municipalities. It means that school boards are having to increase the taxes on the ratepayers because this government is not able to have the finances to assist those ratepayers in the education area. And Mr. Chairman, one of the reasons they don't have the money is because they are cutting back on revenues from our natural resources, and for no apparent reason. None that one can see readily. The First Minister says, "Not one that I can understand." Well, Mr. Chairman, I think that's to my credit that I don't understand the kind of machinations that go on behind the scenes that result in a big company like Abitibi getting a cushy deal from the government. I am very happy that I can't understand that.

MR. LYON: You'll grow up yet.

MR. BOSTROM: Yes, Mr. Chairman, I hope that my maturity will not lead me down the narrow path that the First Minister is following.

Mr. Chairman, the people of Manitoba are finding out exactly what this government is made of, and it's not something that the people of Manitoba find to their liking. They have demonstrated that in the last two federal elections in Manitoba, where they have turfed out many of the comrades and compatriots of the First Minister.

MR. LYON: "Comrades" is your term, "members" is our term.

MR. BOSTROM: Mr. Chairman, this Minister is assisting in that process. One of the areas where he has definitely assisted in this process is his handling of the fishing licensing situation in Manitoba. His handling of that was such a disaster that it certainly contributed . . .

MR. CHAIRMAN: Order please. I would strongly recommend to the honourable members that the department under discussion is forestry. I had made some remarks about fisheries a little earlier and I would hope that we can stick to the subject that's under discussion.

The Honourable Member for Rupertsland.

MR. BOSTROM: Fine, Mr. Chairman, I simply refer to that in terms of the Minister's handling of the department and how it relates to this because, Mr. Chairman, the handling of that area, which was a disaster, is related to the area of his administration of the forestry in Manitoba and his handling of the Abitibi agreement, his handling of the smaller operators and communities that are in the area, Mr. Chairman. Those people are not happy with this Minister's actions, this government's actions, and that will contribute to their defeat, that will continue to contribute to their defeat, Mr. Chairman.

And, Mr. Chairman, the kind of agreement that was signed with Abitibi and the kind of behind-the-scenes dealing that obviously must have gone on to arrive at this agreement leads one to believe that this Minister and this government is operating much in the fashion they did when they signed the Churchill Forest Agreement, which we are told by the Royal Commission of Inquiry into that, that the the First Minister was one of the people who travelled to Switzerland and, within five days, signed a major agreement which turned over three-quarters of Manitoba to a little-know, unknown, international crook, that ripped off the Province of Manitoba. --(Interjections)-- Mr. Chairman, the First Minister wonders whether I understand these matters of not. I understand this was a pretty incompetent handling of that situation by him and his colleagues at that time because they were taken by an international con man, signed an agreement which was binding on the Province of Manitoba . . .

MR. CHAIRMAN: Order please, order please. I would hope that the debate under review at this point could be carried on in a manner that is conducive to the Legislature and we would allow one member . . . --(Interjection)-- I would hope that my ruling is not being questioned at this point; I am just making a statement, and that we would allow the member who was debating in his place the courtesy of the Legislature.

The Honourable Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Chairman. I think that the government and the First Minister and the attitude of the First Minister regarding the disaster that he participated in, namely the Churchill Forest Industries, is part and parcel of their attitude towards the development of the Province of Manitoba. --(Interjections)-- You can tell, Mr. Chairman, that the First Minister is not following your advice.

MR. CHAIRMAN: Order please, order please. I would again remind the honourable members that there is a courtesy extended to the member who is debating in his place, and I would hope that members on both sides would allow the member to continue his debate without interruption.

The Honourable Member for Rupertsland.

MR. BOSTROM: Speaking of understanding, Mr. Chairman, the Honourable First Minister certainly revealed his ignorance and misunderstanding, lack of understanding of the international marketplace when he went to Switzerland and signed this agreement with this international con man. --(Interjections)-- Well, Mr. Chairman, his name was certainly on the contract and that's why he's belling now, because when the truth is known, Mr. Chairman, the First Minister is prepared to squeal from his seat, so one can see that he is very nervous about that particular agreement. And I believe that this government is nervous about the kind of agreement they signed with Abitibi, because I do not believe that they can go to the people of Manitoba and explain to them why they decreased the royalty to that company when there was no need to do it, absolutely no need to do it.

And, Mr. Chairman, also giving that company control over a major area of the forests of Manitoba, with no need to do that as well, because, Mr. Chairman, the administration that was established by the New Democratic Government, I believe,

was a good arrangement from the point of view of the company. It was also a good arrangement from the point of view of the citizens of Manitoba because it gave the government the opportunity to deal with the company and to establish cutting plans for that company, taking into account the needs of the people who live in the area and people in general, in Manitoba, who wanted use of the forests of northeastern Manitoba. And now, Mr. Chairman, we see the government giving that kind of control completely over to the company. And it's reminiscent of the kind of deal that was signed by the First Minister with the Churchill Forest Industries, because there, Mr. Chairman, they gave control over an even vaster area of Manitoba to an international con man who, in the final analysis, ripped off Manitoba to the tune of many millions of dollars.

And, Mr. Chairman, that was a loss to the taxpayers of Manitoba. It was a direct result of this First Minister's actions, and his colleagues of that time. --(Interjection)-- Mr. Chairman, we will see over the term of this agreement, this agreement that the government has signed with Abitibi is one that is to give them access to the forest resource for some twenty-year period of time at a rate that was the same rate as they were paying in 1925. Mr. Chairman, can any member opposite go to his constituents and explain to them how they could make an agreement with a company, giving them a rate that was the same as they were paying in 1925, and say that this is a fair rate of return on our resource, a fair rate of return, a reasonable justified rate of return on our resource for the people of Manitoba?

Mr. Chairman, let these members go to their constituents and explain why they are not collecting over \$9 a cord on that resource rather than the \$2 and some cents that they are charging, which is the 1925 rate. Why are they not charging the higher rate? Because, Mr. Chairman, Abitibi Paper Company was not moving out of the province, was not threatening to move out of the province under the old rate, so there was no need for them to move out of the province.

Mr. Chairman, when we look at the annual report of the Honourable Minister, we see that the forest resource in Manitoba returned some \$30 million a year of estimated value of harvestable timber in 1978; in fact it was estimated at almost \$40 million. Now that's the gross value of timber harvesting. That's not taking into account the other things that I mentioned that are part of the Abitibi operation, namely the milling, the processing and the sale of the finished newsprint product.

Mr. Chairman, for the Minister to say that in 1977, as he was quoting from the statistics this afternoon - 1975 rather - the first year of the agreement that was signed by the NDP government, Abitibi paid some \$960,000 in taxation to the province of Manitoba on the timber resources that they themselves harvested - that's not the timber that they purchased from local operators, smaller operators, but just on the timber that they harvested - using the rates that the Minister has now given to the Abitibi Paper Company, the amount paid to the Province of Manitoba would be less than a third of that. --(Interjection)-- \$960,000 he quoted this afternoon as having been paid out in 1975 to the Province of Manitoba.

Mr. Chairman, that is not a very significant tax when one considers the many millions of dollars of final product that the Abitibi Paper Company takes out of the Province of Manitoba. And that only relates to the forest resource that they harvest, because on the forest resource on which they purchase wood from other operators, there is an additional amount paid by those other operators. They don't pay that stumpage fee.

Mr. Chairman, he referred to rates paid by operators in other provinces and this, I believe, is comparing apples and oranges because the rate that was charged to Abitibi was an attempt by the New Democratic Party Government, a successful attempt, I might add, to obtain a return from the resource, the total resource that Abitibi was using. One must look at it in that total sense, that was the taxes that Abitibi was paying on the resources that they were using. We believe it was a just rate; we believe it is the rate that should be in place now. The government had no business reducing it, and one can only suspect their motives in reducing it. Why was it necessary for them to reduce it? The company wasn't threatening to pull out of the Province of Manitoba. Why were they so eager to rush into this agreement?

When one looks at that agreement, Mr. Chairman, it looks as though it were drafted by the Abitibi Paper Company and simply presented to the government for

their signature, because it is so favourable, so biasedly favourable to the Abitibi Paper Company. One can only speculate as to why the government would jump to put together such an agreement.

I don't mind telling you, Mr. Chairman, when I saw that agreement, I was shocked that the government would do this, make such a blatant attempt at what appears to be political patronage. What other reason could there be? When I say that the Minister and this government did not successfully refute that charge, I maintain that. Because to my mind and to my way of thinking, they certainly did not refute that charge, and they can't logically refute that charge. Because what other reason is there for a government to make such a gift to a company like this? What other reason is there? And the Ministers opposite simply stare down at their papers or gaze up at the ceiling when these charges are made. They make no attempt to refute those charges. In fact, the Minister in his opening remarks tonight made no attempt to refute that charge.

