

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Tuesday, April 12, 1966

MADAM SPEAKER: Before we start our proceedings this evening I would like to recognize 98 4-H Club members from all over Manitoba under the direction of Mr. Tom Burwell. These 4-H Clubs are under the Minister of Agriculture and Conservation. On behalf of all members of this Assembly I welcome you.

MR. EVANS: I move, seconded by the Honourable Minister of Mines and Natural Resources, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

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

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. SMERCHANSKI: Mr. Chairman, I shall not take much more time of the Committee. I simply want to re-emphasize what I said last night that the supervisory management from Toronto, and this is a recognized fact, made the frequent trips into the mine and I again draw to the attention of the Honourable Minister that you simply cannot direct the development of a mining operation by such a method of remote control.

The other thing I'd like to bring to the attention of the Committee is that in the development of mines you either explore or die. We have examples of this in our very own province when the Howe Sound mining operation at Snow Lake after ten years of successful operation came to an end and suspended operation; and yet the Hudson's Bay Mining and Smelting in the same area was able to develop a major base metal mine which today produces a great deal of copper through the smelter at Flin Flon. And yet, Mr. Chairman, the San Antonio Mines for the last three years simply did no exploration whatsoever and there was nobody from the government side that was sufficiently interested to ask this simple question. The San Antonio Mine dropped the ownership of every claim that they owned in the area beyond the limits of its own property. This has been the policy of the San Antonio Mines since 1933 and it seems that this was a policy that was continued in the last three years during the period that this government chose to act as guardian to the San Antonio mining operation. Now, Mr. Chairman, this is a very grave omission by the present government.

I would also like to ask the Honourable Minister as to when this mine had the last most complete geological underground report prepared by either the Provincial Geological Survey or the Dominion Geological Survey. There was a very comprehensive report prepared by Dr. Stockwell in 1938 and 1939, and to the best of my knowledge, since that time none have been prepared. Now this was a wonderful opportunity to have a report of this nature prepared in the last three years, and this was not done.

I would also like to find out from the Minister what are the actual ore conditions underground of the mine as it stands today. Nothing much has been said about the ore reserves as they may or may not exist of today, but much has been said about the inability to make this ore into dollars and cents by virtue of the fact that there was insufficient labour available for the mining operation. The Minister himself, Mr. Chairman, has given us the impression, right along, that there is sufficient ore and that the mine appears to be in fairly good condition except for the failure of the management - and of course, failure of the government itself, in order to not be able to supply an adequate labour force. I think that possibly at the San Antonio Mines, Mr. Chairman, a good adage might be that "the gold is gone and we may wonder when the sterling will go." Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Logan.

MR. HARRIS: Mr. Chairman, I listened with great interest to what the Member from Burrows said, but I disagree with him in a little way in this respect. I feel that the gold mines here are being subsidized by the government and no matter what they do in this cost-price squeeze they are at a disadvantage. In the base metal, that is nickel, and the various other metals that come out, copper and such like, they can go ahead and they can get all the miners they want because they're paying good wages, but these other places, the gold mines, you go across Canada and you'll see the price they get for an ounce of gold is not paying them enough to mine it and with the two governments we have today here, Canada and the United States, they retain \$35 an ounce; it doesn't go up. Well it seems to me the thing is too much, it costs too much, so these mines are slowly closing down.

(MR. HARRIS, cont'd)

They have all kinds of remedies, but I say the remedies are no good if the stuff that they bring out doesn't pay the price. Now I would say this. I can remember, I was in a valley - there was two valleys; there was 270,000 men employed in the mines there and their mines were open for over 80 years. But as time went on, the commodity which was coal, was no more use, so the stuff was there, the best in the world. These mines started to close down. When I left there, there used to be 270,000 men working. Now you can imagine with their families what a mass of people would be in that place 20 miles long and 5 miles wide. Right when I left there was 60,000 men working. Now I'll bet you today, there is less than 10,000 men working in there. So you can see that no matter what you do if what you get out of the soil doesn't pay, you can't work it. So I would say that no matter if you are going to train these people to go into the mines, what's the use of training them for that if there's nothing there for them. They are going to close these mines anyway. You've got to find them work that they can possibly do. This is what we urge; this is what we want. We want to see these people from Bissett coming out and going into places and getting work; not to say that they should exist in places like that if the very stuff in the rock itself doesn't pay.

So I would say, Brother Chairman, as far as I'm concerned, it's up to this government to go ahead and retrain these people into places where they can possibly work. Thank you.

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

MR. LYON: Mr. Chairman, if we have exhausted the comments from the other side of the House with respect to this matter, perhaps I could now take a few moments of the precious nine hours that are left in the Committee of Supply debate to make some comment on some of the debate that we heard last evening on this matter and for a few moments tonight.

Rising for the second time to participate in this debate, Mr. Chairman, I feel something like the young counsel who was appearing on an appeal case dealing with a contract once in the Court of Appeal. He started off his submission to the five learned judges of the Court of Appeal by saying, "My Lord, the contract has five constituent elements to it. There must be consensus, ad litem; there must be consideration, and so on." Whereupon he was interrupted by Chief Justice, and he said, "Now counsel, he said, you don't have to insult our intelligence get on with your case." That after all, surely you will presume that the Court of Appeal knows the basic elements of a contract." Whereupon the young counsel replied, "My Lord, I made that mistake in the court below and I'm not going to repeat it again here."

I feel something like that young counsel because I presumed a level of intelligence and a level of knowledge of what had gone on over the last three years in this matter, among all members of the House, but I find that you can't take anything for granted, and I suppose we had better begin right back at the beginning again and look over what the responsibilities of the government were and are, what the government is doing with respect to those responsibilities, in order that once - in a tiresome way again - the record may be set clear with something that honourable members opposite don't like to trouble themselves with too often, namely the facts.

Mr. Chairman, the government loaned \$240,000 to San Antonio Gold Mines Limited by virtue of an Act of this Legislature passed three years ago and voted upon almost unanimously by this House with only one member dissenting. Pursuant to that Act, certain conditions were laid out under which this money was to be advanced to the company for the purposes of exploration and development. No other purpose. Exploration and development. As a result of that Act being passed, the government through its solicitor, Mr. A.S. Dewar, Q.C., a man who is not entirely unknown to honourable members opposite, proceeded to have an agreement drawn up between the government and the San Antonio Gold Mines Limited, an agreement which runs to some eight pages. Attached to and forming part of that agreement was a trust indenture, a document running to some 28 pages, further setting forth the details of the manner in which the money would be advanced to the company and the pre-conditions upon which money should be advanced from the Public Treasury pursuant to the authorization in the Bill aforementioned.

This agreement and the trust indenture, for the benefit of those who have perhaps forgotten, was tabled in this Legislature on the 19th of February 1964, has been and remains a part of the records of this House ever since that time. I believe in addition that my predecessor who was the Minister of this Department at the time, the Honourable - the present Minister of Health, also as a matter of courtesy, sent copies of the agreement and of the trust indenture to the Leader of the Opposition, the Leader of the New Democratic Party, at the time. The

(MR. LYON, cont'd) . . . agreement, as I say, is a legal agreement. It draws up the conditions, sets forth the conditions upon which the money was to be loaned. The agreement gives the government as security for its loan, what is known as a floating charge, or in more common parlance, a first mortgage, upon the assets of the San Antonio Gold Mines Limited. In other words, the Government of Manitoba, through the agreement, was placed in the position of a first mortgagee of the assets of the mine -- not a guardian as my honourable friend from Burrows would state, not a wet nurse as the Honourable Leader of the Opposition would have us believe, not a manager as anybody else would have us believe, but a first mortgagee, a floating charge upon the assets to secure the loan, a very simple proposition that's understood in commercial circles, it's quite well known I think to anyone who knows anything about business. Pursuant to that agreement and to that trust indenture, monies were then loaned out to the company upon their compliance with the conditions set forth in the Act, the agreement and the trust indenture. I would like to review for a few moments, Mr. Chairman, some of the details with respect to the handing out of that money by the department. The loan advances were made on the following dates: July 1, 1963 - \$50,000; September 2, 1963 - \$40,000; November 3, 1963 - \$10,000; January 4, 1964 - \$10,000; January 5, 1964 - \$15,000; January 6 - \$20,000; February 7 - \$20,000; March 8 - \$20,000; of '64. March 9, 1965 - \$55,000, for a total advance of \$240,000 which was the total authorization and therefore the end of the advances that were paid by the government.

In order to secure those advances the company had to show basically one thing - that they had expended on their own behalf pursuant again to this agreement and the trust indenture, an equivalent amount on exploration and development. That was the sole and the major pre-condition.

