

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, June 12, 1979

Time: 2:30 p.m.

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell):** Before we proceed, I should like to draw the Honourable Members' attention to the gallery where we have 22 students of Grade 11 standing from the West Kildonan Collegiate under the direction of Mr. Alfred Penner. This school is in the constituency of the Honourable Member for Seven Oaks.

We have some students of Grade 5 standing from the Mary Duncan Elementary School under the direction of Mr. Michael Pinx. This school is in the constituency of the Honourable Member for The Pas.

We have 35 students from the St. Joseph's School, Dryden, Ontario under the direction of Mr. Wilmering.

And we have 13 students of Grade 6 to 10 standing from the George Knott School under the direction of Marion McDeyenko. This school is in the constituency of the Honourable Member for Churchill.

On behalf of all the honourable members, we welcome you here this afternoon.

**MR. SPEAKER:** Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MR. SPEAKER:** The Honourable Minister of Labour.

**HON. KEN MacMASTER (Thompson):** Mr. Speaker, I have a statement to make in relationship to the lead levels in the two schools that were tested here in the city.

In 1976 lead-in-blood tests were carried out on students of Weston and Lord Nelson Schools. The two schools were selected so as to be similar, with the main difference being the industrial area around the Weston School. In spring of 1979 the survey was repeated and a significant reduction of lead levels was found in both schools.

It is also noted that the difference between the lead levels in the two schools had narrowed. The following tables summarize the results of the studies, and I've averaged it out, Mr. Speaker: In 1976 at Weston School the average was .023, and in 1979 it's .0136. In Lord Nelson in 1976 it was .0187, and in 1979 it's .0112. The number of children over the accepted level, and we have determined that .03 is the accepted level, those over in Weston in 1976 was 74; in 1979 is three. In Lord Nelson in 1976, it was 37; and in 1979 there was one.

**MR. SPEAKER:** The Honourable Member for Churchill.

**MR. JAY COWAN:** Yes, thank you, Mr. Speaker. Well, we thank the Minister for that information. We assume by his tabling of the report in the Legislature today that those parents have been notified of the lead-in-blood levels of their children and the appropriate adults have also been notified. I think if we are to make one assumption from this recent survey we must assume that the work that the New Democratic Government had put forth —(Interjections)— It's a tabling of a statement. Now that the members of the second row have woken up I'll continue with my statement, Mr. Speaker. What it does show is that the work that the New Democratic Party Government had put in motion to clear up the lead poisoning situation in the province had proceeded at an acceptable level because the reduction in these lead-in-blood levels of the children at those schools did not come about in the past 12 months. They are part of a process that was begun in 1976 when this government, the New Democratic Government, recognized the problem and put into effect the machinery to accomplish reduction of lead-in-air emissions resulting from foundries in areas of close proximity to schools. So I think if the report does prove one thing it does prove that we were in fact doing something and it does disprove the government's allegations that the New Democratic Government

had not acted on this matter, and we are on this side extremely thankful that our work has culminated in these low levels of lead-in-blood. And we encourage the government, we encourage the Progressive Conservative Government to continue on with their efforts that follow in the steps of our efforts so that we, once and for all, can clear up this very serious problem in the Province of Manitoba.

So we commend the government for the work that they have done. We hope that they commend our side for having shown them the way. Thank you, Mr. Speaker.

**MR. SPEAKER:** The Honourable Minister of Fitness and Sport.

**HON. ROBERT (Bob) BANMAN (La Verendrye):** Mr. Speaker, I would like to table two reports, one for the year ending March 31, 1978, one for the Co-operative Loans and Loans Guarantee Board; the other one for the Co-operative Promotion Board.

**MR. SPEAKER:** Notices of Motion . . . Introduction of Bills.

### ORAL QUESTIONS

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. HOWARD PAWLEY (Selkirk):** Mr. Speaker, my question is to the Minister of Labour and Manpower. In view of the Canadian statistic returns this morning indicating that for the month of May there has been a net decrease of 2,000 in the number of employed in Manitoba, can the Minister of Labour provide the House with an explanation as to the net decrease in the number of employed in the Province of Manitoba in one-month period.

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Mr. Speaker, there were 12,000 more people employed in the Province of Manitoba in May than there was in April. The seasonally adjusted 2,000 that the Leader of the Opposition is talking about, if that had not been, in fact there would have been 14,000 more people working.

**MR. PAWLEY:** Mr. Speaker, further to the question to the Minister, can he advise as to whether or not there is not 3,000 less insofar as the size of the labour force in May, the labour force, as compared to the previous month?

**MR. SPEAKER:** Orders of the Day. The Honourable Member for Brandon East.

**MR. LEONARD EVANS:** Mr. Speaker, I would also like to address a question question to the Minister of Labour on the same matter of unemployment statistics as published in the latest reports of Statistics Canada, and ask the minister whether he attaches any significance to the fact that now for, I believe, the second month in a row, the Manitoba rate is very close to the rate for the Province of Ontario, and considerably further from the rates experienced in Alberta and Saskatchewan, which, Mr. Speaker, is a reversal of the traditional position of the unemployment position of the Province of Manitoba.

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Mr. Speaker, I'm not sure what tradition the Member for Brandon East is talking about, because Manitoba has been running third in the country for quite some substantial time. I don't know how far back in history he'd like to go to establish his other tradition.

