

**MINISTERIAL  
MEETING ON  
ECONOMIC  
DEVELOPMENT  
IN MANITOBA**

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**JANUARY 19 / 1970**

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DEPARTMENT  
OF REGIONAL  
ECONOMIC  
EXPANSION

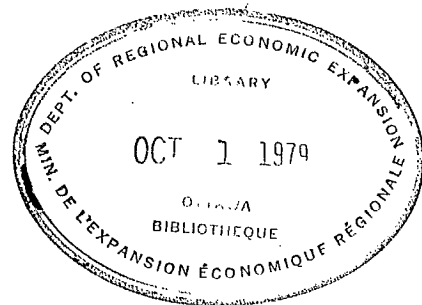
Ministerial meeting on economic development in Manitoba  
Ottawa, Ont, 1970

Ministerial Meeting on Economic Development in Manitoba : [summary record  
of the discussion]

January 19th, 1970

Ottawa, Canada

List of Expected Delegates and Advisers



MANITOBA DELEGATION

Hon. E. Schreyer	Premier of Manitoba
Hon. S. Green	Minister of Mines and Natural Resources
Hon. S. Miller	Minister of Youth and Education
Hon. L. Evans	Minister of Industry and Commerce

Advisers

Mr. R.A. Wallace	Secretary, Planning and Priorities Committee of Cabinet
Mr. J.D. Collinson	Assistant Secretary, Planning and Priorities Committee of Cabinet
Mr. E.A. Poyser	ARDA-FRED Co-Ordinator
Mr. J.S. Anderson	Deputy Minister of Finance
Mr. L.D.R. Dyke	Deputy Minister of Industry and Commerce

FEDERAL DELEGATION

Hon. Jean Marchand	Minister of Regional Economic Expansion
Hon. Allan J. MacEachen	Minister of Manpower and Immigration

Hon. Jean-Luc Pépin	Minister of Industry, Trade and Commerce
Hon. John J. Greene	Minister of Energy, Mines and Resources
Hon. Jean Chrétien	Minister of Indian Affairs and Northern Development
Hon. Horace A. Olson	Minister of Agriculture
Hon. Donald C. Jamieson	Minister of Transport
Hon. Robert K. Andras	Minister without Portfolio responsible for housing
Hon. James A. Richardson	Minister of Supply and Services

Advisers

Department of Regional Economic Expansion

Mr. T. Kent	Deputy Minister
Mr. J.P. Francis	Assistant Deputy Minister (Planning)
Mr. M.J. Fitzgerald	Regional Director, Western Region
Mr. E.C. Aquilina	Special Adviser to Deputy Minister
Mr. J.R. Lane	Planning Division

Department of Industry, Trade and Commerce

Mr. R.G. Head	Assistant Deputy Minister (Operations)
Mr. L.F. Drahotsky	General Director, Office of the Industrial Policy Adviser

Department of Energy, Mines and Resources

Dr. C.M. Isbister	Deputy Minister
Mr. A.T. Davidson	Assistant Deputy Minister (Water and Renewable Resources)

Department of Agriculture

Mr. S.B. Williams	Deputy Minister
Mr. J.S. Parker	Special Assistant to the Deputy Minister

Department of Transport

Mr. A. Baker	Special Adviser to the Minister
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Central Mortgage and Housing Corporation

Mr. H.W. Hignett	President
Mr. W. Rudnicki	Executive Director
Mr. A.E. Coll	Executive Director

Department of Manpower and Immigration

Mr. R.A. Jenness	Director, Planning and Evaluation Branch
Mr. J.D. Drew	Director, Activities Development Branch
Mr. D.K. Bland	Director, Manpower Utilization Branch
Mr. H.J. Meyer	Assistant Director, Programs Branch



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Ministerial Meeting on Economic  
Development in Manitoba

OTTAWA - January 19th, 1970

This summary record of the discussion has been compiled by the members of the Secretariat of the Meeting as a matter of convenience to the delegates. It does not have the status of official minutes of the meeting.

F.C. Pim  
Secretary of the Meeting

May 1970

January 19, 1970

1. The meeting was opened at 9:40 a.m. by the Chairman, the Honourable Jean Marchand.

2. Mr. Marchand indicated that the meeting was being held to discuss the economic development of Manitoba with particular reference to a document recently submitted to the Federal Government by the province. He then invited Premier Schreyer to make a general statement on Manitoba's development approach.

