

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, May 22, 1975

CAPITAL SUPPLY

MR. CHAIRMAN: We're on Schedule B, General Purposes \$40,296,800—pass? The Honourable First Minister.

MR. SCHREYER: Mr. Chairman. I have undertaken to obtain some information for the Honourable the Leader of the Opposition with respect to authorized capital authority that remained unexpended, committed but unexpended, and the amount that remained both unexpended and uncommitted. And the latter amount is a very nominal amount - I think it gave it earlier this afternoon - it's in the order of \$300,000 or \$400,000, as I recall. I have the exact figure here somewhere. 468,000. But insofar as the amount that is authorized, unexpended but committed, that is in the order of 35 million, so there is therefore need for the replenishment of authority in the amount that we are requesting here of 40 million for that reason.

The other piece of information that was asked for had to do with the more precise amount of the guarantees with respect to the Flyer Coach orders. I indicated just from memory roughly that it was 2.5, 2.5 and 6.8. The precise figure is in the order of 13 million, not 12 million, but 13 million. And there is finally, to advise my honourable friend, an unencumbered amount of 10.1 million in the special municipal loan in the emergency fund remaining there unencumbered.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I thank the First Minister for the answers, and then without getting into . . . for a general figure of the amount of money the authority that was granted and spent in the fiscal year that's just ended, it would be approximately about \$58 million, or \$56 million, on the assumption there was \$58 million authority committed, not spent, it would appear then on that basis, approximately \$58 million was spent last year, with this year about 35 or 33, I believe he said, committed but not necessarily spent or paid out, and another 40 million authority to be given. In terms of the measurement with respect to the economy, what I'm trying to assess in terms of General Purposes, what amount in the past fiscal year was spent, and it would appear, based on this figure, that it's between \$56 and \$58 million.

MR. SCHREYER: Mr. Chairman, it's really a matter of, at the risk of repeating myself, it's a matter of getting a very clear idea of what the cash flow actually was, what the commitments were, and what the total overall authority voted was. Now to give my honourable friend some further elaboration: last year for example while we asked this House for approval for capital authority of 699 million was it, or some such figure, 690 million, the amount of actual cash flow or expenditure was in the order of 450 million. This year, although it may seem ironic it is not in fact, we are asking for less authority but we expect actual cash flow or disbursements to be higher than last year. And that's because of forward commitments that were entered into last year which the actual cash flow will not take place until commencing this year and ensuing years. I really think that that does give my honourable friend an idea of the relative size of authority and cash flow, and from time to time these work inverse to each other.

MR. SPIVAK: Again, there approximately would be about \$150 million of authority granted last year to be committed and spent; either this year or the next year, plus the 544 million that is being authorized for this year, which would then basically provide another \$700 million of authority which the government has given, which it has the capability of spending, and the Premier has now indicated that it's not expected that the 700 million will be committed or paid out but that the amount will be higher than the 450 million of this past year. So I think - I mean I'm trying to summarize - what I'm attempting to do here is to understand, and I think it's important because it comes sort of after the fact, the budget having been presented and having been approved, we're now dealing with these facts and figures, to have some understanding of the total impact of government involvement in the total GNP of the province and the impact it has with respect to the economy. I think one of the concerns we expressed last year was recognizing that there were certain capital needs which were obviously going to be high, Hydro in particular being a major one, that with respect to, and accepting that if there was a commitment to proceed that you're going to proceed on that basis, recognizing that in trying to understand the totality of government spending, and the way in which the economic levers are used by the government with respect to the economy, exactly what was going to take place, and our impression last year was that \$700 million would more or less be committed, recognizing

CAPITAL SUPPLY

(MR. SPIVAK cont'd) that some would not be paid out. Now what the Premier is basically indicating, and I think he'll confirm this, is that this year even though 544 million of authority is being asked for, there realistically with the \$150 million that has not been used of last year's authority, there really is approximately \$700 million, possibly even higher than that, to be available for the government for commitment, and it's expected of that more than 450 million will actually be disbursed as a result of payout in terms of the cash flow in cash payments.

MR. SCHREYER: My honourable friend is largely correct. I would prefer to express it in the numbers I have used because I am not sure if concurrence with my honourable friend will in fact lead me to difficulty at a later date. I would simply have to indicate once again that while last year we asked for authority in the order of 699 million of capital authority, actually only 451 million - I say, only, I mean, sir, that something in the order of 240 million less was actually flowing out by way of disbursements. The rest was a case of commitment authority in which no cash flow actually took place. Those commitments are however in place, and cash flow will take place pursuant to those commitments later this year, and some of that even a year and even two years and three years hence. Some of these are long term, long term forward commitments having to do with contracts, the payment of which will not take place for indeed, five, six years down the road. But we must sir, have the authority voted by this House before we let the contract, and that is why we are having some difficulty in reconciling precisely the numbers.

But there is no question, the Leader of the Opposition was right when he indicates that this year while we are asking for less capital authority than last year, indeed less by 150 million, in terms of actual cash disbursements, it will not be less than last year but indeed \$31 million more than last year. And I really think I've explained the reason why that takes place. It has to do with forward commitments.

MR. SPIVAK: I accept the Premier's explanation. I should indicate to him that in my calculations there was \$100 million mistake that I made, and in effect it really is 800 million not 700 million, based on the answer that he gave me, and I thank him for correcting it. All it means is that the government has a greater capacity than I believe.

Having said all of this I wonder, and I'd like to come back because I think--(Interjection)-- Well the comptroller of McKenzie Seed audited the report as far as I know. I am not auditing or certifying anything, and as a matter of fact if the First Minister would allow me access to the books of McKenzie Seed, I may be able even to provide some new information for him. In fact I can almost assure him that if that opportunity be given to me, I think I could, even to his amazement and surprise. I would even accept that as a challenge as the ability to be able to do that, because my suspicion is that he would be rather surprised by some of the things that would be brought to his attention, and I wonder whether he'll take up that challenge or not but I certainly am prepared and offer, would like, in fact would welcome that opportunity, and the services would be free, at no cost. Only, Mr. Chairman, with the, I would hope, permission, to be able to publish my results.

Now I wonder if I could ask the First Minister, because I believe this would come under General Purposes with respect to the issue of Public Works. The Minister of Public Works gave some certain figures with respect to the Woodsworth Building. I wonder if he can indicate the difference in cost between the original projections of what the Woodsworth Building was supposed to be and what it actually now looks like, what it looks now like the actual costs will be. The difference in the escalation in the rise between the original projections of the government and the actual almost completed price.

MR. CHAIRMAN: The Honourable Minister of Public Works.

MR. DOERN: Well, Mr. Chairman, I believe that our experience on the Woodsworth Building was a fortunate one. I think we were fortunate in the time that we tendered and the state of the market gave us a fairly good price.

Our original projection on the building was for a \$6 million building exclusive of furniture and furnishings. As a result of that the contracts, the lowest bid we received from Poole Construction, which is a highly reputable firm, was \$5.1 million. So we were extremely pleased with that. As a result we decided to add several more floors - two more floors - and as a result as well there were certain other changes made in the program, for example, in the elevating and in regard to other adjustments that were made, for instance, in the Land Titles,

CAPITAL SUPPLY

(MR. DOERN cont'd) you know, sometimes there are additions to the contract, etc. So the original projection was for 6 million, the basic contract bid came in at 5.1, and then with several more floors, additional elevating, etc., etc., the final figure came in \$7-1/2 million.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: What the Minister is actually saying is that with the changes that took place, plus the two additional floors, it cost 50 percent more. I think that that calculation more or less is right. Can I ask whether the additional 2-1/2 million, or the 2.4 million was tendered, or was that in addition to the contract negotiated with the original lowest tender which was Poole Construction.

MR. DOERN: It was negotiated with the original contract.

MR. SPIVAK: Can the Minister indicate how many floors the Woodsworth Building originally was projected to have in it? How many floors the Woodsworth Building was originally projected to have?

MR. DOERN: The original design was for 13 floors, and we went two additional, to 15.

MR. SPIVAK: Well then the square footage involved would only be the equivalent of two floors that were originally projected as part of the 13. Now there's 13 floors had a certain square footage projection, the two floors with just the additional square footage per floor. The thing I think that is surprising is the increases in costs, because they're substantial, substantially higher than normal as far as the contract. Now I appreciate that there would be differences with respect to elevators and some additional requirements, but it appears again to be a pretty substantial increase, and I wonder if there isn't something more involved in that increase.

MR. DOERN: Well, Mr. Chairman, when you look at the amount, the given 15 floors, plus the fact that there is sort of a special function in the lower levels in terms of the Land Titles, I suppose that we could calculate the gross square footage on the building as something like 240,000 gross, and there's supposed to be an 80 to 85 percent ratio, so that you might say that there's a - say a net of 200,000, but given say 240,000 square feet approximately for \$7-1/2 million, that still comes in at \$30.00 a square foot.

Now as to the other details that the Leader of the Opposition is asking for, I don't have my complete breakdown here with me, but I could obtain it for him. It's all, I think, warranted.

MR. SPIVAK: Can the Minister indicate the increased prices with respect to the furnishings between the original estimate and the actual projected costs now?