One can only speculate that they are not able to refute that charge, that in fact that must be the reason that they made such a generous agreement with this company. It certainly leads us to suspect the worst, and I believe that Manitobans are going to judge the government at its worst with respect to this particular agreement. There are other examples of this kind of behaviour by the government which I won't go into here, since we are discussing forestry.

I don't know if I have enough time, Mr. Chairman, but another example of this government's attempt to get out of assisting the ordinary, average person is their announced policy to change the standard procedure of forest fire protection for the communities in Manitoba. I refer to a letter which came to my attention by an Indian band in my constituency, whereby the Department of Indian Affairs is writing to the band in my constituency saying, and I quote from the letter, Mr. Chairman: "Re: Forest Protection. The provincial government's Manitoba Forest Protection Service was first established to protect Manitoba's forests. Over the years, it has also gradually extended that protection to northern communities' buildings, grasslands and brush, as well as to forests. In doing this, it has often had to let forests burn in order to protect personal property. We have recently been advised that starting with the 1980 fire season, the Forest Protection Service will no longer take the initial action to fight community fires or fires in Indian Reserve forests. However, it will assist community members in their efforts at fighting community fires, but only as requested by the community, at cost to the community. This change in policy makes it necessary for each community to obtain firefighting equipment, to organize men to combat reserve fires, as well as taking steps to prevent fires from starting. Planning should start immediately for you to form a community fire brigade and to purchase the required firefighting equipment from your own funding. We do not have funds to assist you in these purchases . . ."

MR. CHAIRMAN: Order please. The honourable member's time is up. The Honourable Minister.

MR. RANSOM: Well, Mr. Chairman, we now have been treated to a demonstration of the credibility, or the lack of credibility, of the Honourable Member for Rupertsland. I rose earlier in debate, Mr. Chairman to challenge the Honourable Member for Rupertsland to substantiate charges which he levied this afternoon against a former Progressive Conservative candidate. He charged that that individual, that his employer had made it very lucrative for him to run.

Mr. Chairman, that is a serious charge. That is a serious charge to drag a person's name down with that kind of charge, and then to hide behind the privileges of this House, to make that sort of charge and not substantiate it, to stand on his feet and speak for 30 minutes, to drag red herrings back and forth in front of us, Mr. Chairman, and never once - never once - substantiate the charge that he made, or withdraw it.

At the same time, he says that the company provided Mr. Weiss with expenses. Did he substantiate that charge, Mr. Chairman? No. What kind of credibility do we attach to those sorts of charges which go unsubstantiated? He then rises and condemns an agreement based on the same kind of baseless charges. He charged also that Mr. Weiss was given time off by the company. The facts, as I outlined

earlier, Mr. Chairman, were that Mr. Weiss had earned time off through his employment with the company. The facts, as I outlined earlier, Mr. Chairman, were that Mr. Weiss had earned time off through his employment with the company. Did he try and substantiate the charge further? No, he didn't substantiate it. He didn't withdraw it, and I dare say that when Hansard comes out, Mr. Chairman, he may well stand in his place and say, "Hansard's incorrect. That isn't what I said."

The credibility that can be attached to allegations made by a member who is prepared to make those kind of charges, unsubstantiated credibility is very little, Mr. Chairman. Let me just point out a few more statistics which demonstrate the lack of credibility.

The honourable member, first of all this afternoon, said that in this agreement the government had signed away two times the amount of area that was necessary to supply timber to the company. But two times didn't sound quite good enough, Mr. Chairman, that didn't have the necessary impact. By this evening it had become three times the area that was necessary. --(Interjection)-- And in fact, Mr. Chairman . . .

MR. CHAIRMAN: The Honourable Member for Rupertsland on a point of order.

MR. BOSTROM: Well, on a point of privilege, Mr. Chairman, the Minister is indicating I said "two times". I made the statement more than once in my speech this afternoon, it was "two or three times the area", and in fact more likely the "three times" number is the more correct one.

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: . . . that's exactly what he said, Mr. Chairman. Hansard will show, Mr. Chairman, and I'm prepared to stand behind what Hansard records, Hansard will record that this evening the honourable member said "three times" and, Mr. Chairman, I'm quite prepared to say that if Hansard doesn't record that he said "three times", I will stand in my place and apologize, because I'm prepared to stand behind the record as shown in Hansard contrary to what the honourable member is. He said "three times".

Under the previous agreement with the Abitibi company there was some 6,000 plus square miles that were required to provide the forest resource that was necessary to run that company. Under the present agreement there's some 10,000 acres. Now they happen to be all required. But 6,000 is certainly, as compared to 10,000 is not even twice that, Mr. Chairman, let alone three times. But that's the kind of loose charge that the Honourable Member for Rupertsland throws around. It sounds better to say "three times" what was required. Never mind the fact that it's calculated on the basis of the latest level of expertise in forest inventory and management that's available to us in this province.

He said also we're reducing revenues from Abitibi. We're reducing the revenues that we get from this resource. Well, Mr. Chairman, I pointed out this afternoon what happened to the revenues that the government received from Abitibi. In 1975, they got \$960,000; in 1976, after bringing in their new royalty scheme, they got \$632,000; in 1977, they got \$380,000; in 1978, they got \$488,000.00. Now in 1979, which is the first year of the agreement, the revenues, Mr. Chairman, that the government got from Abitibi were \$762,000.00. Now how does the Member for Rupertsland stand in his place, tell this House and tell the people of Manitoba that the revenues from Abitibi are reduced? Mr. Chairman, these are the facts, these are the facts. It's gone up to \$762,000.00.

He talks about a lucrative deal. This is another of the unsubstantiated irresponsible charges, a lucrative deal. What's lucrative about it, Mr. Chairman? They're paying over twice what they paid in royalties when the honourable member was Minister in 1977. Is that a lucrative deal?

He has misrepresented the type of agreement that's in place, Mr. Chairman. He talks about the high royalties that they imposed on the company in 1975, when the company had no choice but to pay the royalties or find other sources of timber. But what he doesn't point out, Mr. Chairman, is that they paid little or no stumpage at those rates in what is now the integrated wood supply area, where we would charge Abitibi the same rate that other operators would charge. Mr. Chairman, the honourable member, when he was Minister wrote to the Abitibi company

and told the company that in the areas which are, to a great extent, part now of the integrated wood supply area, he told them that the higher royalties would not be assessed against wood volumes harvested by other operators for use in the mill. That is exactly what is happening today, Mr. Chairman. The company does not operate its own woods' operation in the integrated wood supply area, it gets all of its wood supply from that area from independent operators who pay the same royalty as they would have paid previously.

In the forest management licence area they pay \$9 a cord, not \$9 for some wood and \$7 for others, but \$9 for all soft woods in the forest management licence area. Those happen to be the facts, Mr. Chairman, and I can only conclude from the allegations levelled by the Honourable Member for Rupertsland, that the facts seem to have very little to do with his position. Those are the facts, and I am quite prepared to substantiate them.

It happens also, Mr. Chairman, that he makes further statements that question his credibility. These are the sorts of loose statements that any member should surely be prepared to stand behind or withdraw or sit down and not bother to make, but when he makes an allegation that over three-quarters of Manitoba - and he's referring to the CFI agreement - over three-quarters of Manitoba was turned over to what he calls a "little known crook", three-quarters of Manitoba. Mr. Chairman, does anybody really believe that kind of statement? --(Interjection)-- Well, how about a fifth? The Honourable Member for St. Johns says, "How about a fifth?" Well, if it was a fifth, Mr. Chairman, I would say that's quite a difference from three-quarters. You know, they want to make the case, so they say three-quarters. But that's the kind of charge they make. He talks about royalties, Mr. Chairman, that are at a 1925 level. If indeed those royalties are at a 1925 level, then they are being paid by independent operators in the province. They're not being paid by Abitibi; Abitibi doesn't have operations in the integrated wood supply area. They buy from independent operators, and the independent operator pays the royalty. The honourable member says it's 1925 rates, then it's 1925 rates. It happens to be competitive with Saskatchewan, Alberta, Ontario, New Brunswick, but the honourable members aren't concerned with providing a competitive investment climate, we know that. But I point that out because that happens to be the fact of the situation.

They talk about managing the resource, and how we've given up - given up control over the forest management licence area. Mr. Chairman, when we look at the control that the province retains on that area, and when we look at the level of management which will now be practised on that area as compared to when the honourable member opposite was Minister, we will see - the people of Manitoba will see - that resource, that forestry resource, is going to be managed in a much better fashion than it was before. Previously, Mr. Chairman, there were large portions of that area that were not being adequately reforested. That's not planning for the future, Mr. Chairman, when we're not adequately replacing the forests that are being cut. That was the sort of situation that existed under the previous agreement.