3. Premier Schreyer said that his officials had, for the past four to five months, been formulating a development strategy for their province, related to the announced programs of the Department of Regional Economic Expansion. For this purpose, the Premier said Manitoba had to be looked upon as four separate regions:

- (1) Winnipeg urban-industrial region
- (2) Brandon urban-industrial region
- (3) The agricultural region, including trading centres
- (4) The northern resource region

Premier Schreyer said that his province has many specific infrastructure development needs at the present time in the urban-industrial regions and in the Northern Resource Region. He specifically mentioned Winnipeg, Brandon and The Pas and indicated that he hoped to reach agreement at the meeting on what kinds of programs would qualify for federal assistance under the DREE program. He also stated that he wanted clarification of the policies of the Department of Indian Affairs and Northern Development related to Indian programs in Manitoba.

4. Mr. Marchand then invited the Honourable H.A. Olson, Minister of Agriculture, to comment on the agricultural proposals presented in the Manitoba document.

#### AGRICULTURE

5. Mr. Olson asked Premier Schreyer for additional explanation of the concepts and philosophy behind the proposals in attachment 6 of Manitoba's document.

6. Premier Schreyer dealt first with farm credit programs. He stated that his government was anxious to see loans made available to farmers for diversification purposes. The Farm Credit Corporation's present policies did not permit loans to be made for this purpose in the number and amounts required, and the Federal government should therefore make 4-5 million dollars available to Manitoba to compensate for this deficiency. He also asked if the FCC's policy on diversification loans was under review.

7. Mr. Olson replied that the FCC's policies had been under review for some time and that the Federal government was keenly interested in making adjustments in credit policies related to farm diversification and debt consolidation. He suggested, however, that although diversification was certainly required in Prairie agriculture, serious problems could be created in the cattle industry if too liberal credit policies are adopted too quickly. Present prices on feeder cattle were too high in relation to final prices on finished animals and increased credit could only increase pressure on a feeder market on which there were already too few animals in relation to the amount of money and credit available.

Mr. Olson said his Department wanted to assist in the diversification process, but felt that caution must be exercised to ensure that even more serious problems are not created in the process.

With respect to hog production, Mr. Olson said some limited expansion was possible. Although the present rate of growth in production was more or less keeping up with market potential, there was room for some long-term expansion in the form of buildings and improved facilities.

Mr. Olson concluded by observing that the FCC had an extensive service structure in Manitoba with trained field men who were capable and competent to service Manitoba farmers. He therefore wondered why the Manitoba government was requesting that federal funds for farm loans be administered by the province rather than the FCC.



8. Premier Schreyer welcomed the news that the FCC's policies were under review, and indicated that if the revised policies permitted support for special crops and cow-calf operations, then the loan money could be channeled effectively through the FCC. He observed, however, that so long as there were two government farm credit agencies operating in the province (federal and provincial) there was bound to be co-ordination problems as well as some confusion among farmers regarding government-sponsored farm credit.

Mr. Olson agreed that the existence of two government farm credit agencies presented a few difficulties but felt many problems could be avoided if the agencies were to develop complementary programs. The FCC, for example, could concentrate on long-term loans.

9. Mr. Olson dealt next with the Manitoba's proposal that PFAA should be phased out and its resources re-allocated to an expanded crop insurance program. He said that the Federal government does not feel that the PFAA program should be withdrawn until crop insurance is available to all farmers and that is not yet the case. He added that the Federal government was anxious to expand the present crop insurance program and was prepared to pay 25% of the premiums and 50% of the administrative costs in an expanded national crop insurance program.

Mr. Olson said that the money spent on PFAA is not a factor retarding expansion in crop insurance.

10. Premier Schreyer next asked for assurance that federal support for pasture development and maintenance and land-use adjustment programs would be continued.

Mr. Olson replied that instead of breaking virgin land for pasture development the emphasis should be on consolidation of presently marginal farms for community pastures.

11. Mr. Kent assured Premier Schreyer that so far as his department was concerned there had been no change of policy in this regard, and that DREE was prepared to assist pasture development and land-use adjustment programs under PFRA and/or ARDA. He agreed with Mr. Olson that emphasis should be placed on taking marginal land out of production.

In response to a question from Mr. Schreyer, Mr. Kent also said that the Department had no dogmatic views on whether pasture projects should be under ARDA or PFRA. While some provinces preferred to use ARDA, the Department was also prepared to have a fairly vigorous program under PFRA.

12. Premier Schreyer then brought up the subject of supplementary cash advances. He suggested that additional cash advances of from \$500-\$1,000 to medium and small scale wheat farmers would possibly stimulate the Manitoba economy more effectively than any DREE program. The Premier asked what the Federal government's reaction would be to a province initiating supplementary cash advances to farmers. He also asked if the Federal government was prepared to change legislation to permit provinces to give cash advances.