MR. DOERN: Mr. Chairman, there was a noticeable rise in the estimate in terms of the amount of money available for furniture and furnishings. But I would also like to point out to the honourable member that whereas the building was let for tender - now I believe it was January of 1972 - most of the orders for furniture and furnishings have of course taken place within the last six months, and slightly previous to that. Within the last couple of years, of course there has been a substantial rise in the cost of labour and materials, and this, I think especially hard hit in that particular area. So whereas we tendered the construction of the building in the very beginning of 1972, most of the other contract was only let in late 1974 and early 1975, so you're really dealing with a 3-year spread from original estimates, and there was a noticeable increase in those costs.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I was sort of holding back here waiting for the Minister of Mines and Resources to attend the session, because we ended off before the supper hour on the question involving the Capital Supply with regard to his own department. I somehow feel that he didn't have a chance to finish his presentation to the House because the clock ran out. But there were a number of questions that were raised that we felt were well worth answering. Although he had several minutes to work on it he didn't quite get around to them--(Interjection)-- Well, the departmental estimates may well cover it, Mr. Chairman, and I gather that that may be sort of an indication that we should proceed now regardless of the fact that he's not here. Maybe there's some indication as to whether he will be here or not.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Perhaps, Mr. Chairman, the member would allow me to simply indicate that the Minister is attending at a Regional Development Seminar in the Interlake, I believe, this evening.

MR. CRAIK: Well I guess that's conclusive enough, Mr. Chairman. I gather he won't be back from the Interlake this evening.

CAPITAL SUPPLY

(MR. CRAIK cont'd)

But the main question, one of the main questions presented to the Minister before supper, was to whether or not his own department intended to set up a Development Branch for the expenditure of the 4-1/2 or 4 million dollars that is contained in the Capital Supply, because it's substantially higher than the amount allotted in the Schedule A for the Manitoba Mineral Resources Limited, which shows \$1 million for the coming year for capital investment, and maybe we can come back to that at some point later on.

But one of the questions that was presented to the Minister was whether or not his department intended to set up, quite apart from Manitoba Mineral Limited, its own Resource Development Branch. Because with this investment capability of the \$4 million it would appear that there's likely to be substantial activity, quite apart from the Resource Company that the government has set up as a Crown Corporation, and that somehow, Mr. Chairman, got lost in the more philosophical arguments that the Minister got entwined with to answer his position, or I gather, the government's position with regard to whether it should or should not be involved in the mining industry.

One of the points the Minister made was that the efforts of the government at this point fell far short of those recommended by Kierans, Eric Kierans, who was the consultant to the government. But on looking at the potential that is now set for the government to get involved in the mining industry to take over a 50 percent equity in all the future developments, I think whether or not Eric Kierans' objectives, set out in his report to the government a few years ago here, are fully met in 1975, is somewhat academic because the potential is there for the government to essentially, under this rather innocuous looking clause in the Mines Act, in the regulations, to of course move in and say 50 percent is an arbitrary number, we want 100 percent, or we want 75, or any other figure, it may decide to pull out of the air.

There are two pretty basic arguments that were avoided by the Minister of Mines. He based his entire argument on the fact that the government has a full right and obligation to get in to look after the resources for the people and must do this by getting into involvements in the ownership of the company that extracts and sells the resources. Well, Mr. Chairman, it's far more than might. There's several parts to how the public interest is looked after. Now one we discussed at some length in Bill 82 last year, which was Proper Husbandry of the Resources, and the government at that time was getting into a very complicated mechanism whereby it could ensure guarantees and enforce the proper husbandry of the resources. And to a certain extent at that time I acknowledged that husbandry of resources by government on behalf of the people was an important responsibility. When he introduced Bill 16 he made reference to the fact that this husbandry thing he knew was a concern to members of the Opposition.

However, in the interim period he had satisfied himself, and I presume the government, had satisfied itself that husbandry was not a major issue. That when a mining company invests several million dollars on the top of the ground to get underground, it was somehow not going to waste its time high-grading, with that massive investment, it had no alternative. The natural economic forces were there for it not to high grade. It was in fact going to take all the resources it conceivably could take out of the ground, having invested all that money above ground and the main shaft to get there, it was then going to take all the resources out it could.

--(Interjection)--

The only case that has been documented where there was some violation of good husbandry was back in the days of the Second World War where due to the urgencies of the day, high-grading was practiced to get the maximum amount of the ore out of the ground at the most economical rate, and at the most rapid rate to satisfy the needs of a wartime effort. I think that he satisfied himself, and I know that others have satisfied themselves. But somehow the husbandry aspect was really an issue that, an important issue, that upon further investigation you find out there are these natural forces that require it to look after itself to a very large extent. So high-grading, like you look at it in terms of forestry operation where you take the big trees and you leave the small trees, that was practised in the early days where you had only a timber operation, that you ended up taking both the big and the small because you could use them both between timber and pulp. This is the same sort of thing to a certain extent that is applying in the mining industry. The economic forces are such that you have to take ore to a certain grade and with even a minimum amount of government inspection this is going to happen. So that argument's satisfied. And government to a certain extent takes the satisfaction

CAPITAL SUPPLY

(MR. CRAIK cont'd) that somehow that is happening even though they may not be doing it entirely themselves, the natural forces are making it happen.

MR. SCHREYER: Are you saying that's our analysis, or is that your analysis?

MR. CRAIK: No. This was the argument that was going on last year, Mr. Chairman, was that somehow government had a really strong obligation to ensure that the husbandry of our resources was adequate. And nobody can argue with that. Nobody argues with the fact that that is necessary. But I think in talking about the bill that's before the House this year and the operations under this Capital Supply, I think the House is generally satisfied that husbandry is not an issue. It's been dropped from the bill. The bill does now only contain a little more than a motherhood expression in it about husbandry. Very little more than that. Not much more than was there before.

Now, the second issue, Mr. Chairman, that government has to face is that the people of the country and the people of the province by virtue of the Act that was enforced in Manitoba in the 1930s said that the resources are vested in the people of the province rather than in the people of Canada. That was enforced in other provinces. Prior to that Manitoba assumed that responsibility by grant of the Federal Government in the 1930s. Therefore the people, through their government, have a right to say, "You have to assure us we get a fair return" because that is something that is going to be removed from this generation, the next generation, and the generations to follow. You have a responsibility to make sure you get a fair return for that. Therein comes the royalty, and that's what Royalty Tax is all about. It's a payment to the people of Manitoba for that non-renewable resource that is removed from the ground and sold to world-wide markets for doing the things that are done in the world of commerce.

Now is that satisfying? Well, we have a bill before the House, Bill 16, that says that there somehow that's going to be done, it's going to be done by taxing the profits of a company . . .

MR. SCHREYER: A point of order, Mr. Chairman.

MR. CHAIRMAN: The First Minister on a point of order.

MR. SCHREYER: Yes. And I hesitate to raise it because I believe that one way or another, at one time or another, the substance of any measure before the House simply has to be discussed. But at the same time, sir, our Rule Book is very clear, that it is expressly out of order to debate the substance and subject matter of one measure before the House while the House is considering some other measure. I would hope that the Honourable Member for Swan River would confirm that to the Member for Riel.

We are suggesting Capital Supply with respect to Mineral Resource Exploration Development. In terms of the total time of the House I realize full well that what the Honourable Member for Riel wishes to deal with will be dealt with obviously at one time or another. But I believe that he is infringing on the rules by dealing with the substance, the philosophy, the very major subject matter Bill 16, while we are not dealing with Bill 16.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, the First Minister's point is well taken. I would like to point out that it is simply to isolate the argument before us for the investment of capital money. I'd like to also point out at this time that the Member for Swan River is my adviser on matters such as Lunch and After School Programs, but we don't have any argument with regard to the mining policy. So he wasn't attempting to straighten me out in any way, shape or form.

But I want to simply conclude the circuitous argument that I've been providing to the First Minister, that once you have looked after husbandry of your resource, which says that the resource is being properly judiciously removed from the ground, and you secondly look after the position of whether or not the people of Manitoba are getting a fair return, which I think is what Bill 16 is supposed to do, what have you left? You only have left, who is going to do it. And that's where the difference comes in.

This side of the House does not argue with you on good husbandry. This side of the House does not argue on a fair return to the people of Manitoba. But this side of the House does argue with you on the grounds; who should do it? We don't see in the course of history, and the history of the mining industry in particular, any solid basis for the position being occupied by this government that it should take over, in an equity position, the mining industry of Manitoba. And you can't say it is not substantial when you're taking over 50 percent, a 50 percent equity position in the mining industry of Manitoba - an arbitrary number. It could easily be moved up next

CAPITAL SUPPLY

(MR. CRAIK cont'd) year to 60 or 70 or 100 percent, whatever you like, you know, but it has its ramifications. Simply by taking a 50 percent position on all future developments, what you've done under this obscure clause in the Mines Act, under a regulation rather than a bill in the House, you have simply said to the people of Manitoba despite bringing it in as a bill to the Legislature. "We as a government are moving in to take over, if we so desire, a 50 percent equity position in the mining industry in Manitoba," Period. Just like that. And the dishonesty of the position put forth by the Minister of Mines and Resources before supper was that it was all put forth on the basis of the salvation of the resource for the people of Manitoba. But you've got husbandry controlled, you've got tax return to the government controlled, and the argument has no substance.

If you were perfectly honest you would stand up and say, "We have no husbandry problem. We have solved the tax problems. We want to take over the mining industry because we believe, it is our philosophical belief, that we can run that industry better than the private companies can run it." That is, you've got to isolate it right down to that. That's all it is. That's the substance of the whole argument. So what are you doing? You know, give the government the benefit of the doubt. Give them the benefit of the doubt. Are they trying to fulfill a nationalistic position? If they are, they're hiding their light under a bushel; they haven't said it. Kierans said it. They haven't said it. He says, the Minister of Mines and Resources says, they are falling far short of what Kierans wanted them to do. Well, are they really, or are they just afraid to say that they are? Because really that's what they are. They're taking over - they're not taking over fair return to government and to the people of Manitoba through government, not taking over husbandry, they're taking over the means of production. They say - they're essentially saying by their involvement in an equity position: "We have greater adequacy when it comes to means of production than private companies. Okay. Then the logical question of the government is: what is the track record upon which you base your conclusion to take over the means of production? Is it that the mining industry of Manitoba, the Mining Industry of Canada, has not been satisfactory, has not been productive, does not hold a respected record in the history of the world production of metallic minerals? Nonsense. The Canadian mining industry has a pretty substantial record. A pretty substantial record in the mining industry of the world.