During the period in question, and I'm speaking now from May 1, 1963 (these are the latest figures we have) to February 28, 1966, the company actually expended the following amounts: on diamond drilling - \$78,428.58; on drifting, cross-cutting and flashing - \$416,830.67; on development raising - \$114,578.33; on boxhaul raising - \$36,123.71; for a total of \$645,961.29. In other words they had over-expended in terms of exploration and development the amount that we had advanced by way of loan, by a figure of \$405,961.29. In other words they had more than met the conditions that were laid down in the Act, the agreement, and trust indenture.

In addition to that, as I mentioned to honourable members approximately two weeks ago when asked about it, a special subsidy of \$90,000 was made to the mine jointly by the Federal Government and the Provincial Government, payable 50 percent by each, \$45,000 by the Provincial Government, 45 by the Federal Government, which commenced toward the end of last year, at December 31, 1965 the amount of \$15,000 had been advanced by the Province of Manitoba for that purpose and each month subsequently. So we have invested in the mine by way of loans secured as a first mortgage against the assets of the company \$240,000 and otherwise a straight subsidy of \$45,000 entered into last fall at a time when the mine was on the verge of closing if the subsidy was not granted, a subsidy which as I have mentioned was shared by the Federal Government.

Now what did we do to insure ourselves that this money was properly loaned out, again always pursuant to the terms of the agreement, pursuant to the trust indenture and the authorizing Act, because there's no need to roam all over the field and say we should have done this, we should have done that, you might have done this, you could have done that; that really doesn't matter. It couldn't matter less. The terms of the agreement and the trust indenture were in effect the Bible under which the company and the government operated pursuant to this Act that was passed by the House.

Well, first of all I can tell you that the Department of Mines and Resources starting in May of 1963, just a few days after the Act was passed by the House, made a thorough examination of the underground workings in an effort to check the amount of development work done between January 1, 1963 and May 1, '63. On June 1, '63, the development done during May '63 was measured and these measurements were checked against the mine plans and the plottings on the plans of the advances made during May of '63 were then supervised. This practice continued every month with either the Assistant Deputy Minister of Mines, M. J. Gobert who has been on the staff of this department since 1945, a very experienced senior administrative officer of the department, one of the best mining people in Manitoba, with either Mr. Gobert making personal trips and inspections underground at San Antonio every month or in his absence the chief mining engineer, Mr. R. H. Junker of the department who

(MR. LYON, cont'd) . . . has a similar record in the mining community and indeed with this government. So either one of these men during the course of the period when the monies were being advanced made personal monthly inspections of the mine to determine, to satisfy themselves and to so report to the department that the exploration and development work that was so certified by the company was in fact done and it was only upon the certification and approval by these senior people from our department that advances were made.

My honourable friend from Burrows wanted some detail on the kind of work that was done and I'm very pleased to give it to him. If he wants it by the week, I'll give it to him by the week; if he wants it by the month, I'll give it to him by the month; if he wants it by the year I'll give it to him by the year; but it's your time, so tell me what you want and I'll be glad to give it.

From May 1, 1963 - I'll see if I can cut these figures back a bit - to February 28, 1966, and give you the gross figures first of all. These were all substantiated by the certified reports, certificates from the mine and by our own personal inspection. Diamond drilling, 14,754 feet - pardon me, diamond drilling, 58,604 feet was done; drifting, cross-cutting, flashing, 13,294.5 feet was done; development raising - 3,885.1 feet was done; boxhaul raising - 1129.5 feet was done; total value of this, the figure I've already mentioned, \$645,961.29. The total of the diamond drilling came to \$78,428.58; the total of the drifting cross-cutting and flashing \$416,830.67; development raising - \$114,578.33; boxhaul raising \$36,123.71; all of this again, again, the advance by the government of \$240,000 so the mine more than doubled their requirement under the agreement, under the trust indenture for exploration and development purposes.

My honourable friend is a mining engineer, the member from Burrows. He knows much more about mining than I do, but he says in effect, "A mine dies if it doesn't do exploration?" My honourable friend will appreciate that the bulk of the exploration that was done here was according to my information underground exploration because this was the kind of exploration that would give them the quickest returns. This you must remember was a mine which was on the verge of closing three years ago, a mine which, if I may add this by way of interjection - a mine which had my honourable friends in the official opposition been in office would have closed three years ago. Absolutely no question about it, because they wouldn't have loaned \$240,000 to this mine at all. I'm sure they wouldn't. But the mine didn't close three years ago; it stayed operating for another three years through an investment, through a loan, a secured loan, a first mortgage of \$240,000.00. My honourable friend can "hare off" across the field all he wants about diamond drill work that could be done on the surface here, there or in Timbuctoo, but it has really no relationship to what was going on underground at San Antonio Mines and I'm afraid that he knows that. As a mining engineer he should know.

Now if he wants more detail on the work that was done month by month, I'll be glad to give it to him, because as I've said our mining people went there month by month, certified it and gave us reports on it and the money was advanced pursuant to these certifications.

In addition to that, Mr. Chairman, the Comptroller's Branch, the accountancy branch of our department, our own departmental accountant and his staff made sixteen different visits to San Antonio Gold Mines in the period from May 1, '63 to February 28, '66 for the purpose of checking the mine cost reports and particularly costs relating to exploration and development; they double-checked to make sure that the payments that were being made were made pursuant to the agreement and to the trust indenture. In addition to that before payments were made at all, a preliminary visit was made by the accounting staff in order to ensure that the books and records were being kept in such a fashion that they could make quick certification and ensure that there would be no administrative hitches in getting out the cheques to the company as their development and exploration work proceeded.

That very briefly, Mr. Chairman, and I could go on much longer, is a rough resume of the kind of checking that was done to ensure that the conditions laid down by the Act, the agreement and the trust indenture - remember that's all we're talking about - were carried out by the department. My honourable friend the Leader of the Opposition can say that this was negligence, he can say that from now until the end of the earth, but if that's negligence, Mr. Chairman, then I've never seen negligence, because this is the kind of checking that went on. I don't mind, you know, really, Mr. Chairman, what my honourable friend says about me because he has said practically everything in the book about me. I think by actual count I have been asked to resign something like eight times by my honourable friend opposite so this really doesn't bother me any more because I'm getting sort of an elephant hide. But I do have

(MR. LYON, cont'd) . . . some concern when senior administrative people such as the Assistant Deputy Minister, the Accountant for the department, the Chief Mining Engineer, when their work - not my work, I don't go out and check the stopes - when their work is called into question by this kind of nonsensical posturing that was going on here last night, when their work is called into question, not their names but their work is paraded before the people of Manitoba as being incompetent. Let the Honourable Leader of the Opposition say what he wants about me, but don't let him say that the members of the department are incompetent, members who can't reply. He knows better; and he knows very well that they carry on their function as well as any other people that you could find in any Provincial Government right across this country.

Mr. Chairman, let's carry on to a few more of these remarks that were made and see if we can cap a few more facts into the boiling cauldron of speculation, innuendo and so on that's floating around.

My honourable friend the Leader of the Opposition tried to leave the impression that when I reported to the House on the 28th of March that I told the House and thereby the people of Manitoba that everything was "hunky-dory" at San Antonio. I didn't do that. I have been very careful in any remarks that I have made about this mine as was my predecessor, the Honourable Minister of Health. In fact I think two years ago when there were comments in the House with respect to the mine, both myself and I think then the Leader of the New Democratic Party said, we want to be careful that nothing that we say in this House has any detrimental effect upon the continued operation of the mine or anything of that nature because loose remarks made about the mine could only inure to the disadvantage of the mine. Statements about closing of the mine, I've made clear through the years, would have to come from the mine. Statements about the ore reserves of the mine, I have made clear through the years, would have to come from the mine. Any statement as to the mine closing would most definitely have to come from the mine. What would be the position of a Minister who stood up in the House and said I think the San Antonio Mine is going to close before they've closed? Anyone could have said that in the last 36 months and there would have been some element of truth to it because the mine has been operating on a thin thread for the last 36 months. That was basic knowledge to everybody in Manitoba when they came to the government and asked for a loan three years ago, and so remarks had to be made carefully, and I want to congratulate, by and large, members of the Opposition generally for treating this matter with care over the last two or three years because there were times - I can recall two years ago speaking to the Leader of the Opposition and to the Leader of the NDP - there were times when the continuance of the mine was in doubt, serious doubt at that time, and so there has been a Damocles sword hanging over the heads of the mine, the heads of the people who work at Bissett, for some three years. For my honourable friend to say that he was shocked when he heard that the mine closed, is, I suggest, merely a bit of political hyperbole.

Mr. Chairman, at the risk of repeating some of the remarks that I made when I spoke about this matter at the opening of my estimates, I did make this statement and I want to reiterate it again. I'm quoting now from Hansard, Page 1355. "I'm sorry to say that from the latest reports I have from the mine, that problem" - referring to the manpower problem - "is still with them and they don't have sufficient personnel to break the quantity of rock that is required to keep the mine going on a continuously profit working strain." No more - no less - that's what we knew at the time.