Under the new agreement, Mr. Chairman, in the forest management licence area, which is the traditional - might be called the traditional cutting area for Abitibi - the forest will be managed adequately. Reforestation will be carried out at an adequate level. The company will carry out, will do the work and for the most part it will be paid by the province out of royalties paid by Abitibi which is, to some extent, a replacement of programs being carried out by the province, and it also represents an expansion of programs in the area of reforestation. Those are the responsibilities, that's one of the responsibilities that the company will have. Far from giving up control of an area, Mr. Chairman, we will have better control, we will have better management of the resources in that area that we had before.

Mr. Chairman, the question of forest protection, we can perhaps deal with that when we get to the item, but in order that the response to that charge is not made somewhere relatively close in the record, I should point out that the province is committed to providing forest fire protection for reserves on a cost recovery basis, as we do for some other jurisdictions as well. Forest protection will be in place, will be provided, and it will be done on a cost recovery basis. The Honourable Member for Rupertsland, when he was Minister, signed an agreement with the federal government to provide forest protection for a fee. Mr. Chairman, there seems to be very little difference in the approach.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. SAUL CHERNIACK: Thank you, Mr. Chairman, I wonder if I could ask the Honourable Minister whether there has been any change by his government in the CFI original arrangement signed by his predecessor, the then Honourable Sterling Lyon, making certain undertakings, and what I consider concessions, to CFI in his department that is dealing with forestry. Has his government made any changes in that agreement?

MR. RANSOM: No, Mr. Chairman.

MR. CHERNIACK: I have not refreshed my memory at all on that transaction which at one time took a fair amount of my attention, and which I considered then a classical example of a give-away by a government of natural resources of a province. But, as I say, I've not refreshed my memory, so I'm speaking of a matter that is in my mind eight years ago, I suppose. But, as I recall it, there was - I think it was 40,000 square miles, I wonder if the Minister will correct me if I'm wrong - 40,000 square miles granted exclusively to Churchill Forest Industries at stumpage rates, which I recall was something like half of what was being paid generally in the industry. There was an undertaking that certain roads would be built for the exclusive use of Churchill Forest Industries. A figure of \$300,000 is somewhere in my mind, I don't quite recall how that applied. There was a guarantee of fire protection, especially for Churchill Forest Industries, beyond that being done elsewhere. I think there was some undertaking that there would be continuing surveying done within that 40,000 square mile, or whatever that figure was, but it was substantial. When I called out to the Minister, "How about a fifth of Manitoba," it's my impression that it was something like a fifth, I'm not sure of that either because I haven't checked it.

And the, of course, there was the deal which was imposed by the Conservative government on the Town Council of The Pas, where additional concessions were made to Churchill Forest Industries involving tax exemptions and involving, I think, certain infrastructure provisions which I think proved to force the mill rate in The Pas up to the highest in all of Manitoba, I believe. Oh, yes, there was also a sale, a sale of land, by the province of the land on which the plant was to be situated, for the sum of one dollar. I might ask the Minister whether he has calculated, or if his department keeps a record of the cost to government in these Estimates before us, in honouring the commitment made by the previous Conservative government in what I consider concessions to Churchill Forest Industries? Does he have that figure?

MR. RANSOM: No, Mr. Chairman.

MR. CHERNIACK: Well, Mr. Chairman, I've heard members opposite, and they're always opposite to wherever I happen to be - fortunately and happily for me - making remarks about "you paid the money" and that happened to come from the present Minister of Economic Affairs. Always as a matter of fact, he may still have it in his wallet - a worn piece of paper citing a clause in a contract or in a mortgage, saying that a mortgagee is not bound to pay money under certain circumstances, and I'll bet he still has it in his wallet, or maybe has a new wallet.

Mr. Chairman, I have to ask the Minister whether there has been any attempt to renegotiate that agreement, or to cancel it, to renege on it, because members opposite have often suggested that we were at fault when we assumed government for honouring an agreement they signed, an agreement which still bears a signature of Sterling Lyon, which I think bears the signature of Don Craik - I believe; I'm not sure about Craik. But you know, Mr. Chairman, I think there was only one Minister of that government who refused to sign the agreement. All the others, and there were about eight of them, signed the agreement.

Now the Minister of Economic Affairs is mumbling again; I didn't hear what he said. --(Interjection)-- Yes, Mr. Chairman, had we not believed the former government as to the integrity of the people that they introduced to Manitoba, had we not believed that we were honour-bound to honour their undertakings, had we not

been careful not to do anything without legal and accounting advice, then, Mr. Chairman, it would have been necessary and probably advisable for us to do what Saskatchewan did and buy out of the contract.

But, Mr. Chairman, let the Minister for Economic Affairs, who sometimes listens, and let him listen now. Well, he won't listen now; he's shaking his head when I say, let him listen, therefore I must ask him to be quiet. Is that too much to ask: If he won't listen, will he be quiet, or if he insists on interrupting, will he listen? Is that not a fair exchange?

MR. JOHNSTON: From an arrogant old man, why?

MR. CHERNIACK: Now, Mr. Chairman, he says, "From an arrogant old man, why?" To an arrogant young whippersnapper; why not? We are here to debate, and if you don't want to debate, what are you doing in this room? Mr. Chairman, the Ministers wants to get to the Estimates. He knows we would be faster if he were not in the Chamber, because of his interruptions.

Now I'm saying to the Minister of Natural Resources today, who has no responsibility of any kind to that previous government which made a contract, which apparently he is honouring, because he said he has not varied it in any way. And I don't blame him for honouring it, Mr. Chairman. I blame his colleagues for criticizing those of us who took legal and accounting advice and who took the advice not only of the people who had entered into the contract and who vouched for the integrity of Messrs. Kasser, Reiser, and others, who stood across the way from where I stand now and said, "These men, why, the Royal Bank of Canada" and the Royal Bank of Canada did; wrote a letter saying Kasser is a reputable businessman. We accepted their statement, and the worst mistake, Mr. Chairman, is of course we believe that - not Bobby Hull, but no, what was the name of the hockey player? Gordie Howe - that Gordie Howe of the government of Manitoba, and I quote of course, the present Minister of Finance who said, "It's a sad day; it's as if Gordie Howe had left the arena when Grose left Manitoba.

Our big problem, Mr. Chairman, I admit it, I admitted it before, we believed Rex Grose, and when Rex Grose called a meeting . . . --(Interjection)-- The Minister of Economic Affairs is living in the past and I'm trying to remind him something about the past, but only in relation, Mr. Chairman, of dealing with the Minister of Natural Resources, to ask him whether it is not incumbent on him to calculate the cost to the people of Manitoba for continuing to honour the agreement which the predecessor Conservative government signed; or whether, as the present Minister of Economic Affairs seems to suggest, whether it wouldn't be better for the government to buy out of that agreement; I don't know, Mr. Chairman. But for him to say they don't know what it costs is, well, I suppose, maybe the NDP government that preceded him didn't measure the cost either, but when one sees how they persuaded the former Mr. Justice Trites to sit and calculate costs on a speculative basis, I would like to think that the least they would do as the good great managers, not the damn fool managers, but the highly skilled managers, should at least know what it costs them to honour a contract.

So I ask the Minister whether it is true, his answer being simply no, does it mean that they have no idea of any portion of these concessions and what they cost the taxpayer year to year. I marvel at that, Mr. Chairman.

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: Mr. Chairman, it's kind of a curious description that the honourable member uses when he speaks about concessions, and he's talking about things like reforestation. I have trouble in perceiving government carrying out its responsibilities in the area of reforestation as being a concession, but I could tell the honourable member, I suppose, that the reforestation activities that are carried out in those areas probably cost in the neighbourhood of \$150,000; that's a very loose estimate. I could certainly get a more accurate estimate but I'm not sure that it's relevant in our management of the forest. It may be relevant to the honourable member's interest in questioning, but we carry on an inventory program, for instance, Mr. Chairman, irrespective of who is harvesting the resource. It could be Abitibi, it could be independent operators, or it could be ManFor, though we don't see that there are special concessions in

doing adequate inventories to know what resource that the people of Manitoba have.

And in the area of reforestation, I just quote briefly from the Financial Post on the 8th of March where they were talking about Canada's priorities for forest industry. They said, "Speaker after speaker at the conference noted that there is a clear and critical need to regenerate our slowly renewable forest resources to manage them much more effectively. In particular, we need a co-ordinated industry government strategy that reflects a height and awareness of the vulnerability of what is one of our most valuable and important resource bases."