As a matter of fact, Mr. Chairman, are there any evidences that the mining industry are concerned? Well, Hudson Bay Mining at Flin Flon cut short a processing development. Flin Flon. They go to Mexico instead. Mexico, because their governmental arrangement is more stable than it is in Manitoba. What kind of an honour is that to Manitoba, that Hudson Bay Mining & Smelting can go to Mexico and they say they can go into a 50-50 arrangement, and we know it'll be honoured?

MR. SCHREYER: Why didn't they go to Ontario?

MR. CRAIK: Well the minerals happen to be in Mexico. And that happens to be a problem. You go where the minerals are . . .

MR. SCHREYER: If the minerals are in Mexico, why begrudge them then?

MR. CRAIK: Mr. Chairman, the investment money goes where the market provides it with an opportunity, and that's essentially what's happening. Well let's not only use that as an example, let's point out one other thing that's happening under this provision for 50 percent involvement of the government. The small prospector goes out. Tradition in Manitoba is that the small prospector goes out and stakes a claim. He finds a claim. He thinks it's good. He does some development work. He goes to a large company and he says, "I have this claim. If you'll develop it, I'll keep ten percent of the equity. If it proves up, you take 90." The big companies develop it. The way it is now, and this is one of the beefs of the prospector and one of the reasons presumably why we haven't had one claim staked since the first of January in 1975 by the prospectors - one claim staked, Mr. Chairman, because it's the small prospector that stakes claims. It's the big guys that come in making deals with the government for big developments. But it spells the death knell for the small prospector. He went out. He staked his claim. He did his basic work. He went to the big company and he said, "I have a property that shows good sign. Here is my evidence. If you'll come in with me, if you take over 90 percent of the company, if it does prove up I'll end up with 10 percent of it. Profit motive, that dirty old profit motive, kept him going, but nevertheless he did it.

Now what position is he in? He goes to the company. He can't do \$10,000 worth of work;

CAPITAL SUPPLY

(MR. CRAIK cont'd) he advises the government. The government says, "I want 50 percent." He can offer to a big company 40 percent. The big company says, "Why do I want to get in? I don't have a controlling interest. The government's got 50; I've got 40; you've got 10. The government has the action. They've got it right where they want it." So the small prospector is worked into the corner. He's pretty well out of the picture. The big company goes out and does his own work. He spends \$10,000. He has to advise the government what he's done and the government comes in and says, "I like that land. I'm going to take 50 percent of the action." The big company says, "Fine. You get in and you take 50 percent of the action, then we'll fight over who has the controlling interest after it happens, and if it doesn't work out we'll go to court."

Well now, take either one of those cases, where is the incentive? Where's the traditional incentive for a company or a prospector to wear his hours out working in the field to develop a mine? In neither case is it there. Now the Mines Minister says we're badly misled; there's lots of action going on; there's companies coming to the government. Well I submit to you that those companies that are coming are very likely bigger companies looking for a special arrangement. It's certainly not the prospectors; it's not the prospectors who have done the work historically in Manitoba, and I submit also that the reason we have no mining claims to speak of being processed in this province at this time, is that the prospectors are right out of the picture.

I want to answer one more question. The Minister of Mines and Resources said that somehow the Member for Lakeside had started this story about the gambler walking around the poker table and picking the best hand, and I have here a copy of a speech made by the President of the Manitoba Prospectors Association on February 11th this year. So it wasn't the Member for Lakeside that coined the phrase; it comes from his speech, and he gave it to the annual meeting of the Manitoba Prospectors and Developers Association. He said, "We question the right of the Minister to demand a 50 percent interest in selected projects. I can compare that with the man who walks around a poker table and, after seeing all the hands, picks the winner and demands 50 percent of the pot." So it might have sounded like the Member for Lakeside but I guarantee it wasn't; it was the President of the Manitoba Prospectors Association. That was his analysis of the situation because, by law, a person can only spend so much money, then he has to lay his cards on the table to the government and the government then decides whether it wants to take a 50 percent interest in this development project.

Well, what's really happening, you know, Mr. Chairman, and I come back to it, this \$4 million that is going to be spent under these capital estimates is the \$4 million that buys the 50 percent interest that he's talking about. That's the poker pot money after the developers have done their initial work, the prospectors and so on have done their initial work. That's the poker pot money. After they've walked around the monopoly money, Mr. Chairman, that's the money that is being spent by the fellow who had the monopoly board on his table the other night. He's the fellow that somehow is trying to convince us that to look after the quality of the issue, which is the proper extraction of the ore from the ground - which he already controls and he knows it - he's the fellow that's trying to tell us that the people of Manitoba should get a fair return from their mining activity, which they already get, by his admission, through Bill 16. Those two items being satisfied, he then tells us that the only way that he can really do it is getting into the poker table and getting his money right in there and owning 50 percent of the action. Fifty percent of the action.

If you think my analysis is wrong, let me read you the statement by the Minister of Mines and Resources to the Association, and I think it's probably the same date. This article is written by Roger Newman for the Globe & Mail. "Manitoba warns it will develop mines itself if policy causes cuts in private activity. Mr. Green said the province's involvement in the mining industry will take two forms: (1) The government's three-year-old exploration company, Manitoba Mineral Resources Limited, will continue to undertake programs similar to those of private companies." Now that's No. 1. I mean that's 100 percent equity. That's a complete involvement. They can develop their own programs.

Now No. 2, which is his own department, which is the \$4 million being referred to here.

"(2) And the province has already started to participate to the tune of 50 percent in a number of private industry exploration adventures." Adventures. Already started. Well they have; they've already started. They had money ear-marked last year and this is just an addition to it.

CAPITAL SUPPLY

(MR. CRAIK cont'd)

Further along he says, "As long as you do not have a development arm, the industry is in a position to hold you up for concessions and incentives in return for development. This ultimately impairs the power of the state to collect taxes, but under our new policy the public sector will step in to fill the gap if there is any reduction in private exploration and development." Talk about, you know, talk about the whip. Talk about the stick. Talk about the power of the Legislature. I mean, this has to be the ultimate in the exercise of the power of the government, the power of the Legislature, to not only lay the ground rules but to get in and play the game if you don't think you like the way the game's being played.

So what do you end up with, Mr. Chairman? You somehow, you know, get the impression that somehow to boil this down to a philosophical debate is somehow to get back to the old euphemism, "free enterprise versus socialism." Well, you know, I don't think there's a lot of people are quite willing to jump to that conclusion too soon, but I think somehow when the government does jump to it, which it has jumped to it under a very obscure mining regulation, never brought it forward for clear-cut public debate but jumped to it under an obscure mining regulation where they're going to take over 50 percent of the mining industry, and then you ask the question; Is the well-being of the people of Manitoba already adequately protected, is it already adequately protected in terms of not only the quality of the material being taken from the ground, but also the return to the people of Manitoba, if you really ask the government; "What is your rationalization for the takeover of the mining industry? Well, you know, 50 percent - 50 percent isn't a takeover. You know, if the government took over 50 percent of the undertaking industry, would the Minister of Health have any reaction?

A MEMBER: No, he'd be the Chief. He'd be the chief undertaker.

MR. CRAIK: He's on a different side of the House now. He probably thinks it's a great idea. But I can imagine him doing a little squirming when he was over sitting in the chair on this side of the House. Maybe we should read some of those . . . I've often thought the Member for St. Boniface when he sat over here where the Member for Roblin sits, must have warmed the heart of the staunchest John-Bircher in North America, those speeches he used to make. He gave us some of the greatest right wing speeches. I sat on that side of the House at one time, way back there, and I thought, "My God, how far right wing can one guy get?" Those right wing speeches that used to come from this corner of the House, you know, those speeches would have made some of the favourite members on this side of the House look like left wing radicals. They were just about as far right as I've ever heard in this Chamber. Now I'd like him to stand up and tell us that a 50 percent position in future developments of the mining industry is not a takeover. It's not a takeover but simply it's insuring. Present us with his rationalization. It's insuring, first of all, good husbandry and it's insuring a fair return to the government. Well, is it a fair return like Flyer, a fair return like Saunders, and a fair return like those other industries that the government has got involved in? Tell us.--(Interjection)--CFI?

MR. CHAIRMAN: Order please. Order please.

MR. CRAIK: CFI is a good example. I think that's one we should look at in a little closer degree, and I trust we'll look at before these Capital Estimates are finished.

But let's, you know, let's say, let's ask: Is the track record of the mining industry in Canada and in Manitoba such that the government feels that somehow it can improve that track record, having already controlled the quality, having already controlled the taxation return to the people of Manitoba and a fair return for resources? Is the track record such that the government feels it needs to justify that an improvement can be made in the means of production? What is that really compels this government to do that? What is it in the farming industry where our problem, from everything you gather, is a marketing problem and not a production problem, that compels the government to get in and control the means of production from farms? What is it that compels the government? You know, never has there been any rationalization presented to this House for any move into the fields of production, never any rationalization for a move into the fields of production except a fear of control by a land baron, or growth of the land baron class, I suppose, a fear of control by the multi-national corporations where by legislation you've already got them right where you want them. It's the same thing when you're . . . You know, we have the First Minister here now. You know, his great and favourite speech is, as a member of the Opposition, where how he was going to take over the Greater Winnipeg Gas Company, and he spent hours in this House - this is prior to many

CAPITAL SUPPLY

(MR. CRAIK cont'd) people being here that are here now - he spent hours defending a takeover of the gas industry in the Province of Manitoba because it was a utility, it was a monopoly. You couldn't have two gas companies or three gas companies or lines crisscrossing all over the place, you know. What's the sense of it? And he spent a great deal of time justifying that. Now he's government and he hasn't taken it over.

