

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, April 11, 1966

MR. CHAIRMAN: Resolution No. 70. The Honourable Minister of Mines and Natural Resources.

MR. LYON: You will recall that approximately a week ago we agreed that on the first occasion we reached the Committee of Supply that we would provide an opportunity for a discussion on the closing of the San Antonio Gold Mines. In order to initiate that discussion, because there is no item left on the votes of the Department of Mines and Resources under which this can be discussed, I have a general statement which may be helpful to members of the House before we embark upon any prolonged discussion of this matter. If I may, I would like to give that statement at this time.

The principals of San Antonio Gold Mines Limited advised me on Friday, April 1, that it is unlikely that operations at Bissett could be continued on a substantial scale after June 30 of this year. The actual date of termination of operations will depend largely on the availability of an adequate work force. For a moment, I would review for the House the background and the status of this matter and indicate the actions which we are taking in order to protect, as far as government can, the interests of the people of Bissett in this emergency.

From the outset of the difficulties at the San Antonio Gold Mines Limited, the concern of the government, and indeed of the whole House, has been for the people of the town of Bissett, the people who directly and indirectly earn their living from the operation of the San Antonio Gold Mine. I will not review in any detail the action taken by the government during the last three years because they are familiar to everyone in the House.

Briefly, you will recall, Mr. Chairman, that almost three years ago the problem of maintaining the community of Bissett was the subject of a long and interesting debate in this House. At that time we passed an Act for the relief of the community commonly known as Bissett, with only one member of the House dissenting. That Act authorized the government to loan to the company between May 1, 1963 and April 30, 1965, a sum not in excess of \$240,000, provided that the company during the same period expended on exploration and development a sum at least equal to the amount of the loan. Between May 1, 1963 and the present time, the company has expended for these purposes the figure of \$574,595. In other words, they have more than surpassed their requirements under the agreement.

Going down to the 5,100 foot level encouraged the company to expect continuation of ore on the lower level, and a new hoist was obtained to service the deeper mine work and establish a more balanced operation. In October of 1965, the company approached my department and advised that the shortage of mine labour prevailing across Canada had placed the company in a critical position despite the fact that workers had been recruited in the prairies and in Eastern Canada. The company submitted that it would be unable to continue unless some additional form of government assistance became available.

San Antonio was caught in the autumn of 1965 in the same cost-price squeeze which was forcing and is forcing one Canadian gold mine after another to cease operations. Their balance sheet for 1963 and 1964 showed operating losses. By October of 1965 they realized that 1965 would also result in a loss. On the other hand, San Antonio had been able to show an operating profit for several months during the early part of 1965, and even as late as the autumn of 1965, with the ore picture improving somewhat, there was hope that the mine might remain in operation. The labour picture was dark, however, with competition from base metal and potash mines and some other industries holding the labour force at the mine below the point where a break-even could be maintained.

It was against this background that we acted to obtain emergency assistance in the fall of 1965 from the Federal Government to keep the mine in operation. I contacted the then Minister of Mines and Technical Surveys of the Federal Department and reviewed the situation at San Antonio with him, and stated in part in a communication to him: "In conversation with officers of the mine, it is quite clear that an increase in the EGMA" - that is the Emergency Gold Mine Assistance Plan - "would provide one of the best long-term answers to the problems of this gold mine and other gold mines in Canada.

"The continuation of San Antonio will give immediate assistance to some of the problems in unemployment. Compared with the massive injection of federal funds, both specially and annually, into the coal mining industry of the maritimes, a subsidy which involves a very large amount for each miner employed in that industry, the amount of increase required in the EGMA would be relatively little on any basis. The gold mining industry would seem to qualify for very

(MR. LYON, cont'd) . . . special attention in view of the fact that its operators have no opportunity to re-price their product in view of the fixed price for gold throughout the world, a price fixed by government staff and not by the action of the operator. This is true of very few industries in Canada, many of which enjoy direct or indirect government assistance in subvention, tariff protection or other devices.

"The province and the nation need prompt and continuous job opportunities for a present and growing population, and the mining industry, unlike the present booming construction industry aided so strongly by the government mortgage loan policy, promises long and profitable job security. It would seem to deserve special attention, and in the case of the gold mining industry, an upward amount in the EGMA assistance would supply a badly needed remedy for the problems of the industry.

"In view of the urgency of this matter" - this is again continuing my communication to him - "I would be prepared to come to Ottawa within the next few days to discuss this matter with you and any of your colleagues. Either a telephone call or a wire to my office from you would serve to arrange such a meeting. The decision re the continuing operation of this mine and community will be made shortly by the company. I trust we can arrange a meeting on this vital topic at your earliest convenience."

The response of Ottawa to this letter was less than we had hoped, Mr. Chairman. The Honourable Mr. McNaught replied by wire that he would study the matter. On November 5, the First Minister wired the Right Honourable Prime Minister and we were advised by return wire that the people of Bissett could be assured that the Federal Government would take all practicable steps to safeguard their interests. In subsequent communications, the First Minister asked the Prime Minister for an immediate meeting and this was subsequently arranged between the Honourable Mr. McNaught and myself.

We were disappointed to be able to negotiate only a short-term six month subsidy of \$15,000 a month for the mine. We had asked, as I have indicated, for an increase in federal subsidy to sustain the gold mining industry in Canada, and particularly the San Antonio mine at Bissett. All that we were able to obtain was the short-term six month subsidy which had to be cost-shared, fifty-fifty by the province and the Federal Government. We hoped nevertheless that action would be taken by the Federal Government within that six month period to preserve and protect the gold mining industry. Unfortunately for that industry and for the community of Bissett in particular, such action has not yet been forthcoming from Ottawa. In the autumn of 1965 we were negotiating with the Federal Government, we were further developing a plan for emergency action by the province should the mine be forced to close. We were able to implement this plan within a few hours after we learned that the mine would be forced to cease operations.

I would now like to explain, Mr. Chairman, the present situation at San Antonio to the House, and to do so I shall read to you a letter which I received on April 1 from Mr. W. C. Ringsleben, the President of San Antonio Gold Mines Limited, and a letter received the same date from Mr. C.A. Burns, the Vice-President of the Company. Here I am quoting the letter from Mr. Ringsleben the President of the mine. This letter is addressed to me and it's dated March 31. "It is with regret that the company has to inform you that it is unlikely operations can be continued on a substantial scale after June 30, 1966. The actual date of termination will depend upon the availability of an adequate work force. The company has made a great effort to continue the mining operation and the town of Bissett. During the past winter the company has tried unsuccessfully to build up the underground mining force. Wages were increased substantially, a vigorous recruitment campaign was carried on by personnel people on the prairies and in the east, and special training courses were held at the mine. The scarcity of workmen is so great in Canada that for the first time the company has been unable to obtain enough miners during the winter, thus the company cannot explore, develop and mine on the scale required for a successful operation.

"The company would like to express its appreciation to the Government of Manitoba for the consideration and help given to the people of Bissett and the company. We of course will co-operate in every way possible with the government in running the town. Yours respectfully, W.C. Ringsleben, President."

I should say that that letter, the original letter of March 31, the first paragraph of it was amended by a telegram which was received the following day to make more explicit the date on which they would cease operations.

Then the second letter that we received was dated the 31st of March, received from C.A.

(MR. LYON, cont'd) . . . Burns, the Vice-President, and I'll read that letter to the members of the committee. Again addressed to me: "You have received a letter from the President of the Company, Mr. W. C. Ringsleben, advising you officially that beyond June 30, 1966 the company may be unable to continue mining operations at Bissett. We have worked closely with the Government of Manitoba over these past three years and have tried at all times to provide you with whatever information and advice we could about the state of affairs of the company, and it appears to me that it might be useful if in this letter I review the situation that now faces us.