So, Mr. Chairman, far from seeing it as a concession that we are moving to do some reforestation, I would hope that in the future we would be able to expand our reforestation efforts, not only in the ManFor area, but in other areas of the province; the Duck Mountain, for example, where we do some reforestation but where we are not doing enough. And we would hope that our initiatives that we have undertaken last year and this year will be expanded in the future and we will be managing our forests better for the future.

MR. CHERNIACK: Mr. Chairman, I'm afraid the Minister did not hear me out when I spoke from memory about the various concessions that were made and they did not deal. I did not mention reforestation at all. Now maybe some of what I'm talking about involves reforestation, but the Minister . . . I am sure, Mr. Chairman, and I don't fault the Minister, I am sure he has not read that agreement. I don't know why he should have to read the agreement. But at this stage, I would challenge him to read the agreement, then come back and say that there were not concessions made in order to induce this group of people, or this one individual, really, to come in and start sapping the strength of Manitoba, as indeed he did. You know, concessions of financing the entire operation, and more than that, of course, is a concession that is so unbelievable as to be, as our former leader said - I think he said it is the blackest day in Manitoba. I was kind of struck when he said that, as being a pretty broad statement, but I'm not sure it's that far from wrong. Because the deal that was made by the Conservative government was a bad deal, Mr. Chairman, but one that on the surface didn't seem as bad as it was because we didn't know that we were dealing with a crook. That's right, Mr. Chairman, and it took a long time. By the time we found out, we were well sucked into the whole operation.

So that I am saying to the Minister, he ought to look at that agreement from the standpoint of his department. I'm not asking him to look at the MDC deal with all the financing, at the subsidized interest rate with all the benefits that came about that, by the fact that they undertook to advance money on the basis of goods being ordered rather than delivered - all kinds of bad transactions. But I am talking about this Minister and his department. I am suggesting that he look into it and he will see that it is not just reforestation that is involved.

Mr. Chairman, let me suggest that reforestation should be a cost which is recoverable, at least out of stumpage, if not a direct cost to the people who cut the timber.

You know, Mr. Chairman, I have not drawn any comparisons; I don't know what these Estimates look like; I don't know what the last eight years of Estimates look like. But I do recall that the previous Conservative government was spending more in Mines and Natural Resources than it was receiving in royalties from mines and natural resources. I think that statement will stand up and I admit that it is my recollection that prompts me to say it, and if asked today to prove it, I can't prove it today. I would have to go back and confirm that I am right. But if I am wrong, it is easily checked. All you do is look at the revenue figures and the expenditures and one can see that.

Now, I think that that's because of a difference in philosophy. Mr. Chairman, where you are sitting, you don't feel the hate that comes across as clearly as if you were sitting at this end of the table. --(Interjection)-- Well, I'm glad the Minister doesn't hate me and I assure him I don't hate him either. But I do say --(Interjection)-- Yeah, the Minister of Economic Affairs makes it clear: "Speak for yourself." I heard him, and if he wants not to be heard or not to be repeated, he shouldn't be talking. --(Interjection)-- Mr. Chairman, that is very clear and it was not necessary for him to say that.

Mr. Chairman, what I am saying is, I see a difference in philosophy and I think - and I would like to think - that our differences are differences in philosophy

and approach, which is debatable, and not hate, which is not debatable at all. That's why I have never been able to relate in a debate to the Minister of Economic Affairs.

I want to say to the Minister of Natural Resources that I believe that the Conservative philosophy is that if one supports and maintains the private enterprise, then the private enterprise will generate so much economic activity within the province as to redound to the benefit in income tax, and in payment of wages to people, and in the happy, well-employed group of people in the province, and all will be good.

We don't believe that. We have watched the private enterprise lean on government whenever it needs any help or wants help - should one mention the name of Chrysler and not have to say much more than that at this stage - but to learn to come to government and make demands and make requests. And that is legitimate, Mr. Chairman. They know in this free enterprise society, the more you get in concessions out of government, in grants or any other thing, the more businesslike you are. There is competition in that field, and why not? From their standpoint, that's a legitimate endeavour. That's why you see names of giants in industry getting grants from governments. They won't refuse that, Mr. Chairman.

So I am saying to the Minister that there is a different philosophy which I think relates to the fact that we believe that if you are going to make concessions to industry, they should be made for the benefit and in the interests of the people, and that the people should have a share in those benefits that are derived from the support. That's, I suppose, in a simple way, a difference in philosophy. Not hate, and not distrust. I don't believe, Mr. Chairman, that any of the Ministers of the previous Conservative government are guilty of connivance in any way whatsoever, or of knowledge in any way whatsoever, of the motivation of the CFI principals when they signed their agreement. I think they signed them honourably. I think they made a terrible mistake. I think that part of the mistake was the secrecy involved in it. You don't remember - you didn't know this, Mr. Chairman - but at that time they were hiding the Manitoba Development Fund behind a curtain of secrecy where the Minister involved and the Premier would say: I am proud to say that I have no right to enquire as to their operations, and I have nothing to do with them because they are so independent. The fact, however, is that Gurney Evans, when he was provincial treasurer, and an honourable person, stood up in the seat presently occupied by the Minister for Natural Resources, and stood there and said, "The whole operation of Monaco, Churchill Forest Industries and the others, do not need government financing; they have their own ways." Little did he know at that time that the Manitoba Development Fund had already made an undertaking to finance the operations to the greatest extent. He didn't know that, and I think there is still floating around a memo somewhere in a pretty hot tone from that former Minister saying, "Why wasn't I told what was going on?" because he stood there and told the public something that wasn't true.

You know, this happens, and I think it happens because of the blindness that is deliberate on the part of - or was, on the Conservative government then - we had better not know these things because then we would be accused of patronage.

One other thing, Mr. Chairman, en passant. I know nothing about these charges and counter-charges by the Minister, but I don't want him to leave the impression - I, at least, don't share in that idea - that it is wrong for an employer to give time off to an employee to run for public office. I think it is good and right. I would like to see employers continue to pay the wages or salaries of the people that offer themselves for public service, because I think that is the least an employer can do.

You know, Mr. Chairman, when we went to war, I think we passed legislation saying that an employer shall hold a job open for an employee who has gone to war, for when he comes back. I see nothing wrong with saying to an employer, if your employee is prepared to enter into the political arena and offer his services to the people who elect him, I think they should do everything possible to make it possible for him to be in the political arena.

Now, you see, the Minister of Consumer Affairs tells me to tell my colleague something. Let me tell the Minister of Consumer Affairs that I expressed an opinion. If he has one that differs, he can express it; if he agrees, let him get up and agree with me. Instead of that hate going back and forth, let's get some agreement or disagreement on that basis. --(Interjection)-- Well, I'm telling

you and you can tell my colleague. Good. I'm glad the Minister of Consumer Affairs does not disagree. I would like to see him support it.

But the fact is that the points, as considered condemnatory by the Minister of Natural Resources who said, "Let him say it outside," in my opinion - and I have practised law for a period of time - I don't think that statement as such is a slanderous statement, except in the mouths of the people who utter them, and that mouth is also that of the Minister of Natural Resources, who seems to feel that it as a terrible thing to say that his employer has encouraged him, has made it possible, has made it attractive . . . --(Interjection)-- Ah, the Member for Roblin spoke again, Mr. Chairman. Now, I have to tell you that the Member for Roblin promised so many years ago, on his word of honour, to produce certain documents and is still not doing it and is still blaming some other extraneous reason for it. So his credibility - I wish the Minister of Natural Resources would turn around and tell something to the Member for Roblin about his credibility in this House.

Mr. Chairman, I wish to come back to where I was when I mentioned the CFI agreement. I said then, and it is not surprising to me to hear the accusation, supportable or not, that Conservatives believe in making concessions to private enterprise to induce them to generate their businesses within the province.

I have a clipping somewhere where governments in Canada are worried about Alberta attracting head offices into Alberta; and Ontario now is becoming, they say in the clipping, a have-not province because of the concessions given by Alberta.

Let me tell you, Mr. Chairman, I used to think that Ontario was a great danger in our natural resource field. I think clearly now Alberta is a great danger to the economy of Canada in its efforts to keep everything unto itself.

So, since I think I recognize the difference in philosophy and I fault the Minister to the extent that he makes them, and I am not asserting that he did because I haven't read the Abitibi agreements, but I have read the CFI agreements. I believe that there were unreasonable concessions made to induce what they thought was an industry into the province. I would suggest to the Minister that, since there will not be an election called, I'm sure, until another session takes place, and since there will be an interval between sessions when he will have time to relax and reflect, that he do take in hand that agreement I am referring to, read it, make his own conclusion as to whether or not there are tremendous concessions involved, and then try to calculate the cost to the people of Manitoba for doing that, just like his colleague, the Minister of Finance, keeps calculating and charging to the taxpayers of Manitoba concessions that are made to the consumers of Manitoba Hydro production. He does it openly. It's gone through the Legislature and Manitoba is now subsidizing the electric power of consumers by, what is it? - \$30 million, as I recall it, was the amount that was paid out by the taxpayers of Manitoba.