A MEMBER: Kind of late.

MR. CHAIRMAN: The honourable member's time has expired. The Honourable First Minister.

MR. SCHREYER: I am in somewhat of a dilemma, Mr. Chairman, because I would just love to respond to each of the points that the Honourable Member for Riel has raised, but in doing so, I know for a fact, sir, that I will be infringing on the rules because it would be a great deviation from that which is specifically before the House.

When he mentions, for example, the matter of Greater Winnipeg Gas, I make no apology for the fact that in the early 1960s, at a time when the distribution lines, the underground distribution lines were just being put in, when the rate base investments were just being incurred, that that would have been indeed a logical time for public ownership of a natural gas utility monopoly. But it wasn't done at that time, and indeed there was even a more optimum time than that, sir, and that was in 1953 just prior to Plan C. That opportunity was missed. I say quite unabashedly that in the 1970s the public ownership of a natural gas utility is a most unnecessary and unwise investment for the future. And if honourable friends want to know why, I'd be pleased to go into that. But certainly, with the time horizons that we are looking at in our generation, I see no point at all in incurring a public debt at prevailing interest rates in order to acquire a utility, the prime time of which was yesterday, not tomorrow. It's about as simple as that.

The Honourable Member for Riel worked himself into a lather about our intentions with respect to mining. And I say, sir, that he smiles as I say so because he knows that we know that he's had to work hard at it in order to raise the kind of a spectre of nationalization intentions that he has. The fact of the matter is that in our Estimates before the House, in current account, my honourable friend will have ample opportunity to philosophize - it's a perfectly valid exercise - in terms of mining policy when we get to consideration of estimates of Mines and Resources in which we ask for \$2,100,000 for Mineral Exploration and Development. What we are asking for here in Capital Supply under General Purposes is with respect to far less specific intentions than which are included here in the current estimates. These are definitive; this is contingency; and my honourable friend knows, since he is a consulting engineer to private firms I would assume from time to time, that contingency capital provision is necessary from time to time. We have no hard plans with respect to \$4 million, but we do have a policy which, if events are optimum, we will want to not miss the opportunity to invest with respect to mining development.

But, you know, the substance of what my honourable friend is so concerned about - you know, sir, I couldn't believe my ears. He accuses my friend and colleague the Member for St. Boniface of having had at one time - he certainly doesn't have now and I don't know that he ever did - but in any case my honourable friend says that at one time he had views that were behind the times. We have a classic example of someone who is behind the times, at least in this regard, in the Honourable Member for Riel. Does he not know that there are many countries in the free world by 1975, and indeed other provinces in Canada including specifically Alberta, where the Crown reserves the right on the basis of merely the assignment of Crown lease land for mineral exploration, reserves the right to take, only after the gamble is proceeded with, after initial stage of development has taken place, the Crown then reserves the right to come in for 30 percent? Now if this is such a sinister - I don't know what's sinister about it but allegedly or presumably sinister Marxism - then what in the world are the other jurisdictions in the free world doing invoking precisely that kind of mineral exploration policy?

In the case of oil leases in Alberta, it is now the order of the day that the Crown reserves the right to come into "X" percentage of Crown outright equity participation in oil development, and 30 percent is a figure that is in my mind and I have no doubt that in the case of Syncrude it is higher. Now, they may not exercise it higher, but it is there to be exercised should they deem it desirable.

My honourable friend mentions Mexico, and there too I couldn't believe my ears because

CAPITAL SUPPLY

(MR. SCHREYER cont'd) in Mexico it has been standing policy for at least 30 years that any investment by other than non-Mexican Nationals there is an automatic 49 percent limitation on equity ownership by all Mexican non-Nationals. But I don't make much of that. I don't make much of that. It's my honourable friend who has made reference to Mexico.

The fact of the matter is, Mr. Chairman, that we are by no means in the vanguard, blazing some pioneer trail with respect to the invoking of the right of the public, through the instrumentality of the Crown, to participate by way of equity in resource development, and if anything, I feel badly about the fact that we have not pioneered it; so it's obvious we don't apologize for being among the growing numbers of jurisdictions in the free world that are invoking this right. So there it is.

But having said that, my honourable friend should be reassured we are not And the very amounts involved, Mr. Chairman - \$4 million. With \$4 million we are hardly in a position to take over even a significant part of mining exploration and mining development, and we do not have that intention in mind. But what we do have in mind is the option, to protect the option to participate in given circumstances should the combination of factors deem it advisable in the public interest to become involved in an equity sense.

Mr. Chairman, I repeat for the benefit of the Honourable Member for Rock Lake, who has a difficult time, I think, to comprehend elementary concepts once in a while, that we are not, we are by no means doing something here that hasn't already been initiated by way of policy in a number of other jurisdictions in the western world.

MR. EINARSON: Option is the key word, Mr. Premier.

MR. SCHREYER: Yes it certainly is, Mr. Chairman, but no amount of distortion on the part of my honourable friend will erase that fact. So that is the basis upon which we are proceeding.

I have here a note to indicate to the Honourable Member for Riel that, as we see it, some future mining exploration development will take place, with the Crown as an equity participant. Some will take place without the Crown as an equity participant, and we see nothing philosophically untenable about that combination. I am unimpressed when he makes certain references to prospectors feeling somehow uncertain as to how this will affect them, because he was a former Minister of Mines, I believe, in 1966 or '67 or thereabouts, and he will recall that there were days not so long ago when prospectors did not exactly have a kindred feeling towards mining companies. How many prospectors told him - I imagine there were some - as told me years ago, and in more recent years, that some of the hardest deals that could possibly be driven by the major mining companies when it came to negotiating with them so that some forward and further development could take place of their prospected and state claims? There is no love lost between prospectors and major mining companies, because over the years and decades, in the final analysis the prospector, with the odd exception, a prospector had to make a deal with a major, and the making of that deal was a hard bargain indeed; and oftentimes prospectors sat on claims which held some promise in their view, simply because they wouldn't succumb to the kind of conditions and percentages that they were being driven down to by the terms that were being offered by the majors. So I don't think that that much has changed. Certainly the Crown will not be - I don't believe can be - any more difficult for an individual or lone prospector to deal with than was any of the major mining companies, and in some respects I would hope that we would - I say 'we', I mean the province - would be more solicitous. But that's a subjective view, I'm sure.

So I say, in conclusion, that the Honourable Member for Riel should merely look around the wide world and note the fact that what he is so concerned about is already the order of the day in many free jurisdictions, including at least one other in Canada and I believe two other provinces and probably three before the end of this year, including Manitoba will be four, so that we are not engaged here in some unwise, headlong fling to wrongheaded policy.

In the final analysis, I don't believe that we can take any comfort from the kind of mining policy that we had in years gone by. Maybe some people liked it. I am not vociferously critical of it, but I can tell you, sir, that it is easy to criticize because there was much weakness in it. I recall for example, sir, not that many years ago, when the production, the gross value of mineral production in Manitoba, already was in the order of \$340 million per year and the Crown taxation receipts were a grand total of 2-1/2 million out of a gross value of mineral production of 340. And that's not all, sir, because while that was the amount of the Crown's

CAPITAL SUPPLY

(MR. SCHREYER cont'd) revenue receipts from the depletion of that given amount of value of minerals, 2-1/2, 3 million dollars, at the same time the Crown was incurring expenditures: roads through the bush country, schools, hospitals and the like, through normal grant programs which exceeded the amount that the Crown was taking in in revenue. So if one wants to debate whether or not our pre-existing mineral policy was worthy of retention, without being excessively critical I say that we do not care to repeat that kind of policy. We are prepared to face the dangers of the future because of change rather than sit placidly with a policy of the past that is so easy to analyze as being deficient.

. . . . continued on next page

CAPITAL SUPPLY

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I think we could buy the government's position if they could prove where the deficiencies are, but the problem is, faced by the members of the Opposition, as I say is that we recognize the need for husbandry; we recognize the need for a fair return to the people; but the deficiencies that are being expressed by the government, which must be deficiencies in production and deficiencies in other areas, haven't been pointed out to the Legislature and haven't been pointed out to the people of Manitoba. And the people, the small people in the business - the First Minister mentions that the prospectors, at one time their greatest enemy was the large companies. Well, I'll tell you what the prospectors say here: No. 1. The regulations fail to recognize that prospecting and exploration is an extremely high risk business and the reward should be commensurate with the risks involved. That's prior to the statement about the poker pot.

But the other one, probably the more critical one to answer the First Minister, is that we have come to the conclusion that the end result of these regulations will be the complete elimination of prospectors and small companies, leaving the field to the giant corporations. This is contrary to the government's stated policy of favouring domestic control of our industry. It is also contrary to the government's stated policy of championing the cause of the underdog. Now this is the statement from those prospectors that the First Minister says have traditionally been in dispute with the large companies. They don't look on the large companies as their enemy in comparison to the government. The government to them is far more to be of concern to them. The large company to the small prospector in prior days was the big guy who gave him a bad deal, but the government to the prospector in this day and age is that big brother who puts them right out of business.

A MEMBER: No deal at all. No deal at all.