In reply, Mr. Olson stated that in the current crop year, approximately 19,400 out of a total of about 35,000 permit holders in Manitoba have received cash advances totalling about \$35 million. He said this was the largest total for cash advances since 1966. The Minister observed that a bushel of grain cannot be sold twice, and wondered how far it was possible to go with cash advances. He noted that it will not be possible to recover all the advances made this crop year by the end of the year.

In response to a question from Mr. Green, Mr. Olson said that the cash advance statistics he had quoted indicated that there was substantially more cash in the grain economy in the first half of 1969 than there had been for several years.

13. Premier Schreyer said he was surprised by this statement but Mr. Olson replied that legislation had increased the amount of advances and that more farmers were applying. These facts, taken together with a solid rapeseed market and the special quota on barley, had greatly improved the cash position.

Premier Schreyer concluded by requesting that some study be given to modifying the present legislation so that those not eligible for maximum advances be allowed to have supplemental cash advances of between \$500 and \$1,000. He observed that the regulations discriminate against medium and small scale operators.

14. Premier Schreyer also asked if the Canada Department of Agriculture and/or the National Research Council is engaged in research into industrial uses of grain. He requested that the Federal government consider the possibility of cost-sharing of such research currently underway at the University of Manitoba.

Mr. Olson replied that, while he could not give any specific examples, research on new uses for wheat was being carried out in federal laboratories. He noted that new uses for wheat have been found in starch production, and that there is increased use in the distilling industry. The Minister said he would look into the possibility of federal assistance to the research program at the University of Manitoba.

15. Mr. Olson concluded by noting that the Federal government would be introducing a bill on national marketing into the House of Commons. The bill would require considerable federal-provincial discussion, and the Minister expressed the hope that the federal government could count on Manitoba's co-operation in participating in these discussions.

#### TRANSPORTATION

16. Mr. Marchand then invited Premier Schreyer to comment on Manitoba's proposals for transportation and indicated that the Honourable D.C. Jamieson would reply.

17. Premier Schreyer stated that a report on air transport in Manitoba - the Banks Report - had recently been completed. He presented a copy of this report to Mr. Jamieson and said the report focussed on many of the present requirements for air transport in the province.

The Premier identified two subjects of concern to Manitoba regarding air transport and economic development: Federal policy on subsidies for regional air carriers and Federal support for air strip construction and upgrading in remote northern communities.

18. Mr. Jamieson first discussed the regional air carrier situation. He said that there are five regional carriers running north-south in Canada. He said he hoped to arrange access to one major centre for each carrier - e.g. TransAir to Toronto - in order to improve their viability. This does not mean, he stated, that

the regional carriers will be permitted to abandon service in their present territories. He was hoping, however, that the additional volume accruing to a carrier with access to a major centre would offset the problems of low volumes associated with servicing small remote communities. The Minister said that TransAir was currently negotiating with the Canadian Transportation Commission on the issue of routes and that he was hopeful of a satisfactory solution.

In reviewing northern air transport service, Mr. Jamieson stated major changes could be expected with the introduction of new transport vehicles, particularly the STOL aircraft. This type of aircraft could, he said, make conventional air strips obsolete. Because of this possibility, the Minister said his Department was not anxious to undertake a major air strip construction program at this time. He indicated, however, that the Department would certainly try to put in minimum quality strips where they are urgently needed. Mr. Jamieson said some of this construction could be done under the Department's community airport program. He noted, however, that there was already considerable pressure on this program and indicated that it was under review in the hope that it could be made more effective.

19. Premier Schreyer then brought up several specific points. He said there was a need for air strip development or upgrading at 20 to 25 remote communities. The needs included improved navigation aids and graveling of strips 2,000 to 3,000 feet long. The cost for these improvements he estimated to be \$700,000. The Premier also stated that he would like Mr. Jamieson to review the position of the Brandon and Winnipeg airports vis-à-vis Federal airport policy. He concluded by requesting Mr. Jamieson to carefully study the Banks Report.

Mr. Jamieson said he was prepared to go over Manitoba's requests in detail and to carry on further discussions with Manitoba on what his Department might do in the province.

20. Mr. Evans then presented a proposal regarding the University of Manitoba's transportation research centre. He said there was a need for a full-time administrative corps at the centre. The cost for providing this service is estimated to be \$40,000 per year and Mr. Evans proposed that the Federal government share these costs with the Manitoba government.