Now what are some of the other points that have been mentioned by honourable members opposite. The Honourable Member from Burrows said that there should have been a consultant, a wet nurse, a guardian, a custodian, a manager - whatever you want to call it - appointed by the government to run this private enterprise corporation. I thought for awhile last evening listening to this debate, Mr. Chairman, that we were listening to a portion of a chapter from Alice in Wonderland. What sort of a new political philosophy is being evolved now by our Liberal friends opposite when they say that because somebody holds the first mortgage on an operating business that they should then move in and take over the operation. I might have expected that from the NDP, but surely not from a right-wing party like my Liberal friends opposite, who pretend to be the great protectors of private enterprise. What sort of a new philosophy is this, that a first mortgagee has the right of management. It's a strange philosophy to be coming from any source, let alone my honourable friends opposite.

What we did have were the rights that were laid down in the Act, the agreement, and the trust indenture. We tried to fulfill all of those conditions and we tried as best we could to

(MR. LYON, cont'd) . . . fulfill all of those conditions and to co-operate with mine management, not for the sake of the mine but for the sake of the people of Bissett, which was what motivated all of us in this House, with one exception, to vote for this Bill in 1963. That's the root cause of why the Act was passed and that is the root cause of why we are having, I presume, of why we are having a debate tonight, not because of political advantage but because we are concerned and were concerned about the state of those people in Bissett. That's what I'm concerned about tonight, not about hearing off about political enquiries of one sort or another to enquire into the failing of the mine to produce. If that's the concern of the Liberal party, let them say so. I think the rest of us are concerned with the people of Bissett and what can be done for them.

Mr. Chairman, the member for Burrows asked about a consultant. A condition was placed in the agreement whereby a consultant could have been called in if the people advising the government at any time felt that was necessary, but I remind the Honourable Member for Burrows that for the past 18 months, approximately, the President of the mine has been Mr. W.C. Ringsleben; the Vice President and General Manager of the mine has been Mr. C. A. Pat Burns. Mr. Ringsleben and Mr. Burns formed the two main partners in the Toronto consulting firm of Ringsleben and Burns. They are well-known throughout the mining field in Canada. Through enquiries that we have made, both through governmental sources and through private sources in the mining field, we were told, and our people believe, that these people were able consultants, and that to call in additional consultants to oversee the work of the consultants who were running the mine would have been a needless and useless expenditure, having regard to the fact that these two men were so closely connected with the workings of the mine.

I make no comment about the fact that Mr. Burns lived in Toronto. The fact that he did live in Toronto and that he commuted out here is a matter of concern to the directors and the shareholders of the company, but certainly insofar as a consultant is concerned, I think if my honourable friend will ponder the situation a bit he will realize that to have called in consultants would have been hauling coal to Newcastle. I think he realizes that as well as anybody in this House.

In addition to that, the mine was not exactly being operated by a bunch of neophytes up at Bissett. Mr. George Reynolds, the mine superintendent, has been with the mine - what - 30 years? My honourable friend from Burrows will know better than me. The chief geologist at the mine had been working in that particular mine for a further number of years - I don't know whether it's 10 or 20 years - a very experienced person with that particular mine. He suggests that by failing to call in a consultant that the mine failed. Well consultants were already operating the mine through Ringsleben and Burns, and two of the most experienced men in Canada with regard to the underground workings of that mine were already in authoritative positions of control with the mine, and I'm referring to Mr. Reynolds and to the chief geologist, and to others who can be mentioned and who will be familiar to my honourable friend, who have been in the employ of San Antonio Gold Mines for years.

Who would better know the underground workings of this mine than the people who had had executive responsibility with the mine for many many years. My honourable friend may say that he knows it better, but I didn't see him volunteering his services at any time to come and tell us what should be done with respect to the mine; but in any case I think it's a fluff, another piece of cotton batten being blown about in the air, because the consultants, Ringsleben and Burns, were the actual executive officers of the mine in addition to the mine staff who were working there and who had more detailed experience of the underground workings of that mine than anybody that we can think of in Canada. In addition to which, as I have already mentioned, the Chief Mining Engineer and the Assistant Deputy Minister of Mines made regular and continuous monthly inspections of the underground workings of this mine during the course of the advance of the money to the mine. If at any time advice had been given that consultants should be called in because they felt that inadequate work was being done at the mine, they would have been called in. No such advice was given; they weren't called in.

My honourable friend from Burrows, who seems to have a great deal of knowledge about the mine, made the statement in part of his general remarks last night, that - what's wrong with this government that let the mine fail, a mine that's been making money since 1933? Well this mine hasn't been making money since 1933 and he knows it as well as I do, because a check of the annual report, which is a public document, will reveal the following facts to him. Since 1955 this mine has made a profit in only three years. In 1955, speaking of the total

(MR. LYON, cont'd) . . . operations between San Antonio and the allied property of 44, the mine lost - and these are rounded out to the nearest thousand - \$16,000; 1956 - the total profit was \$13,000; 1957 - the mine lost \$29,000; in 1958 - \$34.8 thousand profit; in 1959 - \$75,000 loss; 1960 - \$66,000 loss; 1961 - \$52,000 loss; 1962 - a profit of \$2,000; 1963 - \$218,000 loss; 1964 - \$70,000 loss; and 1965, as I mentioned in my previous statement, for what was it - three or four months - the mine showed a profit, but on its net operations for the year it was a loss.

So for my honourable friend to try to say that here was a successful mine, the tills were overflowing with money until this mean old government came along and loaned it \$240,000 and forced it to go bankrupt - which was part of the impression he's trying to leave - is just so much fluff and nonsense. The mine has been in trouble for some time in terms of profit, but notwithstanding that, in 1963 this Legislature saw fit to loan them money.

I've touched on his question - the member for Burrows - about properties in the vicinity of San Antonio Mine. Work was done on some of these properties earlier and probably he knows, because I understand that my honourable friend still has some mining properties himself in that area and I don't wonder that he has an undoubted interest in the whole area. I don't wonder one little bit, but he will know better than I. I'm only a simple lawyer; I only know what I'm told by the experts. He's supposed to be an expert; he will know better than me that when you are in a financial situation such as San Antonio was since 1955, it's much more logical to follow up ore veins and explore for others in the mine for immediate mill feed when you are trying to keep the operation going, rather than to be out on properties looking for alternative sites. But again, that is a management question. I don't presume to make a judgment on it one way or the other, because we were the first mortgagee - we are the first mortgagee of the mine - period.

The question was raised as to whether or not these profits that were made by the mine, what amount of money was set aside for an orderly closing process of the mine. Well no profits were made, so no money could be set aside. The mine has been a continuous loser since 1963. What about an orderly disposition of the assets? That in fact is the process that we are in now, again pursuant to the agreement, the trust indenture. That is all set forth in those two documents and the action is being taken pursuant to our solicitor's advice as to what action we should take to best secure the repayment of the loan, and I can assure the House that that action is under way at the present time.

What are some of the other points that were raised. Proper reserves to cover the loan. - again set forth in the Act and the agreement - a floating charge on all of the assets of the company, a secured first mortgagee. In that connection, when we are told by honourable members opposite that we should have had a manager or a wet nurse, or whatever you want, running this operation for the last three years by virtue of the fact that we had \$240,000 invested in it, my honourable friend from Burrows, and I'm sure the Leader of the Opposition, and if not he - he will have the information right now - knows that the Federal Government of Canada, under the Emergency Gold Mining Assistance Act, makes not loans but direct financial subsidies to every gold mine in Canada. Do you know how much money they have paid to San Antonio of public funds since 1948? Three million dollars of your tax money and mine have gone into San Antonio Gold Mines since 1948.

Now would my honourable friend, to be consistent, suggest that the Federal Government should have somebody looking over the shoulder of the manager of San Antonio Gold Mines? Would they suggest that they have a wet nurse there to safeguard these \$3 million of public funds that are paid out? We have got \$240,000 -- and they're not going to get a nickel of it back - it's a \$3 million subsidy. We have a \$240,000 secured first floating charge on the mine operations and they expect us to run it the way the president of General Motors would run that corporation.

Well it just doesn't add up, Mr. Chairman. This is political posturing; this is headline hunting. Well this is fine and dandy - go to it I say - go to it, but let's stick to the facts, just occasionally. Let's come back to home base occasionally and pay some heed to what the facts of life are, because if that proposition applies to a \$240,000 loan, how much more does it apply to a \$3 million straight subsidy that's been paid by the Federal Government. If you were to ask the Federal Government to do what my honourable friends asked us to do with respect to the loan, they'd laugh you out of the House. My honourable friends opposite would never ask the Federal Government to do that, yet they turn around in this House - for what reason I don't know - and say why heavens, you custodians, you guardians, you wet nurses should

(MR. LYON, cont'd) . . . have done this; you should have done that; you should have done whatever.