MR. CRAIK: No deal at all, and that's true and simply how they look at it. The Minister of Mines and Resources says that he has negotiations going on that he's going to announce with companies on development projects and so on, but how many prospectors does he still have in the field - those little guys, those hundred-odd guys that are in the association of Manitoba, or 150 or whatever it is, between Winnipeg and The Pas who join a Prospectors Association? How many of those guys are still working? And again, I indicate to him that those are the people that stake their claims and file with the Claims Office, and I'd like him to check and see how many claims have been staked in Manitoba in the last six months. I think you'll probably find it's pretty small.

So I simply come back and say, you know, where are these deficiencies referred to by the government? They've washed out husbandry as a concern; they've solved the taxation return problem with Bill 16 - that's why they have it in the House right now - what are the other deficiencies? Are the companies that are here now poor producers?

A MEMBER: No.

MR. CRAIK: They're not. Well what's their rationale for taking over the business then, or getting into the business? Well, with a 50 percent option, you know, it's the thin edge of the wedge and you've got the complete option to simply take it right over. And why say that Eric Kierans is going to be disappointed? Because, in fact, you've got it all there. If the prospectors are unhappy, you know the companies are not excited about doing work in Manitoba. There's been announcements by Hudson Bay, there's been announcements by Inco, there's been announcements by Sherritt, who are the three majors in Manitoba. There are others that are important. Now what are their announcements? Sherritt's moving to Ontario for their work, their major exploration work. Hudson Bay has diverted their particular attention, at least, to Mexico - and they were pretty clear about that. There's no doubt about that. And what about Inco? I don't know what Inco's position is with regard . . . They're the other major the three of them, but none of them are very excited about the prospects in Manitoba.

The only rationalization is they're bad producers. They're bad producers. They can't do the job - we've got to get in and do it. There's no other rationalization for the government to create the climate that exists in the mining industry of Manitoba other than to say that there's a bad production problem in the Province of Manitoba. And we're getting about as much rationalization there as we are for taking over farm lands on the basis of there being a production problem on farm lands in Manitoba, because there isn't one. And there isn't one in the mining industry. It's simply that the government's not happy with controlling. With the

CAPITAL SUPPLY

(MR. CRAIK cont'd) . . . extent of control they have, they want more control. They want to get in on the equity and own it so that they can get ahold of the thing.

And I say fine. If they can mount an argument, say, even a nationalistic argument, they can at least rationalize what they're doing, but on the basis of performance there's no need, once you've got the return to the people for their resource, for going further.

Now I want to ask some specific questions on this too. We have here a capital amount shown which is going to be used for drilling holes, for exploration holes. I'd like to know how the government can call money spent on holes that prove nothing, a capital investment, because that is what's being done in these capital supplies here. It doesn't show up as a current expenditure the year after if there's nothing there.

MR. CHAIRMAN: Order! Order!

MR. CRAIK: It remains on the books as a capital investment. Now how can you spend your money on a bad hole where you get nothing? I can see it as an investment, a capital investment, hoping you will get there but when you get there and you find nothing and the hole is abandoned, how can you still consider it a capital investment? But that still shows on the books of the government as a capital investment.

Now, I don't think private companies can do that. That's taken out of their operating capital. They borrow to do that and, if it doesn't prove up, it's got to come out of their current the year after. The government treats this thing the same way they treat Autopac. They have a deficit and they take it out of their reserve for unclaimed losses or this sort of thing. They don't play the rules according to any other company, they simply go in and do what they want to do. I'd like some explanation. I think we'd like some explanation as to how they can write off a dry hole or an empty hole as a capital investment. Are they going to sell it to the farmers for postholes, cut it up in pieces and sell it that way? I mean, there has to be some rationalization. There's no explanation there.

Could the government also explain why they're advertising for 18 geologists in the Department of Mines and Resources? I don't think there's 18 geologists in the Province of Manitoba but they're advertising for 18 geologists. Are they not happy with Manitoba Minerals Limited? Do they need 18 geologists in the Department of Mines and Natural Resources to spend this \$4.5 million. You know, we need some explanation. I'm sure that there's not one company in Manitoba, including the largest one, that has 18 geologists on its staff. The Manitoba Government at this point, quite apart from Manitoba Mineral Resources, wants 18 geologists. I think we should perhaps have some explanation of this at some point.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, I will try and answer the honourable member's questions with respect to capital treatment insofar as the advertisement for 18 geologists is concerned. That is an operating consideration which should be dealt with under the current estimates of the Department of Mines and Resources. I will only permit myself of this observation, that clearly, for a province which has gross value of mineral production in the order of \$500 million, \$600 million a year, we do have and have had historically, a very thin geology capability. Perhaps it was justifiable in the days when Manitoba's mineral production was perhaps in the order of 40, \$50 million dollars, but not at the level it is today. I'm sure my honourable friend is aware that in Alberta, apart from the fact that they have huge oil revenues, they do not have the diversification of mineralization in Alberta that exists here in many ways, and yet the staffing of the Department of Mines and Minerals in Alberta is ever so much greater than it is here. I mean much greater. But I just make that observation. I invite my honourable friend to raise the specific when we consider departmental estimates.

Now insofar as his question as to how we justify defining as capital, funds that would be used in exploration, I think that the answer lies in the fact that we are asking under current operating estimates some 2.1 million for exploration. The contingency capital request here of 4 million relates to secondary drilling - not exploration drilling but secondary stage drilling - and actual development if it ever comes to that, in which case it is a perfectly legitimate capital definition.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I'd just like to take a moment to follow up something that piqued my curiosity when the Leader of the Opposition was beginning to ask some questions about the capital expenditure program in the Department of Public Works and some of the

CAPITAL SUPPLY

(MR. AXWORTHY cont'd) . . . activity that it's engaging in on behalf of the government in the supplying of space.

I really have two or three questions. The first one is a more general one; it really relates to the issue of how the Minister of Public Works and his staff begin to define where they are going to invest capital in government-owned buildings such as the Woodsworth Building, and where and how they decide to lease commercial space. And along with that question comes the issue of what is the space requirements on an annual basis that the government may estimate, and how they go about determining space requirements and the allocation of that space. And it comes back to one basic question which may be the most serious one, Mr. Chairman, and that is that the Department of Public Works as the, in a sense, the real estate procurer for the government, must invest a substantial amount of capital in the changeover of buildings to suit the requirements of different departments, and I have come across information, and I'd like the Minister, or First Minister, to confirm that one of the major waste areas in the whole area of government - and we are concerned about moneys that are spent for which you get no purpose - has to do with this use of space.

I use one example, where I understand that as of about January 1st of this year, the Provincial Government leased commercial space, about 200,000 square feet of commercial space, at an estimated cost of about \$80,000 a month, and as of about April 1st of this year none of that space was occupied, mainly because the government had undertaken, oh, a variety of renovations and changeovers, but that mainly the departments weren't prepared to move in, or there was a number of complicating reasons. Whatever the reasons were, it seems, first that there was a high cost being paid for the space; secondly, there seemed to be very poor co-ordination between the actual leasing of the space and the renovation that went on; and if you added up that total, if that particular problem continues, we could be looking at a million dollars of blown money in basic - doing some quick mathematics in my head, about \$80,000. If that information is correct, then up to this point we have already spent close to half a million dollars on space that no one is using. I am sure there might be some logical reasons. I'm not so sure they're economic reasons but they might be logical; and it seems to me, Mr. Chairman, that one of the difficulties that we get into in this area, as government expands, the 500 or 600 additional employees are added on with a complex number of departments and agencies all sort of swirling about looking for a place to land or a place where the rain won't fall on their heads, that it does end up that a great deal of confusion in the leasing of space begins to occur and, as a result, what begins to happen is that we find ourselves getting into the wasteful use of money.

So I raise the question first as really how much capital are we putting into the procurement of space for government. Because again, it is my understanding that the Government of Manitoba is now the largest real estate user in the City of Winnipeg. In terms of new additions of real estate space, Provincial Government is the champion, and it's No. 1 in terms of its demand for space, and any new office building that goes up, Lakeview Square or Richardson Square, boy, the first guys in line are the Provincial Government getting the top floor with the best location and the best view and sometimes even with all the kinds of things that go along with it. In fact, I understand that. . . Well, the Minister of Health and Social Development is off to Lakeview Square, I guess, or something like that, the top floor with a view right over whatever view that capital-spent priority he looks down upon the --(Interjection)--

A MEMBER: 550 a square foot.

MR. AXWORTHY: At 550 a square foot, which is not bad. So there must be something else going along with it. That's for openers.

But the question I really want to raise first is how we go about determining the use of all this space; that we forget when we talk about the addition of employees to the Civil Service that new staff takes up a lot of space, and the real estate market being what it is, that space comes by very expensively. So we have a question of how much, and secondly the question, who supplies it, and are we in the business of building our own buildings, and what's the trade-off between leasing commercial space and putting up future replicas of the Woodsworth Building and all the rest of it. Thirdly, I think the question that comes perhaps most to mind is the slippage that occurs between the contracting of a piece of space and the actual occupancy of some of the . . . and it appears to me, Mr. Chairman, that there's been a great deal of slippage which adds up to a fair degree of dollars that we're worried about; and, let us say, a

CAPITAL SUPPLY

(MR. AXWORTHY cont'd) . . . million dollars would buy an awful lot of housing units for people who need them right now, or whatever other kinds of use that might be applied to them, rather than simply being used for renovative purposes or whatever it's being put to. So I would hope that at this point the Minister might be prepared to at least provide some initial response to those questions.

MR. CHAIRMAN: The Honourable Minister of Public Works.