Mr. Jamieson replied that he would like to examine the proposal in light of policies for national transportation research. He said that there is a great need for co-ordination in transportation research in Canada and that before long an existing or new agency would have to take on this responsibility.

21. Premier Schreyer returned to the discussion on northern air service. He said that the air strips being proposed were very modest and would not become obsolete with changing types of aircraft. The Premier also stated that he wanted a notice of intent on Federal policy regarding air access to isolated communities.

22. Mr. Jamieson concluded by stressing the importance of co-ordinating all transportation systems in a region. He said that the effectiveness of each transportation mode should be evaluated before launching into major construction programs. He also observed that frequently the type of airstrip requested is more lavish than the small airport program can support. He suggested that more encouragement should be given to the industries that require airstrips in remote areas to build their own. The Minister concluded by inviting Manitoba to have further discussions with his officials on the details of an airport program.

#### MANPOWER

23. Mr. Marchand next invited the Honourable Allan MacEachen to make comments on the Manitoba document.

24. Mr. MacEachen disagreed with a suggestion in the Manitoba brief that the present programs of the Canada Department of Manpower and Immigration are not reaching the hard core of the unemployed. He quoted statistics which showed that, of 21,000 persons trained by his department in Manitoba in 1968-69, 16% had less than grade 6 education and 34% had less than grade 8 education. As well, only 40% of these trainees had jobs before training, while 80% had jobs after training.

The Minister stated his Department shared the objective stated by Manitoba of providing job access to the disadvantaged and that the Department was tilting its expenditures toward areas where economic development was needed. So far as the 3-year rule was concerned, he said he would have to await the results of a current review before deciding whether any changes should be made.

Mr. MacEachen went on to say that Canada Manpower was trying to plan ahead in allocating its funds for training and also trying to involve the provinces in these considerations. He said the department was doing a better job each year and suggested that it was doing some things perhaps better than Manitoba seemed to think.

25. Premier Schreyer replied by observing that Canada Manpower programs are not always appropriate in particular regions. He cited the example of The Pas where, he said, new jobs being opened up by the establishment of the Churchill Forest Products Plant will not be available to unemployed Indian people because they lack training.

Mr. MacEachen said he could not see why the necessary training could not be made available. There was nothing in the OTA act or the Manpower system which would pose any obstruction.

26. Mr. Miller said that it takes 6 to 7 months to train an Indian logger, but that Manpower appears prepared to consider only 2 to 3 months. Mr. Miller said this would be worthless since Indians have special problems and require longer training periods.

27. Premier Schreyer said that if an effective training program for loggers was established, the Indian Brotherhood was interested in signing a contract with CFP for supplying pulpwood.

Mr. MacEachen replied that there was no reason why the Canada Manpower programs could not respond effectively to this problem. He said that his Department could supply a trainee with a maximum of 104 weeks of training; this would cover the time required to train loggers. The Minister said he would examine in detail the case of The Pas job training situation.

28. Mr. Miller criticized the application of the three-year rule to the native population and asked that consideration be given to waiving it in certain areas.

29. Premier Schreyer and Mr. Green took the position that special manpower programs are required for Indian people in order to provide them with social orientation, basic life-skill training, skill training, and retraining to bring their productivity up to acceptable levels.

Mr. MacEachen stated that these activities could be undertaken under existing Canada Manpower programs.

30. Premier Schreyer asked Mr. MacEachen if Canada Manpower could provide the Indian Brotherhood with the training programs and management guidance it would require to fulfill a possible contract with CFP to provide 50,000 cords/year.

Mr. MacEachen replied that under the existing legislation, Canada Manpower could now supply 52 weeks of basic upgrading but that the length of this training period is under review and a longer period may be considered for illiterate people. Canada Manpower can also provide 52 weeks of skill training to a trainee.

Mr. MacEachen added that Canada Manpower purchases its programs from the provinces, so that a province can have considerable influence on the content and nature of the programs. He concluded by saying the general answer to the Premier's question was yes, present Canada Manpower programs could handle the CFP situation. However, he indicated that he would like more detailed talks with Manitoba on the question.

31. Premier Schreyer then asked, as a question in principle, if it was possible to modify or supplement Canada Manpower programs through DREE.

Mr. Marchand and Mr. Kent stated that DREE would not become operationally involved in the regular programming of Canada Manpower. They said that all Federal involvement in operational manpower programs would be handled by Canada Manpower.

Coffee Break: 12:00 - 12:25 P.M.