"You will recall that, year by year, one of our most difficult problems centred around the difficulty of maintaining an adequate and permanent labour force. You will recall the many efforts we made in this connection. We built new homes, hoping to attract and retain some new married personnel in the belief that housing would assist us in this effort. We changed our labour rates upward twice in the past three years, with special consideration for the rates for underground miners where our worst shortages occur. We have run, with the co-operation of your own Department and the Department of Education as well as the Vocational Training Branch of the Department of Labour in Ottawa, three training schools at the time. It was the first miner training school of this kind in Canada as far as I know.

"We have kept an open order for underground workers at the National Employment Service Office in Winnipeg since early 1963 and have advertised for workmen in local and national newspapers. In late 1963 we added a similar order at the National Employment offices in Ontario and we sent personnel recruiters into Ontario. Then in 1965 we sent special agents into the prairies and in Ontario and Nova Scotia to augment the efforts of the National Employment Service.

"Faced with rising costs, San Antonio, like other gold mines in the industry, have found that the fixed price of gold plus the Emergency Gold Mining Assistance, whose level has not been changed since 1958, has not provided enough return. As a result, our wage rates, and this is true of the gold mining industry generally, have had to lag behind the rates for other kinds of mining ventures in Canada.

"San Antonio's base rates, I believe, are higher than for other gold mines in Eastern Canada. Most recently the nearest mine in Ontario, a nickel-copper producer not many miles from Bissett, is reported to have negotiated a new contract which, during its life, will establish a base rate that will be 45 percent higher than we are able to pay. Our base rate for machine men is \$1.92 an hour. The most recently announced base rate that will be reached at Werner Lake provides \$2.79 an hour. In both cases an incentive bonus is payable in addition to the base rate.

"Last fall the company came to you and with you approached the Government of Canada to discuss the possibility that the mine could close during the winter. As a result of our discussions with your government and the Government of Canada last fall, we arrived at the plan which gave us an additional six months of time when the labour supply normally is best, in which we hopefully might have solved the labour problem which has been becoming more and more acute.

"It is most disappointing to have to report to you that, faced with the tremendous demand for labour throughout Canada this last year and winter, we have been unable to maintain our working force at a profitable strength. During 1965 we had a turnover of about 600 men. Because of the shortage, we have continued to lose money this winter, even after the monthly grants provided by Manitoba and Canada. Our men in other provinces have been finding and sending potential workers to Bissett. From Nova Scotia alone we were able to find 90 men to come to Manitoba. The hard and difficult fact to face is exemplified by noting that in February of 1965 we had 41 stope miners at work and at that time the company had begun to break even and actually made small profits for a few months. A year later, in 1966, there was an average of 15 men working underground as miners in the stopes.

"While we have to advise our employees of the gradual closing down of the mine, we still hope to retain enough men to help us in our clean-up and salvage operations. If we can keep enough men it may be some time in late June or July before we close the operation in a final way. We will try to bring out the remaining broken ore and then begin salvaging the valuable mining equipment from within the mine itself. As I noted above, our success here will depend on our ability to hold employees during this period. We will welcome early discussions with you or other appropriate departments of government leading to the take-over of the community.

(MR. LYON, cont'd) . . .

"The start-up of many new base metal operations throughout Canada makes this an advantageous time for the disposal and sale of used mining and mill equipment. The company will be in touch with you again in the near future on the matter of a suitable timetable for the repayment of the loan that the government made to us. In that connection, I would merely like to report to you that the purpose of the loan was to enable us to undertake essential additional underground exploration and development work which had fallen behind prior to our connection with the company. We committed ourselves to spend moneys equivalent to the loan in that kind of effort, in the result we have during the past three years, beginning May 1, 1963 to November 30, 1965, spent \$574,595.

"Last year at this time our efforts seemed to be paying off. The mine was back in shape; we had a reasonably good underground working force and we were beginning to make some small profit. The ore picture was reasonably good and we were beginning to have some confidence in the ability of San Antonio Gold Mines Limited to continue as a viable operation. The sharp investment boom of last year and the very great upsurge in the base metal and potash mining in Canada has brought about a very rapid deterioration of our position this summer and in the fall of last year. I probably need not remind you that in the past month three other gold mines in Canada have announced their potential closing or near closing, and I regret to have to advise you that it appears that San Antonio Gold Mines Limited must join that group." Signed "Yours very truly, C. A. Burns, Vice President."

Mr. Chairman, although as the company has advised us more ore has been found, although the grade was somewhat improved, the progressively intense cost-price squeeze has apparently forced San Antonio to commence the orderly suspension of operation. I would like to indicate the magnitude of this cost-price squeeze and its impact on the ability of the mine to continue in operation.

During January and February of this year, San Antonio was paying an average of \$3.25 per hour for development work in the mine. This consisted of an average of \$1.33 per hour in bonuses plus \$1.92 per hour as a base rate. In 1934 the base rate was 65 cents per hour and there were no bonuses offered. The increase in cost for this work then between 1934 and 1966 is 400 percent. For stope work the average cost today at San Antonio was \$2.74 per hour and this represents an increase of 325 percent from 1934. Now it may seem that comparing 1934 to 1966 is a little unrealistic, but in 1934 the price of gold was effectively \$35 American per ounce. In 1966 the price of gold, including emergency gold mining assistance and taking into account the discount on the Canadian dollar, is about \$47.50 per ounce. The value of gold produced between 1934 and 1966 has risen by 35 percent while labour costs have risen between 300 and 400 percent. Meanwhile, price and demand for base metals have risen sharply and base metals and other mines are more able to compete for labour from the gold mining industry.

In February of 1965 when the mine was making a profit, San Antonio had, as we have already noticed from the letter, 16 men working on development crews, 40 machine men working on the stopes and 48 other men underground for a total of 129 men. In February of this year, 1966, there were only 9 men on development crews compared with 16. The essential machine men were only 19 as compared with 40 a year earlier. The total number underground was 94 as compared with 129 a year earlier. Paying among the highest base rates and the best bonuses offered in the gold mining industry in Canada, San Antonio was still paying 45 percent less than base metal mines and was showing a substantial loss even with government assistance provided under the 1965 Federal-Provincial agreement. It is no longer possible so they advised us to break and remove ore at a rate which will allow a profitable operation. The mine, we are told by the management, must close.

Now as we have already noted, Mr. Chairman, this is not a unique situation. Many gold mines closed in Canada during the last two years and we are informed that several will close this year, and I will be drawing this situation to the attention of the Federal Minister again. In fact I have already been in communication with him.