MR. DOERN: Well, Mr. Chairman, I think that a rough rule, or a rough guide - and this can only be approximate because you always have special requirements or needs and then you have the economies of scale - a rough rule might be that approximately 150 square feet are required for each staff-man-year, new staff-man-year. Now obviously, if you have smaller numbers of staff, like 8 or 10 or 12, you might get significantly over that; you might be in the 200 square foot range, etc. If you have 40 or 50 employees, you may be able to share common board rooms and washrooms and other facilities that would keep that more in line with a sort of 150 square foot guide.

Now, I think it's also clear that when you lease new space in particular, if you take brand new space, when you move into that I think there's a common illusion and that is that if you lease from a developer that you simply move in, sit down at your chair and desk, and you're in business from the first day. But basically what you tend to get into is you are leasing a concrete box, and then you have to, in effect, go in with your drapery and carpeting and furniture and furnishings and telephones, etc., etc., and it could very well take several months for a person who leases new space, or even old space that is new to the government, to prepare that space. Some of the Ministers are quite familiar with that when they make requests for moving their staff around, that even when we have signed a lease and so on, there's a lag of several months. So it is true that there is this kind of lag. You don't logically hire your staff and then start looking around for space. It should be the other way round basically, that you determine the staff requirements, the S. M. Y. s, calculate the amount of space, lease the space, and then start the renovation process, because otherwise you're going to have several dozen, or what ever the amount of staff is, wandering around looking for a place to go. So I guess it's really kind of a parallel move. But basically you must take time to prepare physically the environment in which the staff moves.

Now, the member raises an interesting point and so on. It has not been, I think, the position of the government to look around for the most prestigious space and to look for the top floor and the top view, etc. I can't think, basically, of any instances where we have done that. For example, we, I suppose could have moved into the Richardson Building and taken some top floors there in a very prime location, but didn't. What usually happens it's the other way round, that the developers come to us - and boy, I'm telling you, they come continually. Presentations are made frequently to my department and particularly in the case where there's a new development plan. I might cite as an example that in the case of Lakeview Square, where the Minister of Health once hung his hat and may again some day since he enjoyed the environment, we leased a substantial amount of space of the order of 50,000 square feet, and the basic price on that was \$5.50 a square foot. Now, there are escalators on the maintenance portion and on the tax portion, but basically, you think of the amount of money that we lease that property for and compare it to prime rates in Winnipeg today, I think you can see it's a very good deal; that \$6.50 today downtown is cheap, \$7.00 and \$7.50 are common, and we're now getting into the \$8.00 and \$8.50 range. So I think that we made a very good deal there, and I will underline it, we do have escalators in terms of the maintenance and tax portions, but even so, that still keeps us basically a dollar or more under the current market rate.

The other point is this, that in the case of several large developments - and Lakeview would be a good example of that - the Province has really played a true catalytic role. If the Provincial Government did not give a commitment there, those projects would have come on track at a much later date and possibly not at all. So when a large developer comes to us and says, "We're planning a major development of hundreds of thousands of square feet; would you be interested in leasing some space?" we have I think taken a fairly hard line business attitude and said, "Well, you know, what price?" and so on and so on. We have tried to keep our commitments to, you know, the 10, 20, 30, 40 thousand square foot range. And we have only leased large amounts - normal leasing might be 5,000, 10,000 square feet; 15,000 or 20,000 is getting large and 50,000 is very large, and in only two or three instances have we

CAPITAL SUPPLY

(MR. DOERN cont'd) . . . gone to the outside limit.

So I think it is a recognized function of government to play a catalytic role. And I know that my honourable friend would certainly support that since he believes in the general support of government in relation to business and would not at least be opposed to it.

I would simply conclude, Mr. Chairman, by saying that in general the Province wants to keep a mix. We want to build some of our requirements and we want to lease some of our requirements, and I think you'll find that most other governments do have a sort of a general ratio. They will lease up to a certain point, then pull back and build, and then continue to lease, and beyond a certain point they will sort of solidify their rentals.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, before we pass on, I would like to really further develop some of the answers, if I might, that the Minister of Public Works presented to us. To begin with, I'm not sure that he verified directly the fact that there is a substantial - and I'll use the word slippage again, or he used the word "time lag", in terms of space which could conceivably, if it continues on the present basis, add up to about a million dollars of cost for space that we're just not using. Now I gather that the Minister's explanation for that million dollar kind of loss or expenditure for unused space is based upon the fact that there is a certain time lag between the contracting and the use. What I'm wondering about, Mr. Chairman, is whether it is not a normal practice in most instances that if there is renovation required, or change or alteration in space, that that is something that a developer or owner of property would absorb as part of his costs in terms of fitting it, or make special arrangements or deals, or, if we're on the client's side, because the Provincial Government is in such a dominant position in the market that it is the biggest user of space presently in the real estate commercial market in Winnipeg, if it couldn't certainly graduate or inject its own requirements more skillfully than it does so that we don't have this great mounds of space sitting around various parts of Winnipeg simply being the playground for interior decorators at about an \$80,000 to \$100,000 cost a month.

It just seems to me kind of wasteful, really. --(Interjection)-- Well, wait a minute now. The First Minister keeps coming back again now to relativity of other governments. --(Interjection)-- I would suggest that the Provincial Government probably is the largest user of real estate space in this city, with the additional fact that the Federal Government, through its largesse and farsightedness, has decided to locate a tax control centre here, which will provide 1,000 jobs, and I think that no one would regret or would provide any kind of condemnation of that idea. I'd be surprised if the First Minister was upset about that possibility. Considering all the efforts that members of this group went to, to make sure that that did come to Winnipeg, I would hope that he'd be a little bit more generous and complimentary about it than that.

MR. SCHREYER: We're the second largest, not the largest.

MR. AXWORTHY: Well, the second largest or not. I suppose government's at this stage . . . but that raised an interesting question, Mr. Chairman. If in fact we take whoever is first or second, Federal or Provincial, and throw the municipal in for good measure, then the public sector, it probably, I don't know, what would it account for - 40 or 50 percent of the total real estate commercial use of the market? That's a pretty frightening kind of statistic to throw out casually in this House, because it has all kinds of implications in terms of the kind of role the government is playing and the kind of position it is playing in the real estate market. And I must confess I was somewhat taken aback when the Minister of Public Works says that we're the catalytic agent in downtown development, and yet I have heard on occasion the Member from St. Matthews and others stand on their feet and regale and sort of step on the Liberal Party and the Conservative Party for being in the back pockets of developers. Now I find out that in fact the guys who are really working hand in glove are our friends across from us, that they're really the ones who are working, because I find that, you know, my association with those who develop an industry, while it's of interest, is not one that is nearly as direct a relationship as obviously it is from that side of the House. It's too bad the Member from St. Matthews isn't here. He would probably be going home tonight absolutely sort of dumbfounded and probably tear up his card on the front step - his party card - if he knew what the Minister of Public Works was up to, that in fact he's providing all this supporting sustenance for the development industry in Winnipeg. I can see the midnight oil being burned in the clubrooms of

CAPITAL SUPPLY

(MR. AXWORTHY cont'd) . . . the NDP party for the next month trying to find a rationale for that one, because it certainly doesn't fit with the kind of public expressions that we hear from them so often.

So that really is the question I'm raising, that we have a situation which probably has two distinct issues to it. Really one is, how much square feet really is presently being leased but unused at the present time? And let's get down to actual facts about how much and how much cost. I think that's important to establish. And secondly, I think that once we get that kind of answer, Mr. Chairman, perhaps we can then go on to deal with a more difficult issue of tracing through really the role that this Provincial Government does play in levering or influencing the development industry in the city, and exactly just what kind of muscle or influence does it occupy and what role does it play. Because it then does say an awful lot about the kind of policies that the Provincial Government must look at in terms of the shape and form of the city, if in fact it is a determinant or catalytic agent which is working with developers, because I would venture to say that there is some very serious questions raised about the nature and style of development that goes on and certainly then we can perhaps raise the question as to whether this government is exercising its influence in the most beneficial way possible. But perhaps the Minister could address himself to those specific questions.

MR. CHAIRMAN: The Minister of Public Works.

MR. DOERN: Mr. Chairman, I think, you know, we're into a semantic debate now. First of all, I think most of these questions would better be answered during my Estimates and I intend to deal with most of it there. I'd simply say that when we talk about unused space, I mean the implication is very clear, that unused space means that the government has space that it doesn't have any staff-man years - for; it's space sitting idle that rent is being paid for it. In that category it has to be under one percent. When you talk about - I don't know where my honourable friend gets his figures from; he's throwing out all kinds of figures. He has no data to support it. He's throwing out figures, a couple of hundred thousand square feet, a million dollars a year, but I don't know where that space is that he's talking about. If he'd care to specify, I think that I might be able to answer better.

I simply say again that when you have blocks of space that's being prepared and so on, it is not uncommon for it to take 60 or 90 days. The normal maximum that you can get from a landlord for preparation of space is 30 days. Why should he allow you longer? Why should he allow you six months to fool around to prepare the space, etc.? Normal practice is, from the commencement of the lease you may have a 30-day time period in which to move in and then the rent commences. But the suggestion that the government simply has idle spaces is incorrect.

If my honourable friend wants to enumerate his examples, I think I could probably answer him better.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, just let me say that when the Minister asks me for sources and so on, all I can say is that without much assistance from the government on the other side, with the very meagre kind of research assistance that's given to us, I suppose my only source is a fairly sharp pencil and trying to put together some figures based upon sort of lease arrangements which are public knowledge and which do add up very specifically to my estimate of about 200,000 square feet.

MR. CHERNIACK: Where?