So I ask the Minister of Natural Resources, at his leisure, when it is calm, and possibly in the absence of some of his Cabinet colleagues who don't have time to think quietly and reasonably, himself, to look at it and then maybe the next time we are on this item in a year from now, he will be able to inform us whether or not it was a good deal, or whether the costs are high. And not only for reforestation, Mr. Chairman, for the other items referred to, some of which I mentioned, but all of which are in that agreement.

MR. CHAIRMAN: (a)(1)--pass. The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I want to deal with a few comments the Minister was making, particularly with regard to the revenue that Abitibi is now providing for the province of Manitoba.

The Minister conveniently uses the lower years, the years when Abitibi paid lower rates of royalty, to make his comparisons. If one looks at 1975, the first year that the agreement was in force between the Abitibi Paper Company and the government of Manitoba, when the government had renegotiated a new interim five-year agreement, the company paid \$960,000 in revenue to the province, as per the Minister's own figures.

Mr. Chairman, in the latter years, 1976 and 1977, as I explained this afternoon, those were years when Abitibi was not cutting as much in that area as they

would normally cut because of the lower lumber prices. They were bringing in material from outside the province, and therefore their royalty rates payable were down because they simply were not harvesting the resource. But Mr. Chairman, as the resource was more fully utilized in that area, one could expect to have higher royalty rates. And if you take the year 1975 and compare it to the one that the Minister is referring to, when Abitibi paid some \$700,000 to the province of Manitoba, we note that at the very minimum there's a couple of hundred thousand dollars difference in revenue. And when you calculate that over the 20 years of an agreement, that's a substantial amount of money, Mr. Chairman. That is at least \$4 million reduction in revenue to the province of Manitoba over the term of the agreement, and that's without even taking into consideration inflation rates attached to those revenue payments.

The other factor to consider, Mr. Chairman, if one does look at the year 1975 and extrapolate it to the year 1978 with a normal rate of inflation, there should be a revenue in the year 1978 of well over a million dollars, not \$700,000.00. So if one looks at the difference considering those calculations, there would be something in the neighbourhood much in excess of \$4 million, loss of revenue over the 20 years of this agreement. And the Minister conveniently also neglects to admit specifically how much money is paid back out of the \$700,000 to the company for purposes of reforestation, as they call it, in the area of the timber birth.

And I note from the Public Accounts for the year ending March 31, 1979, that a total of \$43,512.47 was paid out to the Abitibi Paper Company by the province of Manitoba. And, Mr. Chairman, I believe that was part of the first year, if not the first year of operation of the new agreement. It was not? Mr. Chairman, in any case the amount of money that's paid out to Abitibi comes off of the \$700,000, if I'm not mistaken, and I'd like to know from the Minister how much money actually is paid back to Abitibi through the agreement that the Minister has made with the paper company.

If one looks at the Minister's statements regarding improved management of resource, I happened to travel through that country, Mr. Chairman. I took a look at what's happening to the resource in that area, and I note that the management of the resource as far as the aesthetic value of the roadways and waterways in the area have deteriorated since this government has signed this new agreement with Abitibi. One simple example of that, Mr. Chairman, is we were requiring Abitibi to have a buffer zone along the highway so that one would not see as you're driving up the highway directly into the mess of cutting area, where the machinery and cutting operations were operating. And, Mr. Chairman, we required them when accessing to a major roadway, such as PR304 that goes into that area, that they make a half-moon-shaped access through the buffer zone so that tourists travelling down the road would not see directly through that buffer zone into the cutting area. Well, Mr. Chairman, I note that they have abandoned that procedure over the last couple of years, and I know from my own personal experience driving down those roads, that one can see directly now in a straight line down their open roads into the cutting areas.

So, Mr. Chairman, if that's an example of the improved management of the resource - and I'm talking about the total resource here, and this is one of the criticisms I have of this agreement - is that the Minister has turned over the management of the resource to the company and the company is managing the resource for the purposes of pulp cutting, they're not managing it for the purposes of the total community of Manitoba and all the people of Manitoba. The people of Manitoba are concerned about the forestry resource for more than just the harvesting of pulpwood; many people are concerned about the aesthetics of our roadways and waterways and one should be vigilant in that area. I believe the government has a responsibility there to manage the resource for all its uses, not just for pulpwood, and that is one reason and one example of the danger of turning over the management of the resource to a single user of the resource. The resource should be managed for multiple use, not for single use.

I would like to ask the Minister with respect to reforestation. How much is the government paying for this service to the Abitibi Paper Company? How much of the revenue received by the government is returned to; the Abitibi Paper Company for reforestation purposes? And what, if any, arrangement has the government made with the company with respect to forest protection? Since they have turned over the entire management of that forest to the company, can the Minister indicate if

the company is taking any responsibility with respect to forest management for forest protection? And if so, how much of that is being covered by the company? I would like to receive some comments to those and answers from the Minister.

MR. RANSOM: Mr. Chairman, if we are guilty of building straight roads, I would want to assure the honourable member that it's not the fault of the agreement. It's a question of some application of the agreement rather than the fault of the agreement, because under the agreement we could build roads as crooked as anybody could possibly conceive of being desirable in their wildest dreams.

The honourable member raised a question about forest protection, Mr. Chairman. That's being handled in the same way as it always has been handled. The amount of money that can be paid to Abitibi in return for carrying out reforestation is up to \$6.10 per cord for the wood that is cut, and it is of course only reimbursed on receipt of substantiation of the costs that have been incurred in carrying out reforestation according to the standards set by the department.

MR. BOSTROM: Mr. Chairman, specifically to the Minister, how much money has been paid, or is estimated to be paid to the Abitibi Paper Company under the terms of this agreement for their reforestation efforts in the first year of the agreement?

MR. RANSOM: I'm not sure exactly how much is paid in the first year, but I think if the honourable member will look at the Estimates, he'll see that there is an amount of \$458,000 included here. I believe there's been \$100,000 placed in the fund, and this would be in addition to that. So it's a question of how much work is actually done. Of course they're not going to be reimbursed if the work isn't done. It will be a question of getting the agreement implemented and getting geared up to carry out the level of reforestation that's necessary. That's what that item is in the Estimates, Mr. Chairman.

MR. BOSTROM: Mr. Chairman, can the Minister indicate what percentage that \$458,000 in his Estimates, what percentage that represents of the total revenue estimated to be payable by Abitibi Paper Company in the year of agreement that these Estimates relate to?

MR. RANSOM: I can't answer that, Mr. Chairman, because we don't know how much will be cut in the year 1980, obviously, but they could get up to \$6.10 a cord. Conceivably the royalty paid on every cord could be reduced by \$6.10, so it would be \$2.90 if they used up the entire amount of funds that would be available for reforestation, which would mean that the amount of money that the company was then paying on royalties would be approximately the same as others in the province would be paying for royalties, the difference being that the province would be bearing the costs of reforestation in the other areas of the province, whereas the company would have been bearing them in the forest management licence area.

MR. BOSTROM: Can the Minister give us a comparative rate, what the province pays per cord of wood harvested for reforestation in other areas of Manitoba that is harvested under independent operators?

MR. RANSOM: I'm advised that it might run \$2.50 or \$3.00, but the problem is that we don't carry out adequate reforestation in the rest of the province. As a forest management unit of this size, this will be the only one where we are carrying out an adequate level of reforestation.

MR. BOSTROM: Mr. Chairman, the specific question I had was, what estimate does the Minister have of the cost per cord of wood harvested for regenerating an area that is harvested by independent operators? And if he's saying the estimate is \$2.50 a cord as the actual cost to the government, then why are they not doing the reforestation in the area of the Abitibi agreement and saving themselves the difference between the \$2.50 a cord that it costs the government to do it, and the \$6.10 per cord that they're paying Abitibi to do it?

MR. RANSOM: I believe, Mr. Chairman, that that is a misunderstanding of the facts, and that I'm saying that the amount of money expended on reforestation would amount to about \$2.50 a cord relative to the amount of money that's taken in. But we should be aware, I think, of a point that was raised really by the Member for St. Johns when we talk about - as he termed them - concessions, in terms of reduced royalty rates, or special inventories, or forest protection or reforestation - that over great areas of the province, and especially as we get further north, it may very well be that there simply is no return in the trees in terms of being able to provide fire protection and provide reforestation and cover the investment that's required to harvest the tree, pay the wages, and so forth. When that is all paid out, Mr. Chairman, it may well be that there is nothing left that can accrue as royalties. --(Interjection)-- Well, you know, you can call it a sucker deal, I guess, if you want. I think it's something similar to what's done with the fishermen's freight assistance, and that there are situations where, if it were not for some sort of subsidy, the harvesting of the resource could not go on.