Earlier, I mentioned that an emergency plan had been prepared. From the outset, right from the beginning of the special Act that was passed here three years ago, the concern of this House I think has been for the people of Bissett. Facing the possibility that the mine might have to close, we took the precaution of having this plan in readiness. We have immediately put into effect the emergency plan. By early afternoon on Saturday, after the announcement was made, a co-ordinator had been sent to Bissett along with some assistants. A public

(MR. LYON, cont'd) . . . meeting was arranged for the evening of Sunday, April 3. A meeting of the United Steelworkers was also arranged for Sunday evening, and on Sunday afternoon my colleagues, the Minister of Labour, the Minister of Municipal Affairs and myself, went to Bissett and attended these two meetings. We were able to advise the people of Bissett as follows:

- (1) That an emergency co-ordinator had been appointed to assist them in all of the difficulties which they faced.
- (2) That a special office would be established, and has been established in Bissett, to co-ordinate all government services. The co-ordinator is in direct contact with senior officers of nine government departments and with the appropriate federal departments.
- (3) All municipal services will be maintained at their present operating level at least until the end of June.
- (4) A plan for continuing municipal services will be prepared when it becomes known how many people will remain in Bissett after the closing of the mine.
- (5) Employment will continue to be offered by San Antonio Gold Mines Limited to anyone who wishes to remain, at least until the end of June. The company is urging people to remain as long as possible. The orderly closing of the mine, including salvaging operations, requires a large labour force for the next few months. Fortunately, the closing of the mine will be approximately at the same time as the end of the school year, a fact which will be advantageous to many citizens who have children in school at Bissett.
- (6) The special co-ordinating team reporting to the emergency co-ordinator will be at the service of the people of Bissett to meet all demands within the powers of the Provincial Government.
- (7) The co-ordinator will maintain an open-door policy, will be available to every citizen for consultation, and will make every effort to meet the needs of every individual in the community.
- (8) The residents of Bissett will be individually interviewed in order to determine the individual needs and wishes of every person in that community.
- (9) And perhaps most important of all, we were able to inform the working people of Bissett that we will have, under the office of the co-ordinator, representatives of the National Employment Service and the Unemployment Insurance Commission. Our Department of Labour will reinforce the efforts of these agencies to provide complete and total information on alternative job opportunities, moving allowances and grants, and working conditions in other mines and industries in Manitoba and in Canada.

In addition to that, Mr. Chairman, I can tell you that we have been in touch with the Federal Government, with the Department of Mines and Technical Surveys, and also with the Department of Labour in connection with grants that may be available during this transitional period for these people at Bissett.

Now a word for a moment, Mr. Chairman, with respect to the loan and the financial situation at the mine. Members of the committee will recall, Mr. Chairman, that we authorized this loan in an attempt to give the mine a new lease on life. Underground exploration and development work was necessary if profitable ore was to be discovered. As I have already reported, we loaned the full amount of \$240,000 and the company met all of its obligations in respect of this loan. Some new ore was discovered. Unfortunately, the rising costs, as we have already mentioned, have had the effect of sharply increasing the grade of ore necessary to profitable operation of gold mines.

However, our loan did enable the mine to stay in operation. During the last three years they have paid more than \$3 million in wages and salary. During the same period they have purchased more than \$1 million worth of supplies, much of them in Manitoba. The people of Bissett additionally have had three years of employment. The province has gained by loaning this money. We have gained the three years of employment; we have moved from a period in which there was high unemployment to a period when the demand for miners far exceeds the supply. We have reached the time when the skills and abilities of the miners and the people of Bissett are much in demand throughout the economy of Manitoba and indeed throughout the nation.

Finally, I am pleased to be able to say that when the clean-up and salvage operations are completed, we will probably recover the full amount of the \$240,000 which we have loaned to San Antonio Gold Mines Limited. We are of course taking all reasonable steps at the present time to protect our interests. The president and general manager is co-operating with us.

(MR. LYON, cont'd) . . . Our officers will now approve all payments made by the company during the period of closing down the mine. While of course no one can guarantee that all of the loan will be recovered, it is our expectation at this time that the loan will be repaid.

Mr. Chairman, in summary, I think we all in this House regret very much that it has become inevitable that the mine will close. We have made arrangements so far as it is within human competence to do so for the most orderly possible transition for these people of Bissett. This will be a difficult time for these people as it is for all gold mining communities when the mine shuts down, but we have undertaken to do everything that we possibly can to assist them during this time and we have assured the people of this undertaking.

At this time I would like to report to members of the committee, Mr. Chairman, that in the two meetings which we attended Sunday - a week ago Sunday night, the people of Bissett, without exception, were reasonable, rational, very realistic and co-operative. I was happy to compliment them on their attitude toward this crisis and I left the meetings completely assured of their total co-operation. The attitude of the people of Bissett itself will go far to ease the situation which they face.

And that very generally, Mr. Chairman, is the brief statement on the facts surrounding the closing of the mine at Bissett so far as we have them at the present time. When I last reported to this House, I believe it was on Wednesday - on Monday I should say - I forget the exact date, the Monday prior to the Friday on which we received notification - we knew at that time and I advised the House at that time that the labor situation was quite critical. We did not receive any word from the mine however until the following Wednesday at which time they were in touch with the department. A trip was made to the mine on Thursday by the president of the company, and on Friday he came back and gave us the letters advising of what their decision was, and that is the situation as I can outline it to the House - or to the committee at the present time.

MR. MOLGAT: Mr. Chairman, I want to thank the Minister for the statement that he gave us. We attempted a week ago to have a discussion of this most unfortunate incident for the people of Bissett and for the people of Manitoba in the House, but we were unable to do so at that time. The Minister on Monday, the 28th of March, replied to questions in committee. He said that the important thing about the community of Bissett today is that it is still functioning as the community of Bissett. This had been the purpose of this House approving a loan of some \$240,000 in the Session of 1963. The sole purpose was the continuation of the town of Bissett, the continuation of an industry in the Province of Manitoba; the concern was obviously not that of stockbrokers in Toronto who had got themselves into some serious difficulties.

When on Friday I received a telephone communication advising me that the mine was closing, I could hardly believe what I heard, Mr. Chairman, because only four days before the Minister had told the House that the great thing about the situation was that the town was continuing. The question of course that arose then was surely the Minister did not know when he made that reply that the mine was going to close, and I am pleased tonight that he has informed us that he did not know until he received a letter on Friday the 1st of April, I take it.

But then, Mr. Speaker, the other question arises. If the Minister did not know, why didn't he know? Why should this Minister who has loaned out almost a quarter of a million dollars, the taxpayers' money, to a mining company for the purpose of keeping a town alive, keeping an industry going, why should he suddenly on a Friday morning, strictly out of the blue, receive a communication that the mine was closing when four days before he had indicated that the great thing is that the mine is continuing.

What sort of handling is this of the taxpayers' interests? What sort of handling is this of the affairs of the Province of Manitoba? If this House is asked and approves - reluctantly I might say - if you go back to the Hansard of that time in May of 1963, the members on this side of the House made their position extremely clear that they were reluctantly going along with this in the interests of the people of Bissett and of keeping an industry going in employment, but they were most reluctant about the conditions; most reluctant about a situation where the stockbrokers were not putting all of their shares in escrow; where the people who owned the company did not seem to be prepared to go all the way; but in those difficult circumstances, the House agreed.

Surely it's not good enough to suddenly find out, with no advance notice, that the mine is going to close. What sort of contact has there been during that time between the Minister and this mine? Why has there not been a fully continued contact with these people? Why is it, for example, there wasn't someone directly appointed by the government to supervise this mine,

(MR. MOLGAT, cont'd) . . . because this suggestion had been made, Mr. Chairman. It had been made right in this House by my colleague the Member for Burrows, when back on the 4th of May 1963, speaking in the debate, he suggested - and I'm referring now to Page 1926 of Hansard - he said, "I only want to mention briefly that we should and must in this bill incorporate - or if not in this bill that the government should look into the matter of appointing a proper consultant, not merely to keep an eye on this operation, but in reality to help the present management to further the work in being able to improve the ore situation at the mine, and in this manner extend the life of the mine." He said, "Now the" - he goes on a little further - "Now the cost of such a consultant would amount to possibly \$5,000 or \$7,000 per year, but it will make the difference between extending the life of this mine from two years to eight years and maybe ten years, and now is the time to do it."