MR. AXWORTHY: In several buildings throughout the city, and I suppose the Minister should know those much better than I do. Well, I think the buildings - we have an Order for Return to specify those. But I think it's the responsibility of the government to answer that, not a member of the Opposition to specify. I'm asking you the questions how much space and to demonstrate where, and particularly I find the Minister's answers to be a little bit, I suppose you could say, confusing, because he says the normal arrangement is for a landlord to give you 30 days for renovation. But that would make sort of, if my own calculations are right, then much of the space has been unoccupied for at least now a period of four to five months. --(Interjection)-- Well, I am asking the questions of the government. It is their obligation to answer it. I'm raising the questions, and I'm simply saying, if you don't want to answer it, that's your privilege, but I'm simply saying --(Interjection)-- Well I'm simply saying, well, if the government refuses to answer questions like that, that's certainly its

CAPITAL SUPPLY

(MR. AXWORTHY cont'd) . . . prerogative and it may have its own good reasons for refusing to answer, but I simply raise the issue about how much space, at what cost, is being unused over what period of time, and I want to put . . . No, it's not fishing at all. I'm asking a question. I say, if you don't want to answer, then you can sort of take whatever sort of smoke-screen that you want to use to cover up on that. --(Interjection)-- That's right. If you don't ask, we'll keep asking the questions until you're prepared to answer them.

But the Minister also made, I think, a very revealing remark. He said yes, the normal arrangement is that landlords normally only give you 30 days, and we're obviously taking a lot more. Well, I find it hard to believe that in the sort of fairly minimum standards of renovation that should be taking place, that 30 days isn't enough. What are we in fact doing that's taking more than 30 days? What is going on? What kind of things, what kinds of renovations and alterations are we really investing in that is taking so much time? I don't think the government is in the business of refurbishing Taj Mahals - I don't think that that necessarily is the requirement; that we should be simply in terms of providing some basic components, and if we can't organize some kind of critical path to make sure there's enough desks and chairs and wall partitions within 30 days, then something is desperately wrong with the way that we are allocating the capital and the renovations to be used.

So I'm simply saying I think the Minister has admitted that something is wrong, because we should be working out arrangements very well that once a lease is signed, that within 30 days that site can be occupied without any additional cost to be borne. And that, I think, is a very damning statement from the mouth of the Minister himself, that somehow we are kind of lollygagging around, taking our own sweet time, but that sweet time is costing, I would suggest, Mr. Chairman, a fair amount of money, in fact a good deal of money and a good deal of capital that we are saying could be allocated to other purposes and other ways which would be far more productive. So if the Minister, if that's his final word and he doesn't want to answer the specific questions, I wouldn't believe it would be for reasons that his department is so large and so complex that he wouldn't be there, and I would think that this would be a pretty basic elementary statistic that he should have on hand to demonstrate these kind of things. So all I can say, Mr. Chairman, is that there is the issue that space is being commissioned and used, or being leased and being unused for over the extensive periods of times apparently because somewhere or other we have a fair degree of interesting work activity for interior designers of the Provincial Government to carry out, and that seems to be the only conclusion that one can reach.

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

MR. CHERNIACK: Mr. Chairman, I've been listening to the Honourable Member for Fort Rouge and I've been somewhat shocked by the way in which he has been developing a suspicion - and nothing more - and talking about the "possibility" and then almost in the next breath the "probability" of wasted expenditures of money. He said in one sentence a "fair" amount, a "substantial" amount, and he's already building the case out of complete straw on the basis of the fact that he doesn't know the answers to the questions, and I am aware that only recently did he put in - I think it was he - there was very recently an Order for Return requested on this very question. Now the honourable member, who did not put in this question earlier in the session in which to get answers, is now building a complete house of cards, or is it toothpicks - whatever it is - that has no substance but suspicion, and building up a whole case based on his lack of knowledge and on his guesswork, and I am suspecting that it is not only guesswork but wishful thinking. I think that - and I speak now as a member of this committee who is waiting to get on with more business - I confirm with the Minister that his estimates have not yet come up, his current estimates, which would be dealing I assume with rental accommodation, with current expenditures, not with capital investment, and I'm wondering why the member finds it advisable from his standpoint not to wait until we get to the estimates of the Minister but rather get in on Capital Supply to make a list of suspicions, expectations, and I think hopeful wishes, in order to suggest something wrong where there is nothing proven. And I really think that he is accountable to his own conscience, if nothing else, to make sure that he knows whereof he speaks. And I've yet to hear him say, and I've listened, one thing based on fact, where he arrived at a conclusion based on fact. But no. He arrived at a number of conclusions based on the fact that he asked questions which were not answered to his satisfaction.

CAPITAL SUPPLY

(MR. CHERNIACK cont'd)

I would urge him, I would urge him, Mr. Chairman, to have the patience to realize - and I happened to look at Orders of the Day of Thursday - today is Thursday - of the 22nd of May - and today is the 22nd of May - of the year 1975 - which is the year at which we're speaking - to look at Orders of the Day and see that the Honourable Member for Fort Rouge is asking questions that an Order of the House do issue for a Return showing the amount of space leased, the monthly rental, the amount of space. And today, the same day that it appears on the Order Paper, he's saying to the Minister, "Give us the answers, but failing the answers, I am entitled," he says, and I paraphrase what he says, "I'm entitled to arrive at conclusions. And those conclusions damn the government."

Well, Mr. Chairman, they damn the Honourable the Member for Fort Rouge who is - was it Pontius Pilate who asked a question and didn't wait for an answer? Yes, it was Pontius . . . It's just been confirmed. I don't remember when Pontium Pilate asked the question; I don't happen to have been there, but I've read about it. I remember in my school days, and maybe the Member for Fort Rouge is back in his school days - is still there, as suggested by the member opposite - playing around with suspicions, suppositions and conclusions, and Mr. Chairman, I submit that not only is he wasting his time, he's wasting the time of all members present, because he knows full well, and if necessary I will remind him, that he will have every opportunity, not restricted by any time, to wait until the current estimates come up of the Minister of Public Works, at which time hopefully he will have an answer or a partial answer to the question which he has asked on the Order Paper today, and then be able to deal intelligently with the point he's trying to make. Right now, Mr. Chairman, there is no intelligence whatsoever in the debate that I have listened to for the last half hour.

MR. DOERN: On that side.

MR. CHERNIACK: The Minister points out, and I agree with him, the lack of intelligence is from that side of the House. And why should I attribute it to all members opposite? Let me attribute it directly to the Member for Fort Rouge who is asking questions, and in asking the questions is demanding an answer immediately and, failing that, is arriving at conclusions; he's got all sorts of interior decorators running all over Winnipeg, spending all kinds of time - 45 days I think he mentioned - all kinds of time, all kinds of money and exaggeration the whole picture. Mr. Chairman, it would be helpful if he knew whereof he spoke. It would be even more helpful if he had the patience to wait until the proper matter came up under the item which would give him sufficient time in which to be able to give us some facts. Is there a space consisting of 10 feet by 10 feet - and I'll help him to know that that is equivalent to 100 square feet, and I'm sorry I can't give him that in metric measurements - where he knows indeed that there is rent being paid wastefully in order to wait for an interior decorator to arrive at a proper colour scheme or whatever else he thinks in his mind is happening wrong? Let him talk about something administratively helpful so that we can, in the interests of all the people of Manitoba, save money, because in the end there's no philosophy I'm aware of, there's no political differences between us, there is no basic requirement that should show the difference between the Liberal Party and the New Democratic Party in relation to the use of space.

Now the Member for Fort Rouge mentioned the word "competence." I'm sure it's not recorded in Hansard so let me record it for him. He used the word competence, and I question the competence of the Member for Fort Rouge who, on the Order Paper today, is asking questions and failing having received them is already making speeches based on his assumption of what might theoretically be the answer when he gets the questions answered.

Mr. Chairman, he's wasting our time, and I for one am looking forward to the fact that in 15 minutes I won't have to listen to any more of the kind of discussion that he is provoking which has no basis in fact and, more important, which can be answered much more sensibly given time, and wait until we come to the proper item on the Order Paper, which will be the current Estimates of the Minister of Public Works. And if indeed there is a question of competence, the proper place to discuss that is under the Minister's Salary, not under Capital Works. I recognize he's new here and may not know his way around. I know he's spent a lot of time in Ottawa learning his way there. I know that he was an Executive Assistant to a federal Minister. Unfortunately, his federal Minister saw some kind of light, whether it was distorted or not, and found his way into another party's blessing . . . The member is speaking

CAPITAL SUPPLY

(MR. CHERNIACK cont'd) . . . from his seat and I can't hear him well. But in any event, I would say to him, relax. Wait. It will come up, and then if you're questioning competence, do it under the salary; don't do it under Capital Works. And if you do it under Capital Works, talk sense based on facts which he can produce and not say because I don't get an answer I have the right to assume that black is white and I don't like white because it's not the colour that fits me on this occasion.

I've just been advised by another member opposite that I've said enough and I'm quite prepared to accept his advice and be seated.

MR. CHAIRMAN: Order please. Order please. The Chair would remind all members that our Rule 64(2) says that speeches in Committee of the Whole House must be strictly relevant to the item or clause under discussion. The present item is General Purposes, under Capital Supply.

. . . continued on next page

CAPITAL SUPPLY

MR. CHAIRMAN: The Honourable Member for Assinoboia.

MR. STEVE PATRICK (Assinoboia): Mr. Chairman, I cannot let the remarks of the Honourable Member for St. Johns pass, because really the last two minutes he made sense, but if anybody wasted the time of this House I would say the Member for St. Johns wasted the members of the House more than anybody else, because at least 10 minutes of his time all he did was get up on his feet and try to ridicule somebody on this side; and he said that, you know, he was shocked. And it doesn't take much to shock the Honourable Member for St. Johns, because he said it was by the audacity of the Members in Opposition to ask a question - to ask a question. Well I would say that it takes very little to shock the Member for St. Johns. I think he's in shock, he's continually in shock, because he said, you know, "I'm shocked that somebody would ask the question how many square feet of rental space is unused.? That's what he said. That's what he talked about. All the Minister had to say, "Well look, I haven't got the figures in my hand but I'll take it."