Mr. Chairman, I reiterate we did what we should have done pursuant to the agreement and the trust indenture and the Act, and we are carrying on to do that. Our prime concern right now is to get the transition period over with and to get people re-settled; to get new jobs for these people if we can; to channel new opportunities for these people in order that they can break from this community if they so wish and carry on into, I hope, productive mining employment in other parts of Manitoba. I sincerely hope that they stay in Manitoba because we have a shortage of miners in our province today.

The Honourable Member for Burrows - I don't have his direct quote in front of me, but he made a statement to this effect last night - there was a gross failure on the part of government because it failed to secure labour for San Antonio Mines. Again another piece of errant nonsense. Why do ridiculous, loose, innuendo statements like that have to be made in this House? They have no relationship to facts whatsoever. Does my honourable friend think that we should be providing employment for the different business firms that he has connection with around Manitoba because they may or may not have loans? I don't know. Does he think that? Of course he doesn't - nonsense. There was no requirement under the Act, the agreement or the trust indenture for the Province of Manitoba to supply employees to that company or to any other company in Manitoba. Now what sort of particular nonsense is this to be spouting in a supposedly responsible Legislature. It gets a bit tiring, Mr. Chairman, after a while. It gets a bit tiring to hear these kinds of statements being batted about as though they had some semblance of sameness to them - or sanity.

Two hundred and forty thousand dollars - the amount of the loan. I haven't worked this out accurately, but I venture the guess - and it's only a guess, Mr. Chairman - that had that mine closed three years ago at a period of high unemployment that we were having at that time, that this government and/or the Federal Government, between them, in terms of Unemployment Insurance, Social Assistance and all of the other welfare re-settlement costs - it would have been so much more difficult at that time than they are now - would have expended well in excess of the sum of \$240,000 for the people at San Antonio. And make no mistake, I think we're going to have to spend money right now for people who cannot be re-located or for those who wish to stay on, and for people who wish to have municipal services maintained in that community. I think we will have to spend money, but I'm willing to bet it costs half - that we won't spend nearly as much money now, because that mine continued for three years, as would have been the case had the mine closed three years ago. Conditions have changed. We are fortunate that the mine stayed in operation for three years. I wish it could have carried on for another three or six years. Don't we all? But wishing doesn't make it true.

I repeated to you last night what the mine management told me in their letter, that they couldn't operate at a profit with the present labour situation. Now honourable members opposite don't have to believe me, but do they pay any attention at all to what the mine management says? That's what mine management is saying. It's very seldom, Mr. Chairman, that I can resort to the Winnipeg Free Press for a quotation to support me - very seldom indeed - but last week in their lead editorial of April 5, 1966, what was their first sentence? "The Town of Bissett is a Victim of Economic Circumstances." Of course it is. My honourable friends are trying to make it appear a victim of political circumstances in this House, and it's so much nonsense.

What are some of the other points, Mr. Chairman, that honourable members opposite mentioned? I should mention to them that in 1963, before I was connected with the department, the officers of the department made a collation of all of the suggestions that were made in the committee when this bill was being discussed in that committee from all sides of the House, and there were some good suggestions made as to what items should be included in the agreement and in the trust indenture; and to the extent that it was possible, I am told, through negotiation between the solicitors for either side, most of these conditions were incorporated - even the condition about the consultant - was incorporated in the agreement, if the government felt it was necessary.

Now I don't wish to burden the House too much further, Mr. Chairman. My honourable friends asked the question: Have these conditions been met? To the best of our knowledge and information - and I double-checked again with our solicitor today - all of the conditions of the trust agreement and the trust indenture have been met, to the best of our knowledge and

(MR. LYON, cont'd) . . . belief at the present time, on the part of the company, and so far as I'm aware, on the part of the government. Has the loan and subsidy been used for the purpose intended and set forth in the Act, in the agreement and the trust indenture? I am advised that the money has been so used. In fact they have more than doubled the amount that they were required to expend.

The question was asked about why we used the 1934 comparison of wage rates to indicate the cost-price squeeze. The reason that 1934 was used was because that was the last year before the increase in price of gold from \$20 an ounce to \$35 an ounce. If we had used a year previous, why it would have made the cost-price squeeze appear even worse.

Some mention was made about project "Pioneer", and project "Pioneer" which was announced by me on behalf of the department some time ago envelops the whole Bissett area. It is one of the most intense geophysical and geological exploration programs that has ever been initiated by a government and it is being carried on at the present time, but as my honourable friends opposite will appreciate, these take time. This will take something like three years before we begin to get a basic information that can be collated into reports that will then be made available to the mining industry.

Our own branch geologists - he asked this question - have examined the mine, but the important thing at the mine is the exploration and development of it by skilled miners needed to prepare the ore for the mill. It's a going concern. Our people have certainly looked at it. My honourable friend leaves the implication - my honourable friend from Burrows - that I have always said that there were adequate ore reserves. I say again, as I have said before, the question of ore reserves is a question for the company to talk about, but according to the information that we have from the company, more ore was found in the last three years. The grade of some of it wasn't proved, but I can give no further statement to my honourable friend. He can contact the mine and ask them - the directors, the shareholders - and ask them about the ore reserve picture.

Another question was asked about why another shaft wasn't put down, and that is an intelligent question because one of the great besetting problems of that mine over the years has been the triple lifting that has had to go on to get the broken ore up to the surface. But the problem again is money. I am told by those who know that it would cost something in excess of a million dollars to sink a new shaft, which would greatly improve the efficiency of that mine, but the million dollars just wasn't there to be had and that's why, I presume, the company chose not to spend it.

Mr. Chairman, my honourable friend asked why miners were not trained at the mine in sufficient numbers. I think I announced to the House last year that for the first time so far as we were aware in the history of Canada, a mine training school was being operated at Bissett. We attempted through the Department of Education, the Department of Labour, the Department of Mines and Natural Resources, to get pilot schools going. They weren't much of a success. I'm the first to admit it. But we did have three of these schools going and we did turn out some people who were fit to work underground in those mines. They weren't a great success but at least they were tried; they were started.

He made another suggestion last night that I think has a great deal of merit and is one as a matter of fact that we've been looking at for some time in consideration of the eventuality that this mine might close. The suggestion was, and the plan that we have been looking at, is whether or not this mine could conceivably in the future be used as part of a re-training program for the training of underground personnel for Manitoba miners. This, I think, is a positive approach to the problem. This is a matter that we are looking at at the present time, and if anything concrete can be worked out in that regard, I'll be happy to announce it before the House prorogues, or after, because I want to assure honourable members opposite that our primary concern at the present time is to provide alternative means of employment for these people at Bissett, the 189 workers who are potentially going to lose their jobs, and the families who go with these workers. This is a tough thing for 189 people, and that is what the main effort of the government has been directed at since it became apparent on the 1st of April that the mine was going to close.

Now, Mr. Chairman, there are other matters but I think I have taken up sufficient time of the House tonight in answering some of the points that were raised by honourable members opposite. I close my remarks with a final suggestion that we've had a report already from the co-ordinator of the government agencies and government departments who is working in close consultation with the people of Bissett. He reports what I have reported as a result of our

(MR. LYON, cont'd) . . . meeting there a week ago Sunday, that he is receiving the utmost in co-operation from the people. The National Employment Service has moved in with him; every form of counselling and advice and information that we can give to these people as to alternative job opportunities in Manitoba and in other parts of Canada is being provided to them.

We are also advised that a goodly number - and this we're very happy to hear - a goodly number are staying on and will stay on until the 30th of June, and remember the company wants them to stay on to assist in carrying on, as they say, substantial mining operations until the 30th of June. This is a very important thing because there are ore reserves underground that should be cleaned up, and from these ore reserves, not only can more continuous employment be provided for these people but a longer period in which they can consider what sort of an adjustment they want to make. So, by and large, I think this transitional process is going well. Our efforts, as I have mentioned, are all directed in that regard at the present time.

Perhaps my honourable friend the Minister of Labour can have a word to say about negotiations that he is currently having with Ottawa with respect to mobility grants rather than mobility loans for the people of Bissett. This is the kind of work that is going on right now. The mine will not close until the 30th of June provided they can get an adequate work force, and, in the meantime, we're as hopeful as we can that we can do everything within the power of government and within the power of reason to do what we can to help these people through this very difficult relocation and transitional period.

Mr. Chairman, if I thought for a minute that the holding of a Special Committee of the House or a judicial enquiry - or whatever it is my honourable friend seems so fond of asking for - if I thought that that would help the people of Bissett today, we would have one, but I don't think that would do a darned thing for the people of Bissett today and I don't think we should have anything hinder our efforts today to do everything we can for the people of Bissett.