He went further in his comments to specifically mention some geologists here at the university whom he felt were capable of doing this. Was this done, Mr. Chairman? Was there any action taken by the government to see to it that there were some local consultants here who are familiar with the area, who are familiar with the mine, and that they be in direct consultation at all times? This is an answer I'd like to have from the Minister. Was there any close supervision by the members of the Department of Mines and Natural Resources? Because my honourable friend has some very capable people in his Mines Branch; he has some very capable geologists there who could very easily have undertaken some close supervision, provided that they were relieved of other duties presumably, but he has qualified people there who could do this. Was it done, Mr. Chairman? Was there a close co-operation? Well, one can only assume if the Minister tells us on Monday that everything is going fine and that the mine is operating, and then on Friday he gets the letter that it's closing, that there is certainly a lack of consultation. There appears to have been a lack of control on the part of the Minister, a lack of following up what he was doing with the quarter million dollars that he asked this House to pass.

I am advised, Mr. Chairman, that there are good opportunities in that area for development. The Minister tells us that the company has spent the money that they were supposed to spend on exploration. I am told that the company had some very capable people right there in the Bissett area, people who have been with the company some 20 and 25 years, people who know the area. I am told that there has been a fair amount of exploration in the area in the past few years. I am told that there have been some surface showings of better quality gold than what has actually been taken out of the mine more recently by underground excavation, showings in the vicinity of the mine itself, but that no action has been taken by the mine to proceed with these. I understand that if they did do the exploration work that the Minister speaks of, it would appear to have been almost wholly underground exploration, exploration on the site of the mine itself, but that they in fact have dropped claims that they had in other areas and that visible showings in the vicinity were not proceeded with.

I cannot vouch for these statements, Mr. Chairman. They've been made to me by people whom I believe have knowledge of the area. I believe that they are sound enough to warrant much closer investigation, because it would appear that for the past three years the mine has been operated by remote control from Toronto. The people who speak to me in this field tell me that you can't operate in that way, that what you need is close local supervision, not occasional visits by consultants from Toronto but regular day-to-day control by knowledgeable people in the area. Was this provided, Mr. Chairman? Was every step taken in fact to see to it that this mine did continue operation? Has the government done everything that it could to ensure the continuity of Bissett? It appears that, having made the advance to the company, the government was satisfied to rest back and let the company proceed. I want to know what positive steps the government has taken to ensure the continuity of Bissett, because that was the purpose of the loan that this House passed in 1963.

Then let's go on into other fields, Mr. Chairman. What steps has the government taken to provide alternatives for Bissett? What action has this government undertaken in the past three years to face the possibility of the mine closing, because the Minister assured us that when the loan was passed in 1963, it was in the knowledge that eventually the mine would likely close, and obviously in mining operations this is something that you - certainly in hard rock mining operations - this is something that you have to look forward to because you can run out of ore at some stage.

So it was obvious that at some time, shorter or longer period, alternatives would have to be supplied if the area was to continue. What steps have in fact been taken by the government

(MR. MOLGAT, cont'd) . . . to ensure that, Mr. Chairman? We made some suggestions back in 1963, specific recommendations as to what could be done. Now we haven't got the resources, Mr. Chairman, that my honourable friends have to analyze these matters, to get all the information. We haven't got the experts at our beck and call that the Minister has, but we did make some specific recommendations from the knowledge that we were able to gain of the area, and we made it very clear, Mr. Chairman, that the time given to the government, the time provided by this loan, must be used to investigate every possible alternative.

Here is what I said, Mr. Chairman, on the 4th of May 1963. I said to the government then, "The government must in its agreement see to it that the province, the people of Bissett, and our economy is as much as possible protected against a sudden closing in the future, and if there are going to be profits made on the stock market as the result of the government investment, then I think the government is completely justified in insisting that capital be put aside in that corporation for an orderly closing of that mine when the time comes; for an orderly disposition of the assets so that we don't find ourselves six months, a year, or two years from now, faced with the same situation."

I went on and I said, "There is another aspect here that I think the government must take action on at once, and that's the question of the diversification of activity in that portion of the province." I specifically spoke about the Department of Industry and Commerce, asked the Minister to see to it that his people go into the area and study what other possibilities there are, to be ready when the time came. We suggested at that time, Mr. Chairman, and I have on at least two occasions since in this House, that the government give consideration to the connection of the road which is presently up to Cat Lake and connect it up with the road that comes through Bissett into Wadhope and up to Beresford Lake. I made that recommendation in 1963.

I pointed out to the Minister then that from the information I had, it would open up some very attractive tourist areas, areas that are presently inaccessible. There are a number of lakes there that you cannot reach unless you go by air at the moment. I am told that lakes like Flintstone, Gem and Gardiner are extremely picturesque good fishing areas. It would make a circle route. At the moment people who go to Bissett have to retrace their steps, go back through Manigotagan, back into Pine Falls. We know, and I'm sure the Minister of Highways would agree with this, that the policy in his department is as far as possible not to have dead-end roads but to have loop roads, and it has been I think the policy followed in other areas as much as possible to make those sort of connections.

I don't underestimate the difficulty of the terrain here, I realize that it's a difficult terrain in which to work, but the distance left, Mr. Chairman, is not very great. Anyone who looks at that map can see the possibilities, if that road were extended and the connection made, to have a much greater tourist development in that area. What steps have been taken, Mr. Chairman, to complete that road? I understand surveys were done many years ago. Many years ago the Minister of Industry and Commerce spoke to us about a road up the eastern side of Lake Winnipeg. Well it appears to be still in the realm of conversation and not of action.

What about parks, Mr. Chairman? I am told that the terrain in these areas are alternating between granite, which are not considered to be ideal insofar as mining but which are extremely picturesque from a tourist standpoint, and that the strip in which Bissett finds itself is a typical mining area, that it is separated by another granite area, and then further to the south, another mining area in the Cat Lake and Bird Lake. The connection of the road, to begin with, would connect up two mining areas, one that is not active now in the Province of Manitoba although it is active just across the Ontario border. It might have stimulated mining activity there. But the area north of Bissett falls back into the granite section again.

Now we've been urging the government in the past to consider approaching the Federal Government about a national park down in the southeast corner of the province. Resolutions were presented by my colleague the Member for Emerson requesting a study of that whole area in the southeast corner, to tie it up into a national park. I gather from the replies of the Minister last year that the Federal Government did not find this suitable. I have an Order for Return that has now been in for the second year asking for the information, but I have not obtained it as yet.

Well if it's not feasible down in that corner, is it feasible, Mr. Chairman, in the area north of Bissett? Could Bissett become the gateway to a great new national park? Are there areas there which would lend themselves to what the Federal Government lays down as the

(MR. MOLGAT, cont'd) . . . rules for national parks? If it can't be done on a national park basis, or if for reasons of Manitoba interest - and I recognize the problems in national parks because of the insistence of the Federal Government that they be used for one purpose only, and having a constituency adjoining the national park now, I realize the difficulties that this does create - if it is not acceptable as a national park, well then what about a provincial park?

It seems to me that the government - again, a long time ago - spoke about a wilderness area to be set up and kept that way for future use, canoe routes and all the rest of it. I am told that the area is suitable for this. But why hasn't there been any action, Mr. Chairman, in these three years? --(Interjection)-- It costs money. Well this government doesn't seem to be short of money at all from some of the operations that they go into. Now why is it, Mr. Chairman, that there hasn't been some announcements made in this regard? Why is it that some steps haven't been taken so that the people of Bissett will know that there is some possibility for them, or if there is no possibility at all, then the government should frankly come out and say so. Maybe my honourable friend the Member for Elmwood is right, maybe it does cost entirely too much money to do these things. Well then, let the government say so if that's the case and we will know where we stand.