**MR. EVANS:** Mr. Speaker, for many years Manitoba, Alberta and Saskatchewan have had a very close rate of unemployment, our rates of unemployment have been very close, so my question is: Does the minister see any reversal in this trend, a trend towards a higher rate of unemployment in Manitoba, and that rate being close to the Ontario rate which is considerably higher than the Prairie rate?

**MR. MacMASTER:** Well, I said at the start, Mr. Speaker, that the unemployment rate in Manitoba is still third lowest in the country, and Alberta and Saskatchewan. and I think we all feel good for the fact that there are a good many things going for them in those particular two provinces.

Ontario has usually run 4th or 5th, and Ontario's still running 4th, and because Saskatchewan

and Alberta are doing that well doesn't mean that we're doing that bad. I'm glad for the people of Saskatchewan and Alberta that things are happening the way they are.

**MR. SPEAKER:** The Honourable Member for Brandon East with a final supplementary.

**MR. EVANS:** A supplementary then, Mr. Speaker. I thank the minister for his optimistic attitude towards Alberta and Saskatchewan. I'd like to ask the honourable minister whether he can see any reversal of this trend in Manitoba, which is particularly disturbing in light of the fact that Manitoba was the only province in Canada last year to experience a drop in its total population?

**MR. MacMASTER:** The trend of employment growth in 1978, I think, was a little short of amazing to an awful lot of people, and we'd like to believe that that trend is going to continue. There's no doubt, in the first part of 1979, it hasn't grown in leaps and bounds like it did the last seven or eight months of 1978, but I would hope that the steady growth employment opportunity in the province continues, Mr. Speaker.

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. PAWLEY:** Mr. Speaker, in view of the fact that the minister has made reference to the actual figures and wishes to avoid dealing with the seasonal adjusted figures which provide for the fact that students are entering into the work force, I'm wondering what the minister proposes to implement by way of some measures in September and October of this year when those students return to the university and the present trend downward, insofar as seasonally adjusted numbers in the labour force, continues?

**MR. MacMASTER:** Mr. Speaker, it wasn't myself that raised the seasonally adjusted figure, it was a member from the opposition who chose to use that particular figure, and that's fine.

Last fall and going into last winter, this House may recall, and I know certainly the Press and the public recall, that when things were getting better I spoke with cautioned tongue; I didn't holler about how magnificent things were. I would hope that we can continue, as I said before, at a steady increasing pace that we are obviously in the midst of Manitoba; it's steady and it's increasing.

**MR. SPEAKER:** The Honourable Member for Churchill. -

**MR. COWAN:** Yes, thank you, Mr. Speaker. Well, I, unlike the Minister, hope that we don't continue at the pace that his government has brought upon the province of Manitoba. Can the Minister confirm that using the period January to May, which is the period for which we have statistics for this year, and going back to 1969 — using the period January to May, 1979 — that the actual increase in the labour force in the province of Manitoba in 1978 was 1.3 percent for that period, and in 1979 was year 1.7 percent, both of which are the lowest on record for that 12 period?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** I didn't spend all my noon hour, Mr. Speaker, preparing particular statistics, but what I will do, is read that particular question in depth in Hansard, and I'll reply to it appropriately.

**MR. SPEAKER:** The Honourable Member for Churchill with a supplementary.

**MR. COWAN:** Yes, thank you, Mr. Speaker. I would hope that the Minister will direct his staff or his attention to this question also. Can he also confirm that for that same period, January to May, using the same number of years, 1966 through 1979, that the increase in the number of employed in the province increased at 2.7 percent, which is the lowest percentage increase for that same period during any of those number of years, on an actual basis; and can he also confirm that the seasonally adjusted change was a negative change, a 2.2 percent, which was the greatest decrease, the worst record that this province has had for those 12 or 13 years for that same period? Can the Minister confirm that, and can he then state that he is pleased with the progress of his government?

**MR. MacMASTER:** I think with the number of supposed facts and figures that have been rolled in, if the Member for Churchill wants to ask for an Order for Return of papers, I will attempt to

answer all that type of stuff that he's just raised.

**MR. SPEAKER:** The Honourable Member for Churchill with a final supplementary.

**MR. COWAN:** Yes, thank you, Mr. Speaker. Well, to the back bench, I want more than it on the record; I want the government to recognize the folly of their ways.

**MR. SPEAKER:** Order please. Does the honourable member have a question he wants to ask?

**MR. COWAN:** Yes, Mr. Speaker, I have numerous questions that I think should arise out of this dismal economic performance of the government. Can the Minister confirm that if one would take a 20-month period from October to May, including 20 months, and I use those months for very obvious reasons, can the Minister confirm that the labour force growth for that 20-month period for the same number of years, 1966 to 1979, on average was 20,417 persons per month — this is the actual labour force growth, Mr. Speaker — that the NDP average for its eight years of power outpaced that and that the average for the first 20 months of this government, Mr. Speaker, was 16,000, a drop of 4,000 persons . . .

**MR. SPEAKER:** Order please. The Honourable Minister of Labour.

**MR. MacMASTER:** On a point of order, Mr. Speaker, if the Member for Churchill wants to ramble a bunch of supposed facts and figures, wouldn't it be more appropriate, I suggest, that he ask for an Order for Return for papers?

**MR. SPEAKER:** Would the Honourable Member for Churchill care to rephrase his question?

**MR. COWAN:** Mr. Speaker, if you give me the opportunity to rephrase the question, I will, but the question will be exactly the same