#### ENERGY

32. Mr. Marchand invited the Honourable J.J. Greene to comment on the Manitoba proposals relating to energy.

33. Mr. Greene opened by expressing interest in and sympathy for Manitoba's approach to its northern resource region. He said he was particularly taken with Manitoba's concern to relate people to natural resource development. He indicated that the Federal government has recently placed great emphasis on taking an ecological approach to resource development. The Minister noted, however, that his Department was still very much concerned with productivity and perhaps had not yet placed as much emphasis on the people side of the natural resource development equation as the Manitoba government would like to see.

Mr. Greene then dealt with the specific proposals presented in Manitoba's brief that have relevance to his Department. These included:

- (1) Proposed Uranium enrichment plant based on Nelson River power

Mr. Greene observed that the firm promoting this development is not presently in the business. Only two firms, Goodyear and Union Carbide, are currently involved. Since the U.S. Atomic Energy Commission owns the process, the Company must be licensed by AEC before it can enter the field. The Minister stated that the Company had approached EM&R 2-3 years ago about such a plant and the Department had shown its representatives all appropriate sites, including those in Manitoba. To the Minister's knowledge, no further initiatives have been taken by the Company since that time. Mr. Greene noted that in November 1969 the AEC stated that although it still controlled Uranium enrichment, it was interested in eventually turning this activity over to the private sector. The Minister did not know when or how this would be done, but he promised to follow developments regarding the AEC's policies and to keep Manitoba informed.

Mr. Greene then brought up his recent discussions with the U.S. concerning resources. He stated he would like to see a co-ordinated approach taken by the western provinces to the questions of energy resource development and marketing. A body representing the western provinces and charged with the responsibility of co-ordinating energy resource policies could be of considerable value, not only in federal-provincial discussions, but also to prepare for international discussions.



(2) Proposed Centre for Precambrian Studies

Mr. Greene stated that the Federal government was reserving its decision on the possibility of federal aid to the proposed Centre until the Science Council's study on solid earth research becomes available. The study report is due in March or April.

Mr. Greene added that his Department had already decentralized its scientific endeavours to some extent and was therefore interested in the proposal, although it would have to be on guard against problems of liaison and duplication. He observed that some 30 scientists from Energy, Mines and Resources would be transferred to Winnipeg if the proposal were implemented. He also raised the question of whether Winnipeg was the best location for the centre or whether some site in the northern part of the province would be more appropriate.

(3) Development of custom smelters

Mr. Greene noted that the question of smelter development is primarily an economic one. He said there is not now sufficient information available to determine what smelter capacity is required or whether expenditure of public funds could be justified. He stated that his Department was prepared to work with Manitoba on a survey of the prospects for mining development, but suggested that such a study should involve all three Prairie provinces.

34. Premier Schreyer stressed the importance of the proposed centre for Precambrian Studies. The Premier said that Winnipeg was an ideal location for the centre and that additional facilities located in Thompson could service research done in Northern Manitoba. He said such an institute in Winnipeg would be in a central position in relation to its region of concern in the same manner as the Institute for Petroleum Research in Calgary and the Bedford Institute for Oceanography in Halifax are central to their areas of interest. The Premier also indicated he would seek Federal support in gaining an uranium enrichment plant for Manitoba when and if the AEC makes the process available.

35. Mr. Evans asked Mr. Greene about the resource satellite program and wondered if there was a role in this program for Manitoba.

Mr. Greene replied that the federal government is at the very early stages of developing such a program. He said these kinds of programs are very expensive and that the Federal government is still attempting to determine:

(1) how to use Canadian funds effectively in the resource satellite field; and

(2) how to get the resulting information, for example on forest fires or pollution, to the provinces quickly.

Mr. Greene added that he would determine if provinces could participate in the U.S.-Canadian satellite discussions. His deputy, Dr. Isbister, thought informal liaison with the provinces on these discussions would be possible.

36. Mr. Green (Manitoba) urged Mr. Greene not to wait until the Science Council report was completed before making a decision on locating the Centre for Precambrian Research in Winnipeg. Manitoba feels a sense of urgency on this question.

37. Premier Schreyer pointed out that the province did not protest loudly when the Canada Forestry Research Laboratory was transferred from Winnipeg to Edmonton because it believed that the centre was being moved closer to the resource which it was intended to serve. In the same way, he believed that Winnipeg occupies a central position with respect to the mineralized Precambrian Shield.

Premier Schreyer stated that this centre should be sponsored by the Federal and Manitoba governments and the University of Manitoba and that his government and the University of Manitoba were ready now to commit funds to the project. He expressed interest in discussing with Mr. Greene cost-sharing arrangements for the centre.