With respect to our forest resources, we really haven't been paying the bills as we've gone along. We haven't generally provided the levels of fire protection that would be considered to be satisfactory with everybody. We certainly haven't done the reforestation that is necessary to provide long-term management of our forests. So it might well be that the royalties that are taken in in aggregate, will not be able to cover the expenditures that the government will have to make on reforestation and protection.

MR. BOSTROM: Mr. Chairman, the issue here is resource revenue, and I believe that the Minister is confirming the statements that I was making, that there is a reduction in resource revenue as a result of this agreement. Not only is the absolute amount \$700,000 less than the first year of the agreement that was signed by the NDP \$960,000 but Mr. Chairman, the \$700,000 and some he quoted to us is an amount that I assume from his information will be reduced substantially by the amount of money that is payable to the company by way of the Forest Management Renewal Grant. In his Estimates we have an amount of \$458,000 so, Mr. Chairman, it leaves me to believe that there will be a major portion of that money paid out to the company for the activities of the company in the field, and I believe that this Mr. Chairman, is something which the Minister could well have negotiated into an agreement without having to pay the money out of the resource revenues that are payable to the Province of Manitoba, and the net result is that the net revenue to the people of Manitoba is substantially reduced by this agreement. Over a 20 year period there is a substantial reduction in the amount of moneys that are payable to the people of Manitoba from the harvesting of their resource in this area.

When one looks at the statements of the Minister with respect to the forest inventory, Mr. Chairman, one can see that the Minister has not looked at the information from his department that was turned out in terms of forest inventory because the area that has been granted to the Abitibi Paper Co. has been estimated by the department in former inventories to provide a resource base that could supply two mills the size of the one at Pine Falls, the size of Abitibi's mill. Granted there may be some unique problems with respect to the particular type of operation of the mill at Pine Falls in that the process they are using requires a high degree of spruce wood in the mix, but Mr. Chairman, it is my understanding that there are ways of putting in different types of equipment that can more fully utilize the resource that is available on the East side of Lake Winnipeg, and it just so happens that the particular need of that mill is such that you need a high proportion of spruce in the mix, and the forests of Manitoba and particularly on that side of the lake have the opposite kind of mix. It was our approach, Mr. Chairman, to attempt to persuade the Abitibi Paper Co. to put in the technology, and put in the necessary equipment, in their process that would utilize the forests more totally and utilize the type of forest that was available to them. In other words, Mr. Chairman, if you have 15% spruce wood on the East side of Lake Winnipeg, and 85% other varieties, and the mill at Pine Falls requires 85% spruce and 15% other varieties, the mill is not suited to the forest base that is available and Mr. Chairman, we were recommending to the company that they put in the processes that are necessary to reverse that requirement of their mill, in other words, to be able to use the forest as it is available to them; 85% other varieties; 15% spruce.

As I mentioned this afternoon, Mr. Chairman, the figures that were quoted by the Honourable Minister in his reply to me regarding the revenues that were collected by the government indicate that the Abitibi Paper Co. does not rely entirely, and has not historically relied entirely on the East side of Lake Winnipeg for their wood supply. They are able to purchase vast quantities of materials from outside of the area. They purchase materials from southeastern Manitoba; they purchase timber from western Manitoba; they purchase timber from outside the province. It is not necessary for them to totally concentrate on the East side of Lake Winnipeg for the supply required for their mill, and I think that this government should have looked at that aspect of the management of the forest; that aspect of management of that resource, to ensure that the company was doing what was necessary to gear themselves up to deal with their resource and to use their resource in the most efficient fashion possible. The other aspect of this Mr. Chairman, the other side benefit to putting in the new technology in that mill, is to clean up the pollution from the mill, something which is a requirement that I think that the Minister of Environment should be concerned about, and the federal environment people had been pressing the mill at Pine Falls to put in these new processes so that the effluent from the mill would be definitely cleaned up the process, because the particular type of equipment that is used to make a fuller use of the forest, in other words, to be able to use the jack pine and the poplar trees in the process, could also be used to clean up the pollution part of the mill, and that is the part of the negotiations with Abitibi that were going on when we were in government. We signed a five-year agreement with them which was leading to a long-term agreement, but we were looking for those two things. We were looking for increased revenues for the Province of Manitoba, in the long-term agreement and we were looking for them to reinvest in Manitoba; to reinvest in their plant in Pine Falls; not to continue using a outdated 1925 mill, but to put in something that was more appropriate for the forests of the area. That process was on-going when we were in government and as I understand it in this new agreement that the Minister has signed, he has not looked at either of those objectives. He has definitely not looked at the objective of increased royalties, in fact he has reduced them, and on the other hand he has not looked at requiring the company to put in the necessary new equipment to be able to more fully utilize the forests of Manitoba.

I would like to ask the Minister if the government is pressing in any way the company to invest in this type of equipment, so as to more fully utilize the resources of the area.

MR. CHAIRMAN: (1)-pass - the Honourable Minister.

MR. RANSOM: Mr. Chairman, it now becomes evident what the Honourable Member was talking about earlier when he spoke of two and three times the area, even though he didn't bother to point that out at the time. What he was talking about evidently was the total volume of wood that was available in the area, irrespective of whether it could be utilized in the mill. So when he says there's two or three times the amount of area that's necessary he is pre-supposing that there will be a multi-million dollar, perhaps over \$100 million investment that would have to be made in the mill before it could utilize the type of timber that's available in the area. He doesn't bother to point that out in making his statements, he puts them on the record as though somehow, had he been in government, he could have provided the needs of the mill with half the area, or a third of the area. Such is not the case, Mr. Chairman.

I can assure the honourable member that there has been a substantial amount of upgrading taking place at the mill to meet environmental standards - expenditure of some, I think into the millions of dollars, being spent in upgrading the mill. Also had he noted the agreement when it was tabled last year I think he would have seen that there is a requirement for the company to make an assessment and provide us with the assessment of what their expansion possibilities are within the province, and we expect to have that sort of report available probably within the next month or so.

MR. BOSTROM: It is specifically that kind of commitment and that kind of report that the Minister should have required from the company before signing the

20-year agreement. Because, Mr. Chairman, now that the agreement has been signed, the government and this Minister has no lever, no negotiating position with the company to ensure that they will invest in Manitoba and invest in improving the quality of their plant in Pine Falls and to improve the operation from the environmental aspect of the plant. So Mr. Chairman, the Minister has given away his hand, so to speak, and put himself in a position of being able to negotiate with the company. He can only request of them in a courteous way, that would they please let him know what their plans are. That's what he's telling us. He's not saying that he's using the instrumentality of government to ensure that certain objectives of the Province of Manitoba are being met. He's saying "Give them everything they want and then turn around and see if they'll be nice guys to us". Well Mr. Chairman, in the real world, the company is not about to make major commitments unless the government is prepared to operate in such a way that it will demand that certain objectives are being met, and one of those objectives certainly should have been that the company reinvests in that plant at Pine Falls.

The other thing, Mr. Chairman, is the Minister continues to refer to the size of the area being necessary for the plant, in spite of the fact that in our entering into agreement with the company we had a designated area from which they could supply their plant of a much smaller size, and we supplied them with a guarantee from the Province of Manitoba that within the Province of Manitoba their wood supply would be guaranteed. We did not say that it all had to come from that particular area of Manitoba. In that agreement, as well, there was no control over the resources of the area such as we find in this new agreement. That argument is certainly lost on this Minister because he is certainly not prepared to look at the interests of other people in the area over the interests of the major company in this case. He simply wants to look only at the interests of the big company and not look at the interests of the individual small company operators, communities and/or other individuals who are interested in having some opportunities for development.

In the area of forest fire protection, Mr. Chairman, by way of the Minister's answer to me, I think he said that this policy of not assisting the communities in fighting forest fires was something that had been occurring in the past. Now as I understand it, this is a new development starting with the 1980 fire season, and that the forest protection service has formerly advised the Department of Indian Affairs, and the communities in northern Manitoba that they will no longer be providing the initial action to fight community fires. In other words, forest fires that are threatening the community will not be actioned by the department, unless the community requests it, and if the community requests it then the government will take action, but the costs of that action will be borne by the community.