I say again, we don't have the experts that the government have, but there have been three years, Mr. Chairman, three years in which the government had been requested by the House to prepare alternatives. Have they done so? Well judging from the statements made by the Minister of Municipal Affairs - and I presume that this is a correct statement because it is in quotes - and he is reported to have said at Bissett itself, presumably at the Sunday meeting, and I quote - Mr. Smellie speaking, "Until we know what your needs are, it will be a practical impossibility to form government policy on how we can help you." An unusual statement, Mr. Chairman, from a responsible Minister who some three years ago in his own speeches in the House advised us that it was likely that eventually the mine would close and that they had to have policies to put into effect when that situation arose. But on Sunday when the situation arises, he says it's a practical impossibility to form government policy until they know what it is that the needs are. I don't know what he's been doing for the past three years so far as analyzing the needs.

But now, Mr. Chairman, I want to come back to the situation insofar as the company itself. I pointed out that I think we need a great deal more information as to whether or not every step has in fact been taken to continue the life of that mine; whether or not the government has had proper consultation at all times and has supervised the operation in which it invested a quarter of a million dollars worth of the taxpayers' money. This House - and I'm sure it applies on both sides - is not interested in salvaging the operations of Toronto stock-brokers. I certainly am not prepared to consider the advance that we've made, as I said back in 1963, unless we knew that there were not going to be some special stock market profits made and that in fact Manitoba would find itself extending the life, mainly with the shareholders taking advantage of the situation. I would like to know whether or not proper reserves have been set up to cover the loan. The Minister told us today that he thought probably the loan would be repaid. I would think that he should be able to give a complete assurance that the loan would be repaid, not a hope and an expectation.

I would like to know, Mr. Chairman, what has happened in the past three years to the stock of this corporation. Were the major shareholders of that day, are they still the same shareholders? Were the people who at that time came to the government of Manitoba and said that they needed help, are they still in fact the main shareholders in this corporation, or has the stock been sold in the meantime with presumably some other people now in control? What has been the trading pattern of this stock during that time? Has the Manitoba Government loan supported the stock market operation?

Back when the loan was made in 1963, there were quite a number of conditions set out by the government. The Premier, speaking on the 29th of April, listed a large number of them, and I quote from Hansard, Page 1768, 29 April, 1963. The First Minister speaking, and he says, "Certain special conditions have been attached.

"(1) No dividends will be paid to stockholders while the loan is outstanding." Has this been followed?

"(2) No directors will be paid while the loan is outstanding." Has that been followed?

"(3) No new stock beyond that already authorized by the shareholders will be issued on option or otherwise without the consent of the Minister of Mines and Natural Resources.

(MR. MOLGAT, cont'd)

"(4) No change will be made in the control or management of the company without the consent of the Minister of Mines and Natural Resources or else the loan becomes immediately due and payable.

"(5) The management shares will be placed in escrow during the period of government assistance.

"(6) Shareholders are to be fully advised of all arrangements.

"(7) If the company decides to close down anyway before repayment of the loan, the loan immediately falls due and the government will be empowered to make an agreement with the company to take over the mine at that time if deemed desirable.

"(8) The government is to have full access at all times to the books, records and operations of the company to ensure the conditions of the assistance are being complied with."

Have all those conditions been met, Mr. Chairman? Has the government seen to it that every one of those conditions which it put into the agreement in the first place, and I say properly so, have they been met? The House has not been advised of that, Mr. Chairman.

The House has not been advised of the stock situation. I see some interesting figures, Mr. Chairman, when I look at the movement of this stock in the last while. I find that there have been some rather marked fluctuations in the marketing. Back in the early part of March - I think in the course of one week - there was something in the order of 25,000 shares sold. I'm speaking now from memory and I do not have all the figures, but starting on the week ending the 12th of March, 2,800 shares were sold. The week ending the 19th of March, 6,600 shares were sold. The week ending the 26th of March, 9,600 shares were sold. But suddenly the week ending the 2nd of April, when the announcement was made to close the mine, suddenly 41,000 shares are sold, a jump from the previous week of 9,600 up to 41,000, just the week when the mine is closing down, which appears to be an unusual market activity.

It may be absolutely proper and normal - I don't know. I don't know, but I think that we should know. I think the people of Manitoba should know if in fact the \$240,000 that they have invested and the \$45,000 that they have given, if the money has in fact been used for the purposes for which they were intended and if the interests of the people of Manitoba and the interests of the people of Bissett have been properly taken care of by the government.

This is why, Mr. Chairman, I say that we need a great deal more information on this matter. We need either a committee of this House to look into it or an enquiry to look into it, unless the Minister is in a position to give us all of this information. If the Minister is prepared to give us all the information then we may be able to do it right in this Chamber. But I say, Mr. Chairman, that on the face of it, the Minister advising us on Monday that the great thing is that the mine is continuing; by his receiving a letter on Friday that it's closing down; by the stock market fluctuations; the fact that there appears to have been no alternative plan; that there are no policies for other developments in the area; all of these things indicate, Mr. Chairman, that this House, and even more important of course, the people of Manitoba need to have a lot more information on this whole transaction and on the way in which the Minister himself has followed it through; because on the face of it, Mr. Chairman, it appears to me that the Minister has not been following this matter and has not been taking care of our interests.

..... continued on next page

MR. PAULLEY: Mr. Chairman, I have listened with a great deal of interest to the Honourable the Leader of the Opposition in respect of San Antonio as indeed I listened to the remarks of the Honourable the Minister of Mines and Natural Resources in his remarks preceding those of the Leader of the Opposition.

You know, Mr. Chairman I only wish I was clairvoyant. I wish that I had the power to see what is going to happen three years from tonight. In retrospect, if I had this power three years ago when we were considering the whole question of governmental monies to San Antonio, I would have been aware of the fact that the mine would have been doomed to failure and that we would have had an opportunity here tonight to condemn the government for its contribution in an endeavour to find more gold in order to keep the mine going.

However, I don't think this is quite sufficient, because, Mr. Chairman, three years ago we unitedly in this House, as I recall it, agreed with legislation that would provide to the management of San Antonio sufficient monies to explore new areas for gold in order to keep the mine going. At that time as I recall it, at least as far as my group was concerned, we were not concerned with the shareholders or the stockholders of the mining industry, we were concerned with people, and for that reason we lent our support to the government proposition of the loan of public funds to San Antonio. As a matter of fact, Mr. Chairman, I think that I would be correct in saying it was pretty well the first time in the history of the Province of Manitoba that the two free enterprise parties, the Conservatives and the Liberals, and the New Democrats who are accused sometimes of not being free enterprisers, joined together in supplying funds to a gold mining community to keep people at work and within the community.

So I say, Mr. Chairman, it would be very nice if I or we in this House were so clairvoyant that we would know what was going to happen three years hence, but we're not; and all we can do is to assess in the likes of this the problems that we become faced with from time to time. So I'm going to say, Mr. Chairman, as far as I'm concerned, I'm not going to decry the government for not knowing precisely what would happen today. I can fault them yes; and fault them indeed I can and will. But if I fault them I want to know, and I think the House should know why I am faulting.

I want to fault the government because three years ago when we were considering the loan to San Antonio, the First Minister took it upon himself after consultation with the Leader of the Official Opposition and myself, to contact the stock exchange at Toronto, and I believe other headquarters as well, to stop trading in San Antonio stocks. If I recall at that time they were running somewhere around 30¢ a share. And pending the agreement between the Province of Manitoba - I should say this Legislature - the agreement between this Legislature and San Antonio Mines, there was a freeze on the stocks or the trading of the stocks in respect to San Antonio. So I say, Mr. Chairman, if I'm going to fault the government I want to fault them for not doing the reverse since the announcement was made by the officials of San Antonio because as the Leader of the Official Opposition has pointed out, there has been a considerable amount of trading in the stocks of San Antonio. If memory serves me correctly, Mr. Chairman, the day the announcement was first made, the stocks were selling at somewhere around about 16 or 17 cents. They went down to 4 cents. I believe that they are a little better than that today; if memory serves me right, they have gone up a bit.