Now when this operation is wound up, when we find out our recoveries on the first mortgage that we have against the assets, and when the whole thing is settled, if my honourable friend doesn't like the picture, as I'm sure he won't regardless of how good it is, then he can ask for and perhaps even get his enquiry or his special committee or whatever he wants, but I ask him in the meantime not to -- if he can't be of a help, don't be a hindrance while we're trying to do what we can for the people of Bissett. Let's keep that foremost in the minds of all 57 members of this House. Let's bend our efforts; let's stop being politicians for five minutes and let'd do what we can for these people; and let's forget about this nonsense of posturing and taking silly positions that have no relationship to the facts at all. Let's get down to the hard facts of this situation and try to find out what we can do for 189 people at Bissett, get that company through the transition period that it's going through at the present time, and then my honourable friend the Leader of the Opposition can go back and play politics with the issue all he wants after that.

..... continued on next page

MR. MOLGAT: Mr. Chairman, I'm not at all surprised at hearing the desk thumping on the far side because quite obviously my honourable friend the Minister was at his usual best debating form when he's got a very weak case to present, because that's exactly the position that my friend takes every time he's in that position and he has found himself on many occasions in this House in a very weak case. Because my honourable friend unfortunately does not pay enough attention to what goes on in his department, and then he comes in the House here and brings out his usual accusations that other people are playing politics and all the rest of it and then the most favourite one of all, for this Minister, and that is to accuse the people on the far side of the House of attacking the members of the staff. That's his favourite one, when he has failed his responsibilities he accuses other members of speaking about the staff.

I would like him to find out one place in my comments or those of the Member for Burrows where we mentioned or intimated or said anything about his staff failing in their duty. On the contrary, we said that he had good staff; we said to him that had he taken over and given some leadership in this operation and done his job in seeing to it that the interests of Bissett and the people of Manitoba were taken care of that we wouldn't be in the position that we're in today. Because, Mr. Chairman, the whole point at issue here is in fact the people of Bissett, yes, first and foremost, and that's the reason that three years ago we supported this loan. That's the reason that I made my comments last night because of my concern for the people of Bissett first. Secondly, Mr. Chairman, my concern for industrial development in the Province of Manitoba. This government has been talking recently a great deal about industrial development. After some eight years they've found out that it's high time that they got going on industrial development. And here is a case, Mr. Chairman, where there was industrial development and where things could have been done in the past three years to see to it that there was continued industrial development, and this is the point at issue at this time.

My honourable friend can talk all he wants, of the subjects he wants to talk about today, he can talk, accuse other people of playing politics, do what he wants, the point is, Mr. Chairman, has this government taken all the steps that it could have taken in the past three years to ensure the continuing of the mine at Bissett. Now we find an entirely new position taken by the government today. Back some three years ago when the House was being asked to propose this loan, the whole question was, and the proper question, the continuing of that mine; the extension of the life of Bissett as a community and of the mining operation. I agree that was the proper, exactly the right course to take. But why is it that in those three years the government hasn't taken steps to see to it that this did continue. Now the Minister takes a new tack. He is strictly a first mortgagee; strictly a first mortgagee; what happens at the mine from his comment tonight is not of any concern to him, no concern about how the thing is operated; his sole position and that of the government is that of a first mortgagee, a strictly hands-off operation. Mr. Chairman, I ask you, was that what we were told three years ago and was that the intent of the loan that we should act simply as a first mortgagee? Surely the intent of the loan was to ensure the continuation of that mine. That was the purpose of the loan, the continuation of that mine. Has this Minister and this Government taken every step that it could have taken in those three years to ensure the continuation of that mine? The Minister told us tonight that was of no concern of his.

MR. LYON: My honourable friend, Mr. Chairman, listens only to what he wants to hear. I outlined in some detail to my honourable friend the number of visits, inspections and so on made by senior members of our department to ensure that the operation development was being carried on

MR. MOLGAT: Is the honourable Minister making a speech or ...

MR. LYON: No, I'm merely I'm trying again ...

MR. MOLGAT: Was that a point of Order, Mr. Chairman, or ...

MR. LYON: Yes, on a point of privilege trying to inject a bit of fact again into one of my honourable friend's speeches.

MR. MOLGAT: Well if my friend wants to talk about facts I suggest that he should talk about all the facts, not just the ones that interest him which is so obvious in the speeches that he makes, because if there's one who can conveniently forget facts and gloss over matters it's my honourable friend the Minister of Mines and Natural Resources. Facts and his speeches are aliens.

Mr. Chairman, the point is that tonight the Minister said that the government should not have taken the position of having anything to do with the management; that they were strictly a first mortgagee. That's what he said. Strictly a first mortgagee. I submit, Mr. Chairman,

(MR. MOLGAT cont'd.) that that was not the basis of that loan. The basis of that loan was to ensure the continuance of Bissett; ensure employment to those people and ensure an industry to the Province of Manitoba and to take the position now that it's strictly a first mortgagee position, is -- (Interjection) -- well if my honourable friend did not say that the position of the government was that of a first mortgagee, then I ask him what did he say? That was exactly his statement. That's right. Strictly a first mortgagee and they should not interfere in management.

Mr. Chairman, my honourable friend constantly repeats, here and elsewhere, that he's looking for constructive ideas. Mr. Chairman, we've given my honourable friend many of them. What did we say back in 1963 when the loan was made? We said to him then there are consultants right here in Manitoba, knowledgeable people, within his own department to begin with, and in other areas, particularly at the University of Manitoba, who would be in a position because of their special knowledge of the area, the fact that they are here, these people could perform the function of assistance in continuing this mine over a longer period. My honourable friend did not choose to take that action. It was a specific recommendation made, Mr. Chairman. My whole point in this affair is that in those three years the government has not taken the steps that could have been taken to realize the purpose of the loan in the first place, and that was the extension of the life of that town, the extension of employment, gainful employment to the people there and the continuation of an industry in the Province of Manitoba. And there is not one thing said by the Minister tonight that indicated that he had taken any steps except to ensure that the funds were used by the company for exploration and development. This is the sole matter in which he was interested. Did he in fact take seriously our recommendation to hire consultants? Did he in fact consider the two names that were recommended by my honourable friend, Professor Wilson and Professor Russell who are both highly knowledgeable in the area? No, no, no. He wasn't prepared to do that, presumably because -- well I don't know -- could it be that the reason would be the suggestion came from this side of the House? Be that as it may it was not taken. Mr. Chairman, it was a sensible proposal. The government refused it. All right.

What else did we say in 1963? We said now is the time to look at alternative employment and alternative possibilities for that area, made proposals for road construction; possibilities of tourism, parks. Again my honourable friends are in a much better position than we are to judge the feasibility of these matters. They have the experts. They have the department. I specifically asked then that the Department of Industry and Commerce interest itself immediately in the area and not wait until the fatal time when the mine was to close. What did the government do? Did the Minister indicate to us tonight any action whatever insofar as alternative work, alternative possibilities for Bissett? Not a word, Mr. Chairman, not a single word from the Minister on this matter. What did he tell us in closing? That the whole concern was since the 1st of April when they learned that the mine was going to close, their whole concern now was to find alternative employment for the people there. Mr. Chairman, they had three years to do this. What did they do? We've had no answer whatever from the Minister tonight in this regard.

Then, Mr. Chairman, the matter of the agreement itself. My honourable friend says that to the best of his knowledge the agreement has been followed. Well there are many interesting things in the agreement. One of them for example, the proviso the mine would give six months notice to the government before closing. I ask the Minister did he get six months notice? Was this obligation by the company followed? If not, why not? What about the other specific

MR. LYON: On a point of Order would my honourable friend mind reading that section of the agreement, section 7.

MR. MOLGAT: Section 7? Not a bit. "If the company shall determine to cease mining operations at Bissett, it will use its best efforts to give the Minister six months notice as to the termination of the mining operations."

MR. LYON: "best efforts!"

MR. MOLGAT: Oh, Oh ho! That's the catch, et? Well, my friend then is satisfied, after having spoken to them last December, was it? And agreeing to give them another \$90,000 shared by the Federal Government and in continuing in this way he now is satisfied this is the best efforts. Well if he's satisfied with that, then I suppose it's an indication of the way my honourable friend operates his department. That's the way he operates, that's for him to decide.

MR. LYON: My honourable friend better take legal advice as to what that section means.

MR. MOLGAT: Well, now my honourable friend is offering me legal advice. As I say if my honourable friend is satisfied, if that's the agreement, then I leave the satisfaction to him. I must tell him that I don't think the people of Manitoba will feel that he has necessarily lived up to the best efforts that he should be putting forward in the interests of the taxpayers of the people of Bissett.