Well, Mr. Chairman, it was made clear in the letter, I believe, that I read to you earlier that as far as the Indian reserves are concerned, Indian Affairs is not prepared to help them with any funding for forest fire protection services, so where are they going to get the money Mr. Chairman, to pay for the Manitoba government Forest Protection Service, and as far as the remote communities are concerned, that come under the Minister of Northern Affairs, I know from experience with those communities and their budgets that they certainly do not have the funds necessary to equip themselves to fight major forest fires that could endanger their communities.

So Mr. Chairman, this is a real step backwards in terms of assisting the people in these remote communities to protect themselves from forest fires. Even in the letter from the Department of Indian Affairs they mention that the provincial government's Forest Protection Service over the years extended the protection to northern communities, buildings, grasslands and brush as well as the forests, and in doing this it often had to let forests burn in order to protect personal property.

Mr. Chairman, I always thought that the objective of the Forest Protection Service of Manitoba was to protect life first, property second, and the forest third, if those three were in danger.

Mr. Chairman, it appears from this Minister's new policy that he's prepared to only look at the forests and forget about property and life unless they're prepared to pay. So, Mr. Chairman, under this policy only the wealthy communities would be able to afford to protect their lives and property that are threatened by

forest fires. And I ask the Minister, "How could he justify this?" In terms of even his perhaps limited understanding of Northern Manitoba where there are communities that are certainly not the wealthiest in the province - in fact, they are probably among the poorest in the province - and if this Minister is saying, "Well, you have a forest fire burning, it's threatening your school or your homes, unless you have the money to pay, don't call us. Don't call our protection service." And what happens, that the first time they go in and they perhaps go in on the credit of the community, so to speak, and put out the fire, what happens when the community can't pay? And the second time there's a forest fire threatening that community, does the department react to a community request by saying, "Well, you haven't paid your bill for the last one yet, so we're not going in to fight this forest fire." Mr. Chairman, this is a radical, drastic step backward by this Minister and I'd like him to explain what his procedures will be in the event that a community is not able to pay for the forest protection service that the government normally and in the past has extended to these communities.

MR. RANSOM: Mr. Chairman, the Member for Rupertsland has an uncanny ability to be able to distort the facts and I really don't know where he is or how he has arrived at this sort of distortion. But let me assure him, and the members of the Legislature, and the communities that he, first of all, must distinguish between communities, between northern communities which are the responsibility of the Department of Northern Affairs, and Indian reserves which are the responsibility of the federal government. Our service to northern communities is to be supplied as it always has been supplied. But my colleague in the Department of Labour, and my colleague of the Department of Northern Affairs are moving to attempt to upgrade the capability of northern communities to handle their own fire fighting. Our people in forest protection are not trained at fighting structural fires. We would hope and we are working towards upgrading the capabilities of communities to be able to handle that kind of fire on their own. We will continue to provide protection in fighting forest fires and we have, I'm sure, on many occasions extended that protection into the communities that deal with fires that wouldn't traditionally be considered as a forest fire.

In the past, in the service that has been provided to Indian reserves, Mr. Chairman, the federal government has paid the cost. They paid, as I understand it, on a set basis for providing the service but the amount of money that was paid always exceeded the cost of fighting the fires. The federal government I am sure will continue to reimburse the province for fighting fires on reserves, as they have acknowledged is their responsibility and we will continue to fight fires on reserves when we are asked to fight fires on reserves. When the community or when the reserve says they need help, fine, we'll do it. Or if our people judge that it is necessary to undertake action without the request, in order to prevent the fire from reaching uncontrollable proportions, then we will take action.

I would judge, Mr. Chairman, that we are starting to move now through the items and we would be on Forest Protection at this point.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. BOSTROM: It's obvious from the letter that was written by the Regional Director-General of Indian Affairs and Northern Affairs in Manitoba, that the Department of Indian and Northern Affairs received information from the Department that indicated to them that the provincial government's Manitoba Forest Protection Service had a new policy, and that policy is as I described in the letter, that of starting with the 1980 fire season, no longer taking initial action to fight community fires, waiting for the request by the community, at cost to the community.

So, Mr. Chairman, the Regional Director-General of Indian Affairs is telling the Indian Reserves, and I think this is something that the Minister may want to take up with the Regional Director of Indian Affairs if the policy has not changed, as he's indicated it has not changed. Certainly someone seems to have indicated to the Regional Director-General, Mr. Vern Boulton, that there was a policy change and this policy change is one that the communities are very concerned about because as far as the letter from the Regional Director-General of Indian Affairs it would indicate to the individual Indian reserve that starting

with the year 1980 fire season, a fire occurs in or near the community boundaries, that the community must take the initial action to fight the forest fire. The Indian reserves are painfully aware of the fact that they do not have the fire fighting equipment to handle forest fires and always depended in the past on the Forest Protection Service of the Department of Resources. Now they are told that they have to do it themselves. They are also told by the Regional Director of Indian Affairs that they must pay for it individually as a community.

The Minister is saying that previously the Department of Indian Affairs paid for this. I'm asking him to consult with the Regional Director of Indian Affairs on this matter if he has not already done so because the communities are protesting the policy of the Department of Resources. It looks to them as if they have to now pay something out of their own pocket for fighting fires in their community. They also have to take the initial action on a fire and they also have to fight the fire themselves, solely, if they cannot afford to pay for it. I can tell you right now, Mr. Chairman, that as a result of this letter many Indian reserves in northern Manitoba will be very reluctant to call in the services of the Forest Protection Service of Manitoba because they are going to be afraid that they will have a major bill to pay which they will not be able to afford. And will that mean that they will have to, if there is a \$30 or \$40 or \$50 thousand fire that is threatening their community, that the Forest Protection Service of Manitoba has put out, that the Indian band in question will now have to dip into their housing funds, perhaps; it will mean that several families that are counting on getting housing that year are no longer going to be able to have housing because that money will have to be paid to the Department of Resources for fighting that fire in their community. Obviously there is some misunderstanding here, if the Minister is saying no policy change has taken place. I would ask him to be more specific with regard to the Northern Affairs communities, because, are they also being told by the Department that if a forest fire occurs in or near their boundaries that they must take initial action on the fire and if the fire is within their community boundaries that if the Department is called in to put the fire out, that the cost of that fire must be built into their budget and they must somehow cover the costs of this fire from their community budget? Or is there a central fund within the Department of Northern Affairs that will pay the Department of Resources for dealing with fires in the vicinity of the communities in northern Manitoba? Or how exactly does the Department administer this with respect to northern communities?

I recall this particular issue coming up for discussion while we were in government. The issue was brought forward that perhaps the communities should look after their own fires. You know - what's the government doing getting involved in fighting fires in or near northern communities. And the suggestion was made at that time to the NDP government that we turn that responsibility over to the communities and I recall at the time refusing to take that action, refusing to follow that procedure, because, Mr. Chairman, I recognized then, as I do now, that whether it's an Indian reserve community or a northern community under the Department of Northern Affairs, they simply do not have the funds, the expertise, or the equipment to be able to fight a forest fire.

A forest fire, unless you catch it in its initial stages, is a raging inferno that can only be fought with sophisticated equipment and experienced personnel, which is exactly what the Department of Resources has. It has water bombers at its disposal that it can dispatch to a fire to keep the fire contained within a smaller area until they can send in their experienced fire attack crews to go in and mop up that fire and save the forest, and if it's threatening a community, to save the community. And if the Minister is now saying that every Indian reserve in northern Manitoba has to have that kind of expertise or establishment, then I seriously question that kind of a policy. And if he is saying that somebody has got their wires crossed and the policy is not that policy that I just read out from the Indian Affairs letter here, is not in effect, then I would ask him what happened here? How did the Indian Affairs get the impression that the Department of Resources, starting with the year 1980, is no longer going to be providing this service?

MR. RANSOM: Mr. Chairman, once again we'll attempt to make it clear to the honourable member that the community fires, the forest fires that threaten

northern communities, that are under the jurisdiction of the Department of Northern Affairs, will be handled as they always have been handled. There is no cost to those communities. At the same time it must be made clear that our forest fire protection people are not trained to provide fire fighting when it comes to structural fires and it is highly desirable that the communities develop the capabilities to be able to fight those fires, those are not forest fires those are structural fires, and that is what my colleagues in other departments are moving to do.

We will continue to provide forest fire protection to communities. We will continue to provide forest fire protection on reserves and we have every expectation that we will recover those costs from the federal government as the federal government has acknowledged the responsibility to pay for those costs in the past. No community is going to be threatened by a forest fire because a deal hasn't been made as to who is going to pay the bill. I don't know how much clearer I can make it, Mr. Chairman.