Unless anyone gets the wrong impression, Mr. Chairman, I have only followed the stock of San Antonio because I am a shareholder in San Antonio as a Member of this Legislature. I hold no personal shares at all other than being a member of the Legislature that voted for the loan of a quarter of a million dollars to San Antonio. So for the last three years I have had my satisfaction of watching the fluctuation of the stocks in San Antonio and I have noted this. So I fault the government for not doing the same in face of the present circumstances that they did three years ago, namely, getting an agreement between the various stock exchanges to take off of the market stocks of San Antonio, because I fear, I fear that some of the manipulators of stocks might be utilizing the present situation of San Antonio for their own financial enhancement.

The Minister when he was speaking a few moments ago made comparisons between wage rates at the mine between the year 1934 and the present time. I would like to hear from the Honourable Minister why 1934 because we were at that particular time in the throes of the greatest depression the world has ever known, and yet my honourable friend chooses that year to compare between wage rates in the mines and today.

The Minister indicated to us that steps had been taken to obtain help from the Federal Government in October of 1965 in order to keep the mine going or the community going.

(MR. PAULLEY cont'd). I want to know from my honourable friend why it was, as is apparent, that this House was not informed prior to the matter being raised by my colleague from St. John's, why this House was not informed with the Minister's opening statements as to the true situation at Bissett. I think, Mr. Chairman, it would be proper for me and only fitting because we are dealing with this question now, to quote from excerpts of the speech made by my colleague from St. John's, Mr. Cherniack, on Monday, March 28. And I refer to Page 1350 of this year's Hansard wherein my honourable colleague states: "I do not think anybody in this House was too concerned about the monies that were advanced, when and how and if they would be repaid, providing this community", in reference to Bissett, "was kept alive and working for the benefit of people living in it and of the province, but I am wondering whether the problem that arose three years ago may repeat itself and what is being done to prevent a repetition of this problem."

This, Mr. Chairman, is what my colleague from St. John's said prior to the news breaking, in the press, as I understand it as to the situation in Bissett. On many occasions members of the New Democratic Party and prior to that the CCF Party of Manitoba, have drawn to the attention of this government and governments that preceded it, the dire consequences that might follow as the result of a mining area becoming depleted of resources or mining areas becoming uneconomical in the opinion of the manipulators of the mines or the financiers.

It seems to me, Mr. Chairman, that we have reached that situation here today once again and as I said at the offset I do not fault particularly the government of the day for doing this, because it is historical of governments of the ideology and psychology of both my honourable friends opposite and those of my right; the only time concern is exhibited is when such events occur as are occurring at the present time in respect of Bissett.

My honourable friend the Leader of the Opposition did suggest that maybe in time we should have another commission or committee of the House to look into the failings of the government in respect of Bissett. Well, it might be a good idea, Mr. Chairman. We've just received the report of a commission which drew to our attentions the failings of somebody; it might be a good idea to have another commission to draw to our attentions the failings of somebody else.

My colleague for Elmwood indicated to me a few moments ago in a private conversation prior to the suggestion of the Leader of the Opposition - he said to me, "Buzz, how about it? How about suggesting a royal commission to consider the ineptitude of the government, the inefficient operation of Bissett mine by the government, by appointing another commission." Maybe he's got something, Mr. Chairman. I leave it in reply or the reply to the Honourable the Minister of Mines and Natural Resources whether we might have another commission to resolve the difficulties which the people of Bissett are faced with at the present time. He may consider this, Mr. Chairman.

I want to say, Mr. Chairman, to my honourable friend the Minister of Mines and Natural Resources and to his government as I did the other night, that the prime concern of our party is not default or the failure of government; our prime consideration is to what might happen with the people of Bissett. This I think is the most important consideration.

The Minister of Labour the other night assured me that jobs will be found for all of the people of Bissett. I trust and hope that his statement of that evening will materialize; jobs will be found for all of those engaged in mining, new locales for business and enterprise will be found for those engaged in other financial aspects than that of mining, without undue burdens on the people who may have to leave Bissett.

I well recall, Mr. Chairman - and I speak now as an employee of the Canadian National Railway - I well recall the fact of how the railroad was called upon to make a contribution to the movement of Sherridon to Lynn Lake because of the exhausting of the mineral resources at Sherridon. But here, Mr. Chairman, the situation is a little different. There hasn't been a depletion of the resources at Bissett as I understand the matter. The Minister when he was speaking a few moments dealt with the question of wage rates and suggested that they were higher here at Bissett than they were in certain other areas. I suggest to him and to the Minister of Labour that if it is necessary to increase still further the rates of the workers at Bissett in order to keep a community alive, then this Legislature should consider doing so. If this is the price that we have to pay further to keeping this community together, I suggest that we give the matter our deepest consideration.

It may seem strange, Mr. Speaker, that one might talk along this line dealing with a commodity that's absolutely worthless, except for the filling of teeth, called gold, because we

(MR. PAULLEY cont'd)..... extract it from Bissett, Snow Lake and Timmins and other areas here in Canada; we subsidize it by direct contributions from our federal treasury and eventually it lands up as I understand it in some dungeon down at Fort Knox in United States of America. Such a course, Mr. Chairman, is the methodology by which our free enterprise system operates. And until such time as people of wisdom take over the reins of government I suppose this will continue. But in the interim, Mr. Chairman, I suggest to the Honourable the Minister of Mines and Natural Resources that here might be an opportunity where instead of giving a little extra to Monoca and Company for the exploitation of our forests in northern Manitoba, we might give a little more to the community of Bissett in order to keep them in operation as well.

So in conclusion, Mr. Chairman, again I would like to ask my honourable friend why the comparison between 1934 and 1966 in respect of wages. I would like to know from my honourable friend whether or not he might think it's a good idea to have another judicial commission, another committee of the House or something else to look into the deficiency of the modus operandi of the Roblin administration in Manitoba. Of course, Mr. Chairman, having said this I would agree that no administration that Manitoba's ever had needs more investigations or more commissions, be they judicial, commissions of the House, than the present administration. So I would like to hear what the Honourable the Minister may have to say regarding these few points which I have raised.

MR. MARK G. SMERCHANSKI (Burrows): Mr. Chairman, I'd like to add a few remarks to this debate. I feel that it is a very sad day indeed because of the fact that this government undertook the supervision as part of its responsibility to continue the operation of the San Antonio Gold Mines. There was a period of three years of grace, Mr. Chairman, in which something could have been done. It would appear that this government took upon itself to do nothing in this three year period of grace, and I say this most advisedly to you, Mr. Chairman, because no consultants were appointed. The operating management continued to flounder from one week to the other without proper supervision from the supervisory management in Toronto. Mr. Chairman this was a known fact. This was a known fact to this government and when something could have been done in this three years of grace which the mine could have been saved, this government elected to do simply nothing about it.

Last year, Mr. Chairman, we were presented with a wonderful scheme of geological study of geomagnetic, geophysical, all the technical terms in the dictionary that is used by the average geologist, and this was going to be applied to an area lying to the east of the presently producing mine or closing mine of San Antonio.

Now, Mr. Chairman, would it not have been more advisable, would it not have been more practical to have applied this study to something that was worthwhile prolonging in terms of production? Would it not have been more proper to apply this study to the San Antonio formation and to the possibility of extending the San Antonio operation?