So this is only one of the conditions. There are many others, Mr. Chairman. Many other conditions having to do with the stock of the company; that they were not to have any extensions, no further stock was to be issued and so on without the authority of the Minister. Without the authority of the Minister, agreed. Now has the Minister in the past three years agreed to the extension of stock? What about changes in management? That was also not to be done without the authority of the Minister. Has the Minister agreed to changes in the management in the past three years? These are answers that should be given to the House, because the point that I brought up last night I think is very important: was this in fact used by some people to salvage themselves as shareholders from the operation and do we end up by having the people of Manitoba the ones who suffer? Do we end up by having the people of Bissett who now find themselves out of employment, to be the ones who in the long run suffer most? The Minister has not answered this, Mr. Chairman, except to say presumably that is not in the agreement. Mr. Chairman -- well, he intimated that only matters in the agreement were of concern to him. Only matters in the agreement. I say to him that there are other matters that are of concern, and that is have we been salvaging Toronto stockbrokers or have we been taking care of the interests of people at Bissett, and if it's in the agreement or not in the agreement, it's very important; very important to the people of Manitoba because that was not the purpose of the loan.

My honourable friend said it's not in the agreement, then I refer him back to the debate we had here in 1963 when we specifically recommended to the government then that they ensure that this situation not happen, that they ensure that there be no stock market gain at the expense of the people of the province or of the people of Bissett. It's not in the agreement presumably under those terms, but surely, surely it's an important point, Mr. Chairman.

I come back to the most important point of all, and that is the continuation of Bissett as a community; the continuation of employment for those people; and the continuation of an industry for the Province of Manitoba. It now seems that the government is, after three years, during which time I have not found out from the Minister what specific steps have been taken (a) by having local consultants work with the mine; (b) by finding alternative types of activity for the area. I have had no statements from the Minister tonight in his eloquent address as to what the government has done in this regard, but we now find ourselves with the government saying the mine is going to close.

Mr. Chairman, did the mine need to close? I am told that there are plentiful ore reserves in the area. I am told by qualified geologists that there are distinct possibilities in that area and that there are gold deposits of better quality in fact than those being used by the mine -- (Interjection) -- Well I don't know if there is room enough in Fort Knox, but the fact is that gold mining is going to continue and I'd much rather see it continue here in the Province of Manitoba than continue elsewhere, because we desperately need every bit of industry that we can get.

Now what is going to happen, Mr. Chairman, if the government proceeds with the closing down of the mine which we are now told about? Well presumably from the Minister's statement yesterday, they are going to dismantle the mine itself; they are going to dismantle the equipment. It will be sold or taken away or what have you, but I gathered from his statement last night that certainly there will no longer be a mining operation there or a milling operation there. Now, Mr. Chairman, this means the end forever, I would guess, if the mill itself is taken out, because the investment required by new people coming in, either for that mine or for another mine in a new mill, could be exactly the deterrent to stop a new mine from going into operation.

Surely steps should be taken to ensure what the ore reserves are in the area. Has my friend, in fact, obtained any report from the mine? Has he obtained a report from his own geologist? Has he obtained a report from the university geologist? Has he checked with the two people he mentioned who have been a long time with that mine, the mine manager and the mine geologist, that they are completely satisfied that everything has been done to keep that mine in operation? Has there been a proper analysis made of this situation, or is the government simply accepting a letter from the company that the mine must close on the 1st of April.

(MR. MOLGAT cont'd.) These, Mr. Chairman, are the key factors in this, because if my honourable friend is correct - what he says is certainly correct as far as we are concerned - that the key is the employment of the people who are there, and of more Manitobans hopefully, and of the continuation of an industry, then every one of these steps should be taken before the final fatal step of dismantling the equipment. This we have not been told by my honourable friend. They give us no indication that those steps have in fact been taken.

Mr. Chairman, the Minister says that as far as he is concerned, there would be no useful purpose served in holding an enquiry on this matter. Well I wonder what we might find out if we did get before us some qualified independent geologists. I wonder what we might find out if we had the two employees who were mainly responsible for that mine give us their views as to what might be done. It seems to me there would be some value in this, Mr. Chairman. We could then determine if further steps can be taken to continue that operation. The explanation given to us by the Minister, as he has obtained it from the mine presumably, is that shortage of labour is the main cause for closing.

Well we have had a real problem in a number of areas in the province with employment. We had a real problem with the Indian and Metis population in particular. My honourable friend, my colleague from Burrows spoke about this last night. What steps in fact have been taken by the government to encourage people from that area, the native people there, to train them and to get them employment in this mine. When the government announced the Nelson River project, one of the things that they spoke about was the fact that it would give a lot of employment in Northern Manitoba to the native people. We had some difficulties some years ago with employment of native people at Thompson, for example, and there was a great deal of discussion at that time. The people from some of those northern Reserves felt that here was a development right in their area and they were not in any way sharing in it.

Mr. Chairman, here is a development - it exists - it is in an area where there are Indian reservations and Metis settlements. What specific steps has the government taken to encourage these people, to train them to put them in a position where they could fill this unemployment gap which apparently exists at this mine. The Minister gave us no indication, Mr. Chairman, of what steps have been taken. He speaks about a training program, and I admit there were some people training. I don't know how many - I don't know what the results were - but was there a specific effort made with the Indian and Metis people, because all the way up the east side of Lake Winnipeg there are a large number of reserves and a large number of settlements, most of which, Mr. Chairman, desperately need more income. They are existing, in most cases, a very marginal type of life based on fishing, trapping and some pulpwood cutting, but desperately needing regular employment. What steps have the government taken? We have heard nothing at all about this, Mr. Chairman. On the contrary, we have heard my friend's normal reaction - great talk, very few facts, and no answers to the questions that have been presented to him.

MR. LYON: Mr. Chairman, I can't leave unanswered at this moment some of the questions, and I'll try - I'm sure I'll leave my honourable friend lots of time to get in - some of the questions that were just put by the Leader of the Opposition because

MR. PAULLEY: who gets in on the debate?

MR. LYON: No I just stood up and started -- Mr. Chairman, if you acknowledge my honourable friend I'll be glad to sit down.

Mr. Chairman, I always get a great deal of enjoyment out of listening to my honourable friend when he has no case, as he has on this matter, because he skirts about all of the issues and says answer the questions, and makes other irrelevant remarks about different situations that crop up. He's like the perpetual medicine man of the circus; he's got a cure for every ill. Buy a bottle of Liberal tonic and you won't suffer from anything. I guess that's the slogan. -- (Interjection) -- I don't know if it's snake oil or not, but I wouldn't recommend anybody taking too full a swig or a draught out of that particular bottle.

Mr. Chairman, the proof of the pudding is usually in the eating. We have the Leader of the Liberal Party standing up on his haunches here tonight and telling the government of this province, and through the press gallery the people of Manitoba, all of the things that a government should do, that a political party should do if entrusted with responsibility of office, when a mine closes in Manitoba. You should take over the management; you should do this; you should do that. We even had another even more startling theory announced by him when he just sat down because he said, in furtherance of his perpetual cry for an enquiry of one sort or another -- I thought my honourable friend after the enquiry report that was received the other

(MR. LYON cont'd.) day would have had enough of enquiries for awhile,

MR. MOLGAT: Not a bit.

MR. LYON: If he wants some more of that treatment, maybe we can oblige him from time to time, because he hasn't been right yet in eight years and I daresay he'll continue to be wrong for as long as he occupies that seat, and that may not be very long either.

Mr. Chairman, we had enunciated here tonight this philosophy from the Liberal Party of Manitoba - I presume he's speaking on behalf of his party - he said have a committee and call before it these gentlemen from the University of Manitoba and the two men from the mine, and if they tell you that the mine should keep operating, why then presumably the mine can carry on. Now there's one little trivial matter that he has overlooked, perhaps a small matter in his consideration, but there is the question as to whether or not the shareholders and the directors of this company wish to keep operating at a loss for another few years to satisfy the political ambitions of my honourable friend opposite.

I don't know if they would necessarily welcome an injunction or an order from a committee of this House or any enquiry, or anybody else for that matter, to carry on an operation that according to their annual reports and their audited statements, and that's all we have to go from, have caused them to lose money for all but three years since 1955. But if he's putting the Liberal stamp of approval on that philosophical outlook, let him say so tonight and I hope our friends in the press gallery get it, because there's a great wide business community in Manitoba that will be delighted to hear this kind of nonsense being spouted from across the way.

I have never heard anything quite so remarkable coming even from my honourable friend. I knew that he was a past master at passing out innuendo, loose charges and so on. I knew that from the Grand Rapids Enquiry, and what are some of the others - going back to the early scandals - oh, Mr. Donaldson in Brandon and on down the list we can go. They are so numerous I'm even beginning to forget them. We know that he's a past master at this kind of innuendo, but when he's nailed down to the mast and has to appear and give facts, where is he? He's usually out of the enquiry; he's nowhere to be seen or found - that was the most recent experience that we had with respect to another matter on which he made rather loose charges - so here he is now attempting to pass innuendo upon the government, the management of the mine, or anybody else. Let me make it clear that I'm not here to defend the management of the mine. Our prime concern always has been the 189 people working at that mine and the people of Bissett who are in that community supporting it. We are not here to make excuses for anybody. We aren't even here to make excuses for ourselves because we haven't got too many to make. We are not in the business of keeping mines operating.