INDIAN AFFAIRS

38. Mr. Marchand next invited the Honourable Jean Chrétien to comment on the Manitoba document.

39. Mr. Chrétien denied the suggestion made in the brief that his Department was gradually withdrawing from its responsibilities to Registered Indians. He dealt in some detail with the example of road maintenance on reserves, cited by Manitoba. The Minister said that Manitoba's Minister of Highways offered to do maintenance work on highways crossing Indian reserves. The offer was accepted and it was Mr. Chrétien's understanding that Manitoba would bill his Department for the charges. These would be paid out of funds allocated for road work on reserves.

40. Premier Schreyer said he was not suggesting there had been a formal change in federal policy but that, almost in a casual way, his government was ending up spending money on programs which were formerly all federal.

41. Mr. Green cited another example. He claimed the Indian Health Services of the Canada Department of Health and Welfare was going to stop paying T.B. health costs for Indians. He stated that this would cost Manitoba an additional \$500,000 per year and he felt that it indicated a lack of liaison between federal departments.

42. Mr. Chrétien reiterated his Department's policy of permitting provinces to extend their programs to Indian Reserves, with the Department refunding the costs of the programs to the provinces on the understanding that costs would be refunded only for those kinds of programs for which funds had been budgeted for within his Department.

The Minister then referred to the project at The Pas (mobile home facilities) saying that his Department had agreed to make the contribution it had been asked for. He also said that his Department had not been officially informed about the radio-telephone communications project mentioned in the Manitoba brief.

43. Premier Schreyer again expressed his concern about cost-sharing with the Federal government on Indian projects. He claimed that many programs formerly funded 100% by Ottawa are now supported at lower ratios. The Premier said his government is anxious to help the Indians, and is prepared to fund programs, provided it can be reimbursed by the Federal government for the costs of these programs.

44. Mr. Miller stated that since 1964 Manitoba has taken over the education of an increasing number of Indian children. He claimed that this is creating some financial problems for the province because the Federal grants for Indian education are based on per capita costs for students on a province-wide basis. Mr. Miller claimed that the per capita costs of educating Indian children is considerably higher than the provincial average for all children. Thus, with an increasing number of Indian students entering the schools, the financial burden on the province increases. The Minister stated that special inputs are required in Indian education; he also observed that the current education system serving Indians is inadequate. For these reasons he proposed that higher per capita grants be made by the Federal government for educating Indian children.

45. Premier Schreyer then brought up the question of the Native Development Fund. He said that if the province was to make a contribution to this fund, then Metis people would have to be eligible for grants and loans from the Fund. The Premier indicated that if this Fund (proposed by the Indian Brotherhood) was restricted to Registered Indians, his government could not contribute unless it was reimbursed by the Federal government - perhaps through DREE - so that it could make an equivalent contribution to a similar fund for Metis and Non-treaty Indians.

Mr. Chrétien said his Department, by law, is restricted to providing aid to Registered Indians and, therefore, any fund that it contributes to (e.g. Native Development Fund) must be restricted to Registered Indians.

#### HOUSING

46. Mr. Marchand invited the Honourable Robert K. Andras to comment on housing development for Manitoba.

47. Mr. Andras said the Federal government has not relaxed in its efforts to expand the stock of medium and low-income housing. He stated that up to 1969, 82,000 low rental units were constructed, but in 1969 and 1970 alone 60,000 such units will be built. Since the immediate need is for low-cost housing, the Federal government is concentrating its efforts in that direction.

Mr. Andras said the urban renewal program had not been terminated but that the scale of the finances involved, and the sociological problems associated with urban renewal and public housing, have meant that the program must be reviewed and modified. A new program will be started up slowly and the Minister indicated that it must have flexibility to allow for special conditions. Mr. Andras said CMHC is presently studying the whole process of urbanization, including the impact of public spending, and that the findings of this study would be discussed with the provinces when they were available in a few months time.

48. Premier Schreyer asked Mr. Andras to elaborate on the question of housing for remote communities.

Mr. Andras replied that the federal government would be guided by the provincial governments on its allocations to areas within provinces. He also indicated that some of the savings from reduced expenditures under section 40 could be used for resource towns, remote community housing, house renovation, etc. These funds are limited, however, because of increased spending under sections 16 and 35.

49. Premier Schreyer then wanted to know how much Federal money for housing would be available to Manitoba in the next fiscal year (1970-71).