Mr. Chairman, the Minister has not once, but some four times, five times and six times, mentioned that there was not sufficient, that there was an inadequate work force - Mr. Chairman, this is being brought to the attention continuously in his remarks - and yet it was this government that appointed itself as the guardian of this operation. What was this government doing for the last three years if it wasn't able to supply adequate trained work force? This government has failed the management and the people of Bissett. This government, Mr. Chairman, has training courses for the training and retraining and regrouping and retraining of every group, labour, in the department of Education, in the department of Industry and Commerce, in the department of Welfare and in the department of Labour. What did they do in these three years? What kind of retraining did they undertake? We talk about underground development. We talk about adequate ore reserves as late as the latter part of 1965. Do you think, Mr. Chairman, that a mine runs out of ore in the mere matter of a month or two? You have a definite program that you work in terms of a cushion of ore reserves.

I would like to find out from the Minister what happened to the three areas of hoisting from three different horizons and having to handle the ore three times. This was brought to us most strongly during the inquiry we had prior to granting the loan to the mine. Nothing has been mentioned about this matter, Mr. Chairman, and this is one that is far more important than anything else that's been said in this House tonight. This government had the ability and had the trained personnel to be able to supply the operating management of the

(MR. SMERCHANSKI cont'd).....San Antonio Gold Mines with proper consultants, engineers, geologists, and so forth, and there was much to have been learned and there was much to have been compiled in the form of exploratory data within which to build and extend the ore reserves of the San Antonio mine. I fully appreciate, Mr. Chairman, the hard work, the dedicated work that has to be undertaken in an instance of this type when the operating management has to work twice as hard, because upon this operating management rests the entire success of the mine and the entire success of the community. This is a responsibility that no operating management at any mine discharges lightly. Mr. Chairman, this government selected not to assist the operating management in a proper manner.

At the present time it is easy for the Minister to say that there is no solution, but, Mr. Chairman, there was a solution, there was a solution to this mine, there was a solution to this problem for the last three years and nothing was done, and only in the last three weeks, I daresay possibly less than that, we find that the government has failed its responsibility and has failed miserably; and it stands to be condemned on those basis, Mr. Chairman.

The matter of work force is inadequate. We have an excellent population and a settlement of Indian and Metis work force at Hoe River and at Manigotagan. What has been done to take these people out of these settlements and make them available for training in the operations of the mine? I would imagine that the rate of pay which is the basic rate of pay of some \$1.92 per hour is somewhat higher than what the average rate of pay would be to the residents in the Manigotagan or in the Hoe River settlement for the last three years.

We hear much about feasibility reports in this Chamber from time to time. I wonder how many feasibility reports were prepared in the last three years on the San Antonio Mine? I wonder what type of over-all progress reports were prepared in reference to this and who in the government was elected or appointed to make a study of these reports.

Mr. Chairman, as far as the job opportunity and retraining that we hear so much these days and the amount of work that this government is going to do to the Indian population in this province, here was a golden opportunity to do something worthwhile over a period of three years and this was not done.

It is quite easy to mention and say that the Federal Government made a commitment that it would do all that was necessary to help preserve the community of Bissett; but the Minister failed to tell us what this government had done to preserve the community of Bissett. To ask the people of Bissett to come and confess to the proposed appointment of an administrator and to ask the community of Bissett to come to this government and tell them what is wrong today after the horse has been stolen is of no consequence, Mr. Chairman. Three years of grace were in existence and nobody took opportunity during this three years of grace.

You would think that the emergency plan that has been worked out by this government is something that they should be really proud of. Mr. Chairman, it's nothing to be proud of. The program that was required in reference to this operation is a complicated and technical program. It should have been one where we had some competent geologists or mining engineers working with the operating management side by side, and not only on the occasional visit, but on a continual basis. This government placed itself in the position of guardian to the San Antonio Gold Mines and it did have the responsibility, and its responsibility was to do everything within its power to assist the operating management of the San Antonio Gold Mines. Our Department of Mines and Natural Resources in their Mines Branch has one of the best technically able people from the standpoint of geology and mining engineering. Now why weren't these people made available on a permanent basis of some type of an arrangement to assist these people? And if they had, Mr. Chairman, the Minister wouldn't have to tell us today that the ore situation during the latter part of 1965 was one of a favourable situation.

Mr. Chairman, the Minister in his remarks continually brought up the matter of adequate labour force. How do you think, Mr. Chairman, that the mining camp of Red Lake is able to retain its labour force? Here is a shining example of where the Indian population of the Sandy Lake Reservation, Favourable Lake Reservation and some out of the Kenora Indian Reservation are being employed in the mines of the Red Lake mining area; and in some mines today they make up as much as 40 and 50 percent of the labour force and they are discharging their responsibilities most satisfactorily. Now here we have a mine that is only some 15 miles away from two potential settlements where Metis and Indian labour is available. Now to simply keep telling us that there was an inadequate labour force, simply doesn't add up. There is somebody not telling us the entire facts or somebody is not telling us the truth and I don't know who it is; but somebody has failed down the line, Mr. Chairman.

(MR. SMERCHANSKI cont'd).....

Mr. Chairman, I will also take exception to the Minister's remarks that in 1933 or 1934 there was no bonuses paid. I might mention that all the underground development work done, whether it is in gold mines or base metal mines, is done on a bonus system, so that a miner who is able to work harder is a miner that will get a bigger pay cheque, and a miner who doesn't want to work as hard will naturally get a small pay cheque.

Now in the Minister's remarks, Mr. Chairman, nothing has been said of ore development. Nothing has been said as to the number of feet of ore development that were carried out in the last three years. Nothing has been said as to the amount of lateral ore development that has been carried out in terms of the number of tons of mineable gold ore that has been developed. These would be very interesting comparisons, Mr. Chairman. These would be comparisons that would make some concrete common sense; but to just tell us not once, but some five or six times, that there was an inadequate work force is simply beyond the realm of what makes common sense in mining.

We hear much about the cost-price squeeze and trying to justify our stand that there will be other gold mines in Canada that will be closing. Well, Mr. Chairman, this is the way of life of mining. Some mines run out of ore bodies and close. Other mines are mismanaged and close; other mines find that their ore body is not of sufficient value to make the operation profitable and close. But this is a new one on me and I think a new one in the industry, in that the price squeeze and inadequate work force has forced the suspension of mining operations at the San Antonio.

Now, Mr. Chairman, why weren't miners trained at the mine? If they were, why were they not trained in sufficient numbers? Surely in the last three years of grace, because this is what it was, we had three years and this was the period of grace within which something could have been done. I think that the Minister has to be held responsible by virtue of his own remarks in that the mine had sufficient ore reserves during the latter part of 1965. So he cannot deny the statement that it was due to ore reserves, therefore, he hangs his hat on this phrase of inadequate work force.

To hold public meetings, Mr. Chairman, at this late date, to once again press the panic button, once again a crash program in order to bring to the taxpayers of Manitoba that publicity, that news media, that here we are doing something to try and salvage the community of Bissett, and not one word is said of what wasn't done and what should have been done in the past three years. If the government had discharged its responsibility properly, I quite honestly believe, Mr. Chairman, that this mine could have been extended for several more years of successful operation, and I think that a part of this responsibility will have to go down as a responsibility of this government in the mismanagement of the direction of the San Antonio mine, simply because this government elected to act as its guardian and simply because this government has failed, and has failed badly to be the proper type of a guardian to the successful development of the San Antonio Gold Mine.

The Minister said that the taxpayers of Manitoba, and for that matter the people of Canada, have been able to gain three years of additional employment from this mine. Mr. Chairman, I go a little further on that and say to the Honourable Minister, and why not for another seven years?