My friend opposite though, if he's going to pass out such free advice, had better look back at the long history of his own party when they were in office in this province. My honourable friend had better tell us when there was a great change in the philosophy of the Liberal Party. Let my honourable friend stand up in this House tonight and document, if he can, what the government of the day did when the mine closed down at Sherridon. What did they do? What did they do? We he can just stand up and fluffle around if he wants a bit, but I can tell you in a nutshell what they did. They didn't do a darn thing. What did they do when the God's Lake Gold Mine closed down? My honourable friend from Burrows will remember that. What did the government of the day, the Liberal government of the day do when God's Lake closed down?

MR. PAULLEY: Oh my God.

MR. LYON: Yes, that's about it, "Oh my God." What did they do when Central Manitoba Gold Mine closed down? Not a thing. What did they do, Mr. Chairman, when the Gold Mine closed down in 1950? It's only 15 miles from Bissett. What did they do?

MR. SMERCHANSKI: Sent the miners to Uranium City.

MR. LYON: Yes, out of the province. Now, Mr. Chairman, let's get a little bit of fact injected back into this debate. What did they do about these -- there have been gold mines closed before and it's not a happy thing when they do occur, but if we're going to start condemning present performance let's take a look at past performance.

MR. TANCHAK: Red herrings.

MR. LYON: Red herrings my honourable friend from Emerson says. I'll make a wager with my honourable friend. My honourable friend says he can detect a red herring in what I say. Well I tell my honourable friend that I venture to say he knows about as much about mining as I know about turkeys; and I don't know anything about turkeys so he might as well keep his comments to himself.

(MR. LYON cont'd.)

And at one stage in his remarks, the Leader of the Opposition said - why isn't it shocking, they're going to dismantle the equipment and things are going to be sold off and it's going to make it much more difficult for the mine to operate or for people to take it over after that. But, Mr. Chairman, we have a floating charge on the assets of the mine. Is he saying that we should waive our \$240,000 and forget about it? I thought these were the dollar conscious people, who wanted us to get every nickel back that we could. This is what we're trying to do, to protect the investment of the people of Manitoba of \$240,000.00. And when he said that, his desk-mate said "Hear, hear," the Honourable Member for Lakeside. Real concern about the closing of Bissett mine today. Yet who was the only man in the House who voted against the enabling bill to give \$240,000 to Bissett? The Honourable Member for Lakeside. If there's been a conversion, let him stand up and tell us, but I wasn't aware that he was one who was pushing the government or pushing the Legislature into an action that would keep this mine in life for another three years. Had we followed his advice at the time the mine would have closed, 1963. And I respect him for that opinion; he's entitled to have it. But he's hardly the one who can be "hear, hearing" the Leader of the Opposition when he's concerned now about the mine being dismantled three years later.

My honourable friend says if you'd called in the consultants - this is the implication of what he says - if you'd called in consultants the mine would be operating today. How can he prove that? I've already pointed out to the House that the President, the Vice-President and General Manager of the mine were, and are, leading mining consultants in Canada, not Manitoba. Well, Toronto's part of Canada in case you haven't heard. Can my honourable friend say that if consultants had been called in that the mine would still be operating today? That's what the implication is that he's trying to leave. As I said before, I repeat it again, if at any time people who know more, much more about mining than I do had said to me we think you should call in consultants, they would have been called in. That advice was never received and I can only take it from the judgment of those people who know much better than either me or the Honourable Member for Ste. Rose, that they felt in their professional judgment that extra consultants were not needed. So let's bury that one for awhile. I know it will only be temporary because my honourable friend will be rattling that skeleton around in its box for quite awhile.

He says what has the government done about an alternative? I've already told him that we're looking at one alternative with respect to a mining school. There are other potential alternatives with respect to recreation, but you don't develop these alternatives overnight. In the past three years there has been an operating gold mine at Bissett, thanks to the action of this Legislature in providing a loan three years ago and we are looking at alternatives at the present time but even more important we're talking to the people now and finding out how many of them either want to or will remain at that site. What's the use of providing an alternative if you've only got a handful of people left? Miners, and I know this much about them from having worked in mining communities a bit, and from having had some familiarity with mining people over the past couple of years at least, miners are a separate breed. My honourable friend from Burrows could give an hour long speech on this. They like to stay in the field, by and large, those who get bitten by this bug of mining; and I dare say that the bulk of the people at Bissett will want to relocate in other mining jobs, I hope in Manitoba. I was told that International Nickel, by the General Manager up there just six months ago, that he'll hire 200 miners the minute he can get his hands on them. One of the largest mining corporations in the world operating in our province, the second largest nickel mine in the world, needs 200 miners today and can't get them. So we're hopeful that some of these people will find their way into that market. The International union representative who was up at meetings with us is doing his best in co-operation with the National Employment Service and the government to make sure that we can locate these people there.

And he says the government didn't put forward its best efforts (a) because we didn't call in consultants and (b) because we didn't find an alternative. And the implication is that Bissett would be continuing, I suppose, if there was another Minister in the department. Well, I accept that criticism because that's directed at me and if I can think of any one of my colleagues who would be continuing the mine at Bissett today, I'd gladly give way to him. I'd even give way to my honourable friend the Leader of the Opposition if I thought he could continue it but I know that wouldn't work because the First Minister would never have him among his ranks.

And then he ends his peroration "Did the mine need to close?" Did the mine need to

(MR. LYON cont'd.) close? This is the particular innuendo I suppose in this case that he's trying to imbed in the minds of the people of Manitoba. He operates on the thesis that if you throw a lot of mud a bit of it's bound to stick.

Well, Mr. Chairman, I can do no better than give you the letters that I did last evening from the mine management telling us in some detail as to why they were closing the mine. My honourable friend doesn't have to be a particular seer to realize that when we went with the mine last fall to Ottawa and then practically on bended knee to the present government, which my honourable friend presumably supports, for a subsidy, it was for the continuance of the mine. They were up against it then. They've been up against it for 36 months off and on. They have had a few bright months along the way but by and large they've had the Damocles sword hanging over their heads. That's not news to anybody in Manitoba. Of course it's not. Did the mine need to close? The mine would have closed three years ago if left to the handling of my honourable friends opposite. The fact that it's remained in operation for three years is something in which we can take I think some pride as a House, not as a political party or as a government but as a House because we were able to extend the life of that mine even though it didn't make a profit for the last three years.

He says what about the change in mine management provided in the agreement? There could be no change without the approval of the government. There was a change in the president. Mr. Ralph Henderson, who was the president of the mine when the mine came and sought the loan in the first instance, resigned and was replaced by Mr. W. C. Ringsleben of Ringsleben and Burns. We checked that out and after due checking we gave our approval to that change.

The member also asked as to whether or not under the agreement the Minister ever gave approval to other stock authorizations and the answer is yes, on two occasions. After checking with the President of the Toronto Stock Exchange, the President of the Winnipeg Stock Exchange, agreement was given to the mine on their request for further stock to be issued on the market; once in 1964 and once in 1965. But so what? What's that got to do with the mine operating today? That's the question that's before us. It's not operating. Let's get on with the business of seeing what we can do to help these people and stop pandering around, posturing, and passing around silly innuendoes that are of no help to the 189 people who will be out of work on the 30th of June.

MR. MOLGAT: Mr. Chairman, my honourable friend continues on the same tack, but he doesn't answer the questions. He now says we're going to do something about it. Three years later. The point is there have been three years which were given to the government, three years of grace, and if he'll go back to the debates of 1963 he'll see that most clearly spelled out at that time, requesting -- (Interjection) -- My friend says what about Sherridon? I had nothing to do with Sherridon. I wasn't even a member of this House when Sherridon closed down. My honourable friend likes to ring in matters that have nothing to do with the issue at hand. The issue at hand, Mr. Chairman, is that three years ago this House was asked to do something; three years ago, I might add, that the management of the mine then and the shareholders, the stockbrokers in Toronto were more than happy to appear before a committee of the House and put their case forward. Very happy to do so then and my honourable friend says that now it would be a terrible thing to examine them, absolutely improper, but three years ago there were no compunctions to appear before us and ask for this House to vote some money and the House did. The interests of the people of Bissett is what was the concern of the House at that time.

My honourable friend has still not said what they have done in the past three years to try and continue the mine, and that, Mr. Chairman, was the whole purpose of the loan in the first place. He hasn't told us a thing about what the government has done or has not done in the matter of Indian and Metis employment. What specific steps were undertaken by the government in that area where there is labour, where there's a need of employment, what specific steps did the government take? We've had no explanation at all from the Minister. These are the questions, Mr. Chairman, that come back completely on the point now, because the concern now is that the mine is closing. If it is inevitable then this is the situation that we have to face. But the facts are that if the government had been prepared to start three years ago and do something about this, there is in my opinion, a distinct possibility that the situation now would not be what is facing us. Now the Minister cannot say that he did not know because his own colleagues at that time were making those statements. I can quote to him from a number of his colleagues of those days.