Mr. Andras said he would send these figures to Premier Schreyer within a few weeks.

50. Premier Schreyer thanked Mr. Andras for his presentation, particularly for recognizing the need for flexibility in housing programs and the necessity for a province to know what amounts of money are available under specific programs.

REGIONAL ECONOMIC EXPANSION

51. Mr. Marchand said that in general terms he agreed with the philosophy of the development strategy proposed by Manitoba, but that federal involvement would have to depend on the priorities selected. He suggested that there should be no problem in reaching agreement on a development plan for The Pas but that the proposals for Winnipeg and Brandon were more difficult.

These difficulties, however, did not involve a question of principle, but of funds. Since not everything could be done at once, priorities had to be established not only within a region, but at the national level as well. Thus, while there was no objection in principle to including Winnipeg as a special area, this was not a decision which could be taken in isolation; it would have to be related to other Prairie communities such as Regina and Saskatoon which were in similar circumstances.

With regard to Indian problems, Mr. Marchand agreed with Manitoba that these represented a special case which could not be dealt with satisfactorily by normal programs alone. He said his department was prepared to work with other federal departments to develop special programs to meet this need.

Mr. Marchand said the joint federal-provincial advisory board on development proposed by Manitoba appeared to be a good idea but that he would not want to make any definite commitment until the implications of the proposal had been studied in more depth.

He pointed out that formation of such a board would create a precedent since no comparable body now exists. Therefore, the federal government would not want to become involved in such a project with Manitoba unless it was prepared to enter into similar arrangements with other provinces.

Mr. Marchand indicated that these implications deserved careful consideration and he proposed that a small group of federal and provincial officials examine the proposal in more detail to look at such factors as structure, terms of reference and working arrangements.

52. Premier Schreyer expressed pleasure that Mr. Marchand agreed with Manitoba's development approach even though he had indicated that the specifics would be a matter of negotiation. He added that he wanted to emphasize that, if the DREE community infrastructure program was to mean anything to Manitoba, it must concentrate on three areas: Winnipeg, Brandon and the Northern Resource Region. He indicated that the province could live with a decision that Winnipeg could not be included, but only if all of the Northern Resource Region was made a special area.

Mr. Marchand expressed surprise that Manitoba would want all of the north designated as a special area. He said he did not believe that the departmental legislation contemplated designating so large a region.

53. Premier Schreyer said his province was facing a very heavy cost in building roads to open up resources and had assumed that the new special area program would work in the same way as the former FRED program. He said his government had been planning on the assumption that some \$15 - \$20 million per year of federal funds would be available for this purpose. If this was not the case, his government would have to revise its development strategy since it was based on the idea that federal spending for special areas would be at least at the same scale as under FRED.

Mr. Marchand suggested that Manitoba appeared to have made some incorrect assumptions. He pointed out that the special area program was very distinct from the FRED program and that the Department felt that a special area should be something smaller than those large regions covered by most existing FRED plans.

54. Mr. Kent said that in discussions with Manitoba, departmental officials had suggested that a document such as that which had now been submitted by Manitoba would be very useful for long-term planning.

However, to ensure that action was not delayed, the Department had asked that Manitoba assign priority to interim steps which could be implemented in the next fiscal year. Manitoba had suggested a special area for The Pas as the first order of priority and the Department had agreed with this approach. Therefore, the most important thing at the moment was to get detailed projects for this area approved and underway in the 1970-71 fiscal year.

He also pointed out that the Department had indicated to Manitoba its willingness to reorient PFRA programs to supply assistance for community water projects and other infrastructure programs in more southerly areas.

55. Premier Schreyer stated that there appeared to be considerable confusion about the special area concept. He said that it had been his government's understanding that the FRED approach was going to be extended to other regions of the province as well as the Interlake.

Mr. Marchand replied that, in the special area program, the Department was trying to correct the deficiencies of the FRED program. While the FRED plan for the Interlake was working well, this was not true in every case. One of the major problems has been that money under FRED has been spread too thinly over areas which are too large. Under the new program, investments would be concentrated in smaller areas.

56. Premier Schreyer said that Manitoba had no disagreement with a special area for The Pas and that some \$3 million of infrastructure projects were required for the community. However, the province also had other heavy infrastructure needs. He specifically mentioned streets and bridge requirements of \$21 million as well as sewer and water requirements of \$20 million for Winnipeg, and \$20 million for road construction to improve access to the communities of Thompson, Lynn Lake and Churchill in the North. In the south and in rural areas, no heavy infrastructure expenditures were required except those related to town water supply.