The next thing that concerns the matter of proper recovery of the loan, is why did the government leave itself in a position to jeopardize the loan at any time? This is completely unnecessary. Why at this last moment, why at this last stage, we now put government controllers to approve the expenditures going on at the mine? Would it not have been better, Mr. Chairman, to have done this in a proper manner, and as we on this side of the House had suggested some three years ago, this could have been a wonderful opportunity for a properly integrated operation with government assistance at all times, government assistance from the standpoint of geological and mining assistance.

Now we are told that we are going to be assured of course that any expenditures that are being made are justified expenditures. But, Mr. Chairman, you can still make justified expenditures but you might be operating at a loss, and what appear to be justified expenditures might well be wasteful expenditures, completely unnecessary. If they're not going to accomplish anything to prolong the livelihood of this operation, therefore they are wasteful and unjustified.

Here we have, as so often is the case with this government, plenty of fanfare, plenty of publicity to make sure we catch this publicity, Mr. Chairman, early enough in the game that

(MR. SMERCHANSKI cont'd). this government would not be criticized; that it is doing everything possible to justify the existence, not the existence of the San Antonio Gold Mine but the existence of this government. They are very careful to make sure that the news media and the right approach is made at this late stage to justify their stand, to justify their action. Mr. Chairman, we are interested in the justification; we are interested in the prolonging of the life of the San Antonio Gold Mine.

I think, Mr. Chairman, this is a wonderful example of some of the schemes that this government has originated. They are brought up to a certain peak and then they are done away with. This is how we now see how the San Antonio Gold Mines are finally going to be allowed to go down the drain, when this government had at its disposal the necessary technical, the necessary geological guidance in terms of diamond drilling exploration to extend the ore body underground, the matter of the cost study to justify the handling of the ore from the lower levels by three separate openings at three separate stations at a high cost as compared against providing one deep shaft and working out the cost study program.

I wonder if anybody did work out the cost study program on this, Mr. Chairman. My understanding is that the present operating management was not permitted to work out the details of the advantages of this underground mining arrangement. The question naturally arises, why didn't the government, which was in a position to do, interject itself and force upon the supervisory management to work out some of these details; and if the government has worked out any of these details, why weren't they made public? I think that this House was entitled - during this period of three years, I think that this House was entitled to some type of information or progress report as to the progress of the San Antonio development.

Mr. Chairman, you have a man by the name of Mr. Reynolds who is the operating management at the mine, and I daresay that this man is a very competent individual and is one of the better type of managers of a mining operation like the San Antonio Gold Mine. I know that this operating management has not been receiving the proper type of encouragement, has not been receiving the proper type of guidance, and has not been receiving the proper type of assistance based on technical know-how. Mr. Chairman, you can look at an assay plan of any

MR. LYON: . . . Mr. Reynolds has not been receiving this as my honourable friend says, who has he not been receiving it from? Would he mind telling us?

MR. SMERCHANSKI: Mr. Chairman, I would like to counter this by asking the Honourable Minister, can he give me proof that the supervisory management has been giving the operating management on the property full and free powers in reference to underground development? You answer mine first.

MR. LYON: Mr. Chairman, my honourable friend made a statement to the effect that Mr. Reynolds has not been receiving operating advice. I asked a very simple question. Is he talking now about management; is he talking about the government? Would he please clarify that for us?

MR. SMERCHANSKI: Mr. Chairman, I will clarify all my remarks and the Honourable Minister needn't think that with his snide remarks he's going to find a weak point in my presentation.

MR. PETERS: It's all weak.

MR. SMERCHANSKI: I want to tell you, Mr. Chairman, I spent many years underground and --(Interjection)-- and, Mr. Chairman, I'll come back to the remark I made. When you are developing a mine underground, a gold mine such as the San Antonio, when you're driving these headings in new virgin territory you analyze the gold values you encounter in this development and these are plotted on what is known as an assay plan, and, Mr. Chairman, you can take this assay plan and you can have three or four engineers give you two or three very valid arguments as to why one section would make ore and the other section won't make ore. The point I am leading up to, Mr. Chairman, is that in a mine of the type that the San Antonio Gold Mine is, it is in this type of mining that the operating management requires constant assistance, constant guidance, in order to make the best decision possible for the largest number of tons mineable ore.

Mr. Chairman, the geological formation in this mine has not changed very much from the surface down to its lowest workable level, and this mine has been operated at a profit since 1933 and 1934. Now surely there is something more than a matter of adequate labour force. I can use my own conclusions and I'm not going to burden the House with the reasons for these conclusions, but it would appear to me, Mr. Chairman, that there is something more.

(MR. SMERCHANSKI cont'd)... If the geological structure is the same, if the over-all vein structure in this block of ground is the same, then what happens to it at a lower level? If these conditions change, then probably there is no additional ore in the bottom level, but from the Minister's own statement, this does not seem to be the condition.

Now I'd like to also mention the fact of a road. Mr. Chairman, we have a road that was built into the San Antonio Gold Mine that is possibly two times as expensive as was necessary into this area. I think that my Leader brings out a very good point in that if less money had been spent on the road into Bissett and those additional funds had been made available for a road from Bissett into the Cat Lake and Bird Lake area, I think that you would have been able to find and develop other mining possibilities in the Bird River - Cat Lake area. There are minerals in this area that can be mined economically, and it would be this area that could profit to advantage from the use of the present mining plant that is located at Bissett, otherwise, Mr. Chairman, the mining plant as it stands today, if the operations are brought to a standstill, is almost valueless. This plant will be cannibalized, certain sections of this machinery will be sold, and the over-all effect of the plant as a unit will be destroyed. The loss of this mining unit to the central Manitoba mining area of Manitoba will be lost forever, and it has a great deal of value in being able to develop new properties, bring new mines into production, and in that way prolong the mining activity in this over-all area.

As an example, Mr. Chairman, what will happen if the study that the Honourable Minister of Mines and Natural Resources has told us about immediately in that area east of the San Antonio, now wouldn't this be a wonderful place to mine the ore if a new mine is developed in that area, and if this is not done, if this plant is not protected, it will be lost for good to the mining section of the central Manitoba mining area.

Mr. Chairman, I am somewhat at a loss to know, with all the ability and ideals and ideas that come forth from this so-called Progressive-Conservative government, and I say "so-called," Mr. Chairman, and yet nothing concrete has been arrived at to prolong the life of the San Antonio Gold Mine. You know, Mr. Chairman, we haven't got a single mining centre in Canada. Now if the Federal Government is so interested in this project and if the Provincial Government is so interested in this project, would this not be a wonderful place to preserve as a mine training centre for all of Canada. Why you could train your miners for the area of Thompson and Flin Flon and into the Snow Lake area. --(Interjection)-- you wouldn't know what a mine looked like.

The thing is, Mr. Chairman, this is an excellent location where you have a community in itself, bunkhouse accommodation for single men; you have the church service; you have the banking service; you have the grocery service; you have everything that you would want to have, and it is this centre that can be perpetuated. You can train and develop miners for all other parts of Canada. Now something along that line would be a wonderful approach to the San Antonio project.

Now, Mr. Chairman, to me, I can see no good reason why something along that line cannot be undertaken at the San Antonio. The mining industry in Canada is a very large mining industry and I think that a proper approach to the mining industry, a proper approach to the government, would result in the proper co-operation to extend the plant and mine at the San Antonio Gold Mines. Do you wish to call it 10 o'clock, Mr. Chairman?

MR. ROBLIN: I move the Committee rise, Mr. Chairman.

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

IN SESSION

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

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

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

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