The Member for Fort Rouge indicated that it came to his attention that approximately 200,000 square feet of space was unused. That's what he said. He said it came to his attention. Now the members from their seats kept, you know, saying, "Where? Tell us the building. How many square feet? How much money? Well you're the government. We're asking the Minister. The Minister hasn't got a very onerous job, you know. He's got a pretty easy job as Minister of Public Works. If he hasn't got the facts and figures he could get them. He could say, "Look, I'll take your questions as notice. I'll get you the information". And I think he would do himself a lot of good and he would do justice to the House. That's what he should have said. But no.

Everybody's saying from their seat, "Tell us the place. How many spots?" Well look, maybe we're not prepared to tell you where the information came from. --(Interjection)-- Well, maybe the company, the corporation, the agency that's dealing with the government is not prepared to have their names discussed and debated in this House. I'm sure every member of this House gets private information, information he's not prepared to divulge where he gets this information, and for that reason. All we're saying, that we know there's some space, the Member for Fort Rouge said, is not used at the present time. He said how long has it not been utilized, what is the cost, how many square feet? Is that not a very intelligent question? I think it's proper, it's appropriate, and it's the right time. If the Minister would have got up and said, "Well look, I'll answer it on my estimates, we'd probably have taken it, but the Member for St. Johns would get up and what he did, he got shocked - I'd say we were shocked by audacity, and that's what he said. By the audacity of somebody on the Opposition asking that question - asking that question. Well I'd say he's in shock, he's been in shock for a long time, Mr. Chairman, and he's still in shock. And I'd say the question is appropriate.

Then he went, you know, "I'll tell you what's 10 by 10 square foot." Isn't that ridiculing somebody on this side? You know, surely he knows that everybody on this side's got more intelligence than that, and I would say the Member for St. Johns was ridiculing everybody on this side - or not everybody, the Member for Fort Rouge - and I think that's personal, and I don't think it was necessary because the questions were proper and legitimate. .

MR. CHAIRMAN: Schedule "B", General Purposes, \$40,296,800 - Pass? The Honourable Member for Brandon West.

MR. MCGILL: I think after the explanations of the First Minister in respect to the lines in the General Purposes allocation, I have a better understanding of the fact that while these appropriations are made under certain headings, that the commitments and the expenditures are not necessarily made in that precise way and that there is a movement back and forth in here, and this would explain for me, I think, the one line that I have been following with more than average interest, and that relates to the appropriations which are annually announced as for Adult Correctional Institutions. I think it's perhaps three or four years, three years anyway, that we have had an appropriation listed of some millions, and this year it's four million dollars, I believe - 4.7 this year. It would indicate to me that the appropriations of previous years have been expended because the difference between our authorizations and our commitments are less than a million, I believe, in total - for the General Purposes.

Now I wonder if the First Minister can indicate whether there is any particular significance this year in this appropriation, whether there is any information on the part of the government or any decision having been made to proceed with the announced investments and

CAPITAL SUPPLY

(MR. MCGILL cont'd) the announced construction plans for correctional institutions. I believe there's one at The Pas that has previously been announced, and one in the WestMan area. Can the Minister say now, inasmuch as we have a \$4.7 million appropriation this year, is there any commitment now made in respect to the going ahead of these construction plans this year?

MR. CHAIRMAN: The Honourable the First Minister.

MR. SCHREYER: Well, Mr. Chairman, the Honourable Member for Brandon is essentially correct. There is, in the amount of \$4.7 million, an amount of approximately \$3.9 million with respect to correctional facilities at Brandon, Northern Manitoba centering on The Pas, but that involves, possibly involves one or two satellite type facilities not unlike the Bannock Point satellite type correctional facility. As the Honourable Member for Brandon West knows or may have heard, the Bannock Point Rehabilitation Camp, which I call a satellite facility, burned down and there will be some replacement, not necessarily at Bannock Point but in a similar type of context or setting. So that there is provision, in the order of about 3.8 - 3.9 million in respect to WestMan and northern correctional facilities. But I must repeat, just so there's no confusion at a later date, that these are funds being requested for probable commitment for construction this year; but under General Purposes, as is well-known, it is indicative, it has to do with intent, but it is not a firm commitment until we actually award the contract.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, then these are projected expenditures in certain areas. The actual expenditures as they occur, say for last year, for General Purposes, how would this information be received within the House so that it could be compared to the projections in that department? Does that ever come out in a way in which, if we had, say, copied down what the First Minister had given us last year as the breakdown of the total amount here, how would we then be able to, say, compare the actual experience in that?

MR. SCHREYER: Well, Mr. Speaker, one way that occurs to me is for the Honourable Member for Brandon West to file an Order for Return requesting specifically the numbers as to how much was actually spent last year - or committed, if he wishes - with respect to correctional facilities. That will then give him the information as to how much was actually disbursed for that purpose. I might tell him just offhand that with respect to correctional facilities in WestMan and at The Pas, that there was no capital expenditure last year of any significance since, as he knows, we did not proceed last year with the awarding of any contract in respect to these two facilities.

This year it is likely, although not certain, that we will be proceeding up to the award of contract stage, and may indeed award a contract before the end of the calendar year.

MR. MCGILL: Mr. Chairman, the awarding of contract before the end of the calendar year, which is a possibility or a probability, I understand, is the Minister making that statement with respect to the WestMan plans as well as the northern plans? Both would probably go in?

MR. SCHREYER: Both, Mr. Chairman, as a probability. In all discussions to date with respect to this matter, we have not spoken in terms of postponing one at the expense - or are not proceeding with one at the expense of the other. That is to say, we are not relating the two in that sense. Each stands on its own merits and both may well be proceeded with.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: When the Minister outlined the items that were contained in this appropriation on General Purposes, he mentioned a sum of \$2 million for the Motor Vehicle Branch. I wonder if he could elaborate somewhat just a bit on that particular item and tell the House just precisely what is involved insofar as the Motor Vehicle Branch is concerned.

MR. CHAIRMAN: The Honourable the First Minister.

MR. SCHREYER: Well, Mr. Chairman, the Minister of Public Works may be in a position to elaborate further than I, I'm not sure. I can advise the Honourable Member for Morris that what is in mind here is the construction - well, I'll begin by saying what I assume the Honourable Member for Morris knows, namely, that the Highway Traffic building on Portage Avenue West is fairly crowded and so there is the intention to proceed with the construction of a Motor Vehicle Branch building somewhere, we hope, in the area of - well, I shouldn't be precise as to location; we have not acquired the site as yet; my honourable friend

CAPITAL SUPPLY

(MR. SCHREYER cont'd) will understand why I cannot be specific - but somewhere in the middle part of the city. --(Interjection)-- Well, that's entirely possible. The concept, in fact, does not rule out the possibility of an integrated structure that will serve both a Motor Vehicle Branch and a Public Insurance Corporation purpose, in which case, depending on the square footage used, it will be relatively easy to prorate the capital cost input as between the Crown generally and the Public Insurance Corporation agency.

That is certainly a concept under serious consideration and that's basically what's involved. The sum of \$2 million either involves a reimbursement from Autopac or else it is merely half of the anticipated cost. And I should caution the honourable member that the figures that we have before us are by no means final figures. They are interim estimates.

MR. CHAIRMAN: Under Schedule "B", General Purposes, \$40,296,800--passed. Total for Schedule B, \$62,666,800--passed. Resolved that there be granted to Her Majesty a sum not exceeding \$544,280,800 for Capital Expenditures. Passed.

The Honourable the First Minister.

MR. SCHREYER: Mr. Chairman, I have a procedural matter here. I would want to ask leave of the House to return to Committee of Supply when the Capital Supply Bill has been processed, if it has been processed further. And that requires leave. So I would ask leave.

MR. CHAIRMAN: Is leave granted? The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I'm not exactly sure just what the Minister's asking for, because I see the clock and I wonder if it is in order.

MR. GREEN: The Honourable the First Minister did not realize that it is after 10 o'clock and we will not be able to go into the House without leave, and we've never done that yet. I don't see people sort of desperately suggesting that we do it, so we will not be able to go back into the House and have any activity. We'll have to adjourn as soon as we get back in.

MR. SCHREYER: Unless by leave.

MR. GREEN: Well, I see that they are giving . . . Will the honourable members go beyond 10 o'clock, by leave, to discuss Capital Supply Bill? Okay? Committee rise, then.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

Mr. Speaker, your Committee of Supply has considered certain resolutions, reports progress, and begs leave to sit again.

IN SESSION

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

MR. D. JAMES WALDING (St. Vital): Mr. Speaker, I move, seconded by the Honourable Member for St. Matthews, that the Report of the Committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: Well, Mr. Speaker, I believe that the better procedure would be to adjourn the House, because some members might not even know that we are in the House after 10 o'clock. So I would ask that the bill be distributed so that honourable members will have it. --(Interjection)-- Shall we have the bill distributed by leave? We have not been through Ways and Means here. We'll do it all . . .

MR. DEPUTY SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: . . . if the House Leader could indicate whether this would be the first item of business for tomorrow.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: No, Mr. Speaker, the First Minister won't be here tomorrow, so it'll be the first chance that he's back - on Monday likely. We'll go into some bills and Current Supply tomorrow.

I move, Mr. Speaker, seconded by the Honourable the Minister of Agriculture, that the House do now adjourn.

MOTION presented and carried, and the House was adjourned until 10 a. m. Friday morning.