The Premier also indicated that he presumed that expenditures under PFRA and ARDA, each currently about the \$2 million level annually, in Manitoba, would be maintained at about the same scale.

57. Mr. Evans asked how much money DREE was considering spending in Manitoba under the special area program.

Mr. Marchand replied that this would not be known until the Department's estimates were finalized and tabled in the House. The Department was now trying to determine in its discussions with Manitoba how fast work could proceed in The Pas and how much money would be required in the coming fiscal year.



58. Premier Schreyer suggested that Manitoba was perhaps thinking too much in terms of the ARDA concept under which a fixed amount of money was available to a province each year. He added that the roads his government wished to build in the north would help the development of the whole region by opening up new resource developments. He also felt that his government should perhaps submit to DREE a whole list of infrastructure projects from which the Department could select some for support.

Mr. Marchand replied that at this point he wanted to talk first about what was going to be done in 1970-71.

59. Premier Schreyer agreed and added that his government had made specific proposals for The Pas.

Mr. Kent replied that the Department was fully prepared to support a sensible level of infrastructure development in The Pas and that it would underwrite the full cost of the extra development required to meet the community's growth needs.

60. Premier Schreyer suggested that this was not the full cost of infrastructure development but presumably the difference between the actual total cost and the amount that a municipality with the characteristics of The Pas could expect on average to cover from its own resources. The Premier expressed the hope that Manitoba could have more than one special area project in 1970-71.

Mr. Marchand said that the Department's intention was only to make a start this year since, while the incentive program was straightforward, there were many factors which had to be considered in the special area program. The idea was to begin with the most obvious cases and to get down during the year to more detailed discussion about other possibilities.

Mr. Kent said that the Department needed concrete plans with realistic cost estimates for The Pas before it could consider any further action. At this point, the Department did not know how much would be required for The Pas in 1970-71 and the emphasis therefore had to be placed on getting that plan set first. Only then could the Department look at possible plans for other areas.

61. Premier Schreyer said that specific plans and proposals for The Pas had now been submitted. In addition, proposals had been made regarding support for specific projects in Brandon, such as the Keystone Centre and a land assembly project for an industrial park. He said it would be very helpful if the Department could tell Manitoba the amount available for infrastructure in the province, just as Mr. Andras had promised to do in connection with housing.

Mr. Marchand said this information would be available to the province once the estimates were tabled and the Department knew exactly what was required for The Pas. He pointed out that the Department had to give a great deal of consideration in its national plans to the problems of Eastern Canada and that some provinces may have no special areas.

62. Premier Schreyer said that conditions in Northern Manitoba were even worse than those in the Maritime provinces and that the situation in Churchill was particularly bad. He added that his government needed to spend the \$20 million for roads in northern Manitoba to provide access to new areas and to supply jobs for native people. The areas he was talking about had no roads at all and it was a matter of opening up virgin territory to new development.

Mr. Marchand said that the important thing at this point was that a start be made in 1970-71, since there were many things that could be done now without the benefit of long-term plans. He agreed that intermediate and long-term planning was needed but, since this could take some time, he did not want to interfere with immediate action.

63. Mr. Green suggested that if Manitoba had to wait until the federal estimates come out before learning what funds were available, it would then be too late for discussion. The Department by that time would have already made up its mind.

Mr. Kent pointed out that there had already been considerable consultation with Manitoba. As early as last summer the Department had agreed to the designation of The Pas but before it agreed to another special area it would have to know the cost of the first one.

64. Premier Schreyer emphasized the need for urgent action on infrastructure projects for The Pas because of the requirement for 300 to 400 new houses in the community by next November.

65. Mr. Miller said that the amount of money involved in The Pas would not be large. He said that Manitoba had come to the meeting hoping to come away with some more positive idea of what other DREE help might be available to the province in 1970-71.

66. Premier Schreyer then outlined the cost of proposed projects:

- (1) The Pas - \$4 million (1970-71)
- (2) Brandon - \$3-4 million full costs for the Keystone Centre and Industrial Park (1970-71)
- (3) Northern road development - \$20 million over 4 years to be cost shared under arrangements similar to those under ARDA.
- (4) Thompson Schools - \$8.4 million (1970-71)

67. Discussions concluded with the Premier again noting that he had been under the impression that DREE would be prepared to spend \$15 to \$20 million in Manitoba for community infrastructure projects in 1970-71.

68. The meeting adjourned at 5:05 p.m. after agreement that a meeting of DREE and Manitoba officials should be held the following day for discussions on the Pas.