MR. BOSTROM: Well I then request the Minister to make that point clear to the northern communities and to the Indian Reserves that have been advised by a letter from the Director-General of the Department of Indian and Northern Affairs, and I quote from the letter, "that we have recently been advised that starting with the 1980 fire season, the Forest Protection Service will no longer take the initial action to fight community fires or fires in Indian reserve forests" and that is the statement from the letter, written over the signature - V. G. Boulton, Regional Director-General, Indian Affairs Manitoba. Mr. Chairman, that is at difference to what the Minister said to us today and I would ask him to make the point clear to the Department of Indian Affairs that he has quoted to us today, that he has stated to us today, and further to that I would request that he send a letter to the Indian reserves in Manitoba telling them what service will be provided by the Forest Protection Service of Manitoba, because obviously they are under the impression that was left with them by the letter from the Director-General of Indian Affairs, and are very concerned about it, because they realize they do not have the capacity to fight forest fires within their communities and understand from reading this letter, which is very clear to me, that if a fire occurs in the forests near their community, they will have to fight it, or if they call the Department of Resources, they will have to pay the bill. That's what the letter implies.

I would ask the Minister, if he is so confident that this is a false impression that was left with the Department of Indian Affairs, that he make every effort to clear it up and make sure that the communities are not feeling uncomfortable and nervous about calling on the Department of Resources in the 1980 fire season when they have a forest fire burning, threatening their lives and property.

MR. CHAIRMAN: (1)--pass; (2)--pass; (3)--pass; (a)--pass; (b)(1) Salaries--pass; (2)--pass. The Honourable Member for Rupertsland.

MR. BOSTROM: I don't have a specific question in this area other than the normal information that the Minister has been providing when we get to each item.

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: Well Mr. Chairman, I think that we have pretty well discussed all of the items, really, that fall within the various sections set out here. I will go through and provide the staffing under Item 7(a). There were four staff man years last year; four in the Estimates before us. Under Forest Inventory there were 20 staff man years last year and there are 20 this year. And Forest Development and Economics there were two last year; there are two this year. And Forest Management there were 49.27 last year and 47.27 this year. 86.39 staff man years in Forest Protection for both years and 5 in Regional Management for both years and there are no staff man years attributable directly to the other two items.

I should point out that under the Forest Protection structure is slightly different than it was before; due to reorganization in that part of the Forest Protection, money and staffing appears here within the Forestry Branch and there

is also another part of Forest Protection that appears within the regional structure, where the actual delivery of the fire-fighting will take place. But the staff and the dollars for the fire suppression are supplied within the item before us.

I should also point out, Mr. Chairman, under the Dutch Elm Disease Control Item that we now have consolidated all the governments' activities with respect to Dutch Elm Disease within the Forest Protection Group in the Forestry Branch that previously was - some of the programs were delivered by The Department of Agriculture; some used to be delivered by Parks Branch and some by Forestry. We now have consolidated them all under this one item with the exception of some laboratory work which will continue to be provided through The Department of Agriculture.

MR. CHAIRMAN: (b)(1)--pass; (2)--pass; (b)--pass. The Honourable Member for Burrows.

MR. BEN HANUSCHAK: Yes, we're on Forest Inventory? Yes, I have one question to the Minister and this relates to the recent new demand or utilization of wood which has arisen, namely with the increased use of wood-burning heating devices; fireplaces and stoves and so-forth. Does the Minister have any long-range plans for the availability of firewood because I would suspect at the present time there must be, just off the top of my head, I would think there would be between 5,000 and 10,000 fireplaces and stoves in use at the moment; if not that many, I would suspect that with the campaign that's being conducted by energy conservationists to encourage people to install wood-burning stoves that perhaps within the next year, or two, or three, it would reach that number, if not exceed it. And I would suspect at the present time a large supply, or source of supply of firewood, likely is private wood lots and farms within a 40 - 50 mile radius of Winnipeg, but I would suspect within the next few years that source of supply will dry up and then the wood will inevitably have to come from Crown-owned land. I suppose owners of wood-cutting permits would be out there cutting firewood and retailing it to the homeowners.

So therefore, my question to the Minister is, does he have any long-range plans to make firewood available to the owners of fireplaces and wood-burning stoves? Is he thinking in terms of designating certain areas where wood could be cut for that purpose? Bearing two factors in mind; one, making available firewood to consumers at a reasonable cost and at the same time preserving the ecology and the beauty of our environment, because I don't think that any owner of a fireplace or a stove would want to see the natural beauty of our forests destroyed; just simply having permit holders go in and cut wood indiscriminately, or through the indiscriminate assignment of areas within which wood can be cut.

So, those are my questions to the Minister about his long-range plans for making available firewood to the consumers.

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: Mr. Chairman, the member raises a valid point and the demand is being taken care of at the moment. We do have some designated cutting areas. A lot of the demand is still being met from private sources and I'm sure that it will be and there are vast quantities of species of wood, such as aspen, that are not utilized commercially to the extent that some other species are and I'm sure that we will be able to meet the demand into the foreseeable future, but it is a question, an issue that will have to be watched rather carefully.

MR. CHAIRMAN: (1)--pass; (2)--pass; (b)--pass; (c)(1) Salaries--pass; (2)--pass; (c)--pass; (d)(1) Salaries--pass; (2)--pass; (d)--pass; (e)(1) Salaries--pass; (2)--pass; (3)--pass; (4)--pass; (e)--pass; (f)(1) Salaries--pass; (2)--pass; (f)--pass. The Honourable Member for Rupertsland.

MR. BOSTROM: Well Mr. Chairman, the Minister may have given these figures but if he hasn't, would he give us the staff man years for (f), (g) and any others that are in there?

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: Yes Mr. Chairman, I believe I said that there were five staff man years in the Regional Management Item last year, and this year there are no staff man years directly attributed to the items (g) and (h); (h), of course, is the Forest Renewal Grant and (g) falls within other ongoing programs of Forest Management, Fire Protection, that sort of thing. It's a source of funding.

MR. CHAIRMAN: (1)--pass; (2)--pass; (f)--pass; (g)(1) Salaries--pass; (2)--pass; (3)--pass; (g)--pass; (h) Forest Management Renewal Grant--pass; Resolution No. 106--pass. The Honourable Member for Rupertsland.

MR. BOSTROM: Before we pass this item I just would like to comment. We have been discussing revenue to a significant extent here tonight from the Forest Resource and if one looks at the available information from the department, the annual report and the information the Minister supplied to us, it appears that the revenue collected from the Forest Resource is hardly adequate to cover the expenses of operating the dissection of the department which deals with the Forest Resource and in particular, if you even look at the one major item here, that is Forest Protection, that some \$2.6 million is budgeted here and often in a high forest fire year, which may be this year if it's a continuing dry condition, as the Minister indicated earlier today, we can easily exceed that figure. And I simply point this out because the revenue, for example, which is collected from a company like Abitibi, which the Minister indicated for the last year of record is some \$700,000-and-some, is not adequate to cover the cost associated with managing that forest that are assumed by the province of Manitoba and in particular, the Forest Protection Service which must be provided to that area as well as other areas.

I believe that this whole area would be reassessed and we should be looking at the revenues that the province of Manitoba receives from the Forest Resource with a view to looking at what parts of the costs of managing the resource can be covered off by the revenues from the users of the resource. Granted, the users of the Forest Resources, I've maintained earlier today in the discussions, are not only the forest harvesting companies. Everybody in Manitoba, in one way or another, appreciates the Forest Resource. Those who don't make consumptive use of the resource appreciate the resource and that is, in a sense, one very valuable use of the resource that the province of Manitoba has a responsibility to manage the resource for. The users of the resource, however, get the greatest monetary benefit from the existence of the resource. The people that take the resource and make it into something of value, something which earns them an income, are probably the most logical, more easily identified benefactors of the existence of this particular resource.

In the case of Forestry, since it is a fairly high income resource, producing some \$40 million in estimated value of timber for the provincial economy of Manitoba, according to the last report, in the annual report. I would indicate to the Minister that he could have a section like his Forestry Development in Economics, or whichever section he has in his department looking at these kinds of things, that they could be looking at the aspect of revenue from the resource. And I certainly won't hold my breath on this because I don't expect the Minister to suddenly come along and renegotiate the deal with the Abitibi Paper Company, in particular, to make them more accountable in terms of the revenue that they pay to the province of Manitoba and to the people of Manitoba for the moneys which they make from the harvesting, the processing and sale of the product that they make from the resource.

I express my disappointment, as I have expressed it previously, that the Minister saw fit to negotiate a deal with that company, in particular, that has, in effect, reduced the net revenue to the province of Manitoba over an extended 20-year period in the province of Manitoba.

MR. CHAIRMAN: That there be granted to Her Majesty, a sum not exceeding \$4,470,200 for Natural Resources. Forestry \$4,470,200--pass. Committee rise.