We have for example the then Minister of Mines and Natural Resources himself who said

(MR. MOLGAT cont'd.) that "I agree with what has been said about providing for an orderly close-down of a community when ore does run out because it certainly cannot go on forever. And that point I believe is being well taken care of at the present time by the Department of Municipal Affairs who are considering two plans, one plan of action if the mine is to close and one plan for what we hope will turn out to be an extended life for a considerable period of time for the community of Bissett."

Other Ministers echoed pretty well the same things. The Minister of Municipal Affairs stated, "We're taking active steps at the present time as the Minister of Mines and Resources pointed out to develop plans to look after this eventuality when it does come, as we know it must sooner or later."

Now there's no disagreement. I think that eventually the mine will probably close. This was a situation that the members of the House faced then, which we recognize today. The question is, Mr. Chairman, has every step been taken to ensure the continuation of the life of the mine? Has in fact the government taken advantage of those three years to see to it that this was done? The Minister comes back and says well what did you do in God's Lake and what did you do in Sherridon? Mr. Chairman, that has nothing to do with the issue at hand. Nothing at all. It has no bearing on the situation that faces us. My honourable friend can repeat it just as often as he wants. He can berate my colleague the Member for Lakeside all he wants for the vote that he gave in 1963, but the fact still remains that in 1963 the government was clearly advised at that time by members of this House, members I believe from the group to my left, members of our group, urging them to get going right there and then; making specific recommendations.

My honourable friend always asks for ideas from this side of the House. He got them, Mr. Chairman, but what did he do about them? Has there in fact been some specific steps taken for the development of that wilderness park? Has this government plans ready now, or is it going to start looking at plans now? Why are we not prepared to announce now something that would give the people of Bissett some encouragement. The Minister says, well the miners won't stay. Well probably those who are engaged directly in mining will carry on to other areas, hopefully they will be in Manitoba, but there are many other people there, Mr. Chairman, people engaged in service industries of various types and there is a community. There may even be some of the miners who would like to stay in that area; some of the people have been there for many years now.

Has the government taken steps to approach the Federal Government with regard to a national park? My honourable friend the Member for Elmwood last night said that those things cost money. Well if the government of Manitoba cannot consider having a park on its own, if in fact it is going to be too costly to have a provincial park in that area, then if we are prepared to accept the terms of the Federal Government with regard to National Parks, they presumably would undertake the complete expenditure, because as I understand it, when the Federal Government proceeds to establish a federal park, then they take over the area completely; they proceed to build the roads that are required within the park area; they build whatever facilities are needed at no expense to the province.

I agree that this has some disadvantages to it and I'm the first one and I said so last night, that the government must analyze this matter very carefully because undoubtedly while national parks have a good deal of appeal, they have disadvantages too. We have a situation with the Riding Mountain National Park now where no mining is allowed, no forestry operations are allowed, and even some of the minor farming operations that were going on have been discouraged. So we have to be very careful admittedly before we commit an area, particularly a large area, to be a national park, to ensure that we don't in fact alienate our resources to one purpose alone, which presumably would be strictly in this case a recreation area. But these are considerations that have to be taken, Mr. Chairman, but they should have been taken starting three years ago. That was when the action should have been taken, not to say we are now going to start to look at alternatives because we don't know how many people are going to be in the area.

Just last week, Mr. Chairman, the government introduced a resolution in this House announcing some changes in their operations insofar as investments in corporations. From now on the government is going to ask for the permission to invest directly into operations to start certain - either manufacturing or extracting industries itself if it cannot find private enterprise to go into this. This I take it was the purpose of the resolution that was before us.

Well, Mr. Chairman, if the government is prepared to do that, if it is now asking the House to give them the right to go specifically into operations themselves in certain areas, then

(MR. MOLGAT cont'd.) what is so wrong with the government having taken a more active position in the case of this operation, one that is in existence, one that has people employed now. What was so wrong with the government participating with these people and taking whatever steps were necessary to continue the operation. The government made the decision to make that investment.

Mr. Chairman, we warned the government at that time that this House was not in possession of all of the necessary information, that we could not be expected to have all of the facts - we don't have the experts; we don't have the engineers - but the government did, and I said to the government at that time in this debate, I asked them first of all to ensure that at the Law Amendments Committee the government would have its own experts there, because I said I think that the government must realize that in this case they are the ones who have had the information on this matter now for some weeks; they have analyzed this very carefully presumably; they have a good deal of the information; they cannot expect the members of the Opposition to have this information. We don't have the experts or the people fully qualified to analyze something like this; the government has. This was back in 1963. We said to the government at that time, and these are my words, Mr. Chairman, "I want to make it clear, Madam Speaker, that the government is the one that must take the responsibility in this matter and it's not enough for the government to say to the members of this House, well you can ask all the questions that you want."

MR. PAULLEY: Mr. Chairman, I wonder if the honourable member would permit a question?

MR. MOLGAT: Certainly.

MR. PAULLEY: My question directed to the Leader of the Liberal Party is this, Mr. Chairman: In view of his recent remarks, do I take it that the Liberal Party of Manitoba are now prepared for government to use public funds in what are normally private industries?

MR. MOLGAT: Mr. Chairman, the position of the Liberal Party in Manitoba has been very clear for many years in this regard. It was the Liberal Party of Manitoba, for example, who took the steps to ensure that the electrical systems of this province, which were previously privately owned, in part, were brought under one plan to provide government ownership for this utility throughout the Province of Manitoba.

MR. PAULLEY: Can I ask my honourable friend another question, Mr. Chairman? In respect of his assertion just now that it was a Liberal government that started into the electrical industry, and I also suggest telephones, may I ask the Honourable Leader of the Liberal Party, was it not the Hon. Sir Rodmond Roblin that first of all entered into the field of public ownership of utilities in the Province of Manitoba?

MR. MOLGAT: That may well be, Mr. Chairman, but the facts are that in 1950 the Province of Manitoba had at that time some private industry in the field of electrical supply and it was the government of that day - I was not a member of the government and I take no credit for what was done - but the facts are that at that time the government did take the steps to set up one government owned industry. If my honourable friends want some further examples, I think I can probably refer to the Manitoba Sugar Plant for example that was, I believe, also assisted by government funds at that time - again before I was a member of this House and I take no credit for it, but the facts are that they did get assistance at that time and I think . . .

MR. PAULLEY: Will my honourable friend permit another question, Mr. Chairman?

MR. MOLGAT: Well, Mr. Chairman, I think I'll let him make a speech.

MR. PAULLEY: get mad at me for doing so, I just want to make a point for the record.

MR. MOLGAT: When I'm finished.

MR. PAULLEY: My honourable friend is afraid of the statements that I might make.

MR. MOLGAT: Not in the least - not in the least - my honourable friend can make all the speeches that he likes. I'm not the least bit afraid of any of his speeches, Mr. Chairman, if that is of any comfort to him.

MR. PAULLEY: I can even see you trembling from here.

MR. MOLGAT: My friend's eyesight is sometimes impeded, Mr. Chairman, and I suspect that this is one of the cases.

MR. PAULLEY: May I say, Mr. Chairman, while my eyesight might be impeded, the tremors emanating from my honourable friend are reverberating through my chair.

MR. MOLGAT: So, Mr. Chairman, the whole point at issue in this matter is that there was here an operation, a mine which was threatening to close some three years ago. The circumstances at that time were shortages of finance - shortages of finance caused by some most unfortunate, improper as far as we can tell, financial transactions on the stock market ending up in a situation where the treasury of the company had been raided and there was no finances to continue.

This House was asked to support a loan to this company. Reluctantly, this House did so. It did so for one purpose only, that was to permit a continuation of employment in the interests of the people there at Bissett and the continuation of an industry. But it did so, Mr. Chairman, I submit, under the express conditions - while they may not be in the agreement that my honourable friend refers to, they certainly were in the discussions of this House - under the expressed conditions that the government would take some steps in the intervening three years to see to it for the longer continuation of the mine if possible; for alternative developments in the area. Specific recommendations were made by my colleagues and myself in both cases. Specific ideas were presented to the government and we have not heard from the government that they accepted these or that they, on their own, have produced any new ones. We have heard nothing from them insofar as Indian and Metis employment in those areas.

MR. EVANS: Mr. Chairman, I think the time has come when I must now move that the committee rise.

MR. CHAIRMAN: Call in the Speaker. Madam Speaker, I wish to report progress and ask leave to sit again.

IN SESSION

MR. COWAN: Madam Speaker, I move, seconded by the Honourable Member for Pembina, that the report of the committee be received.

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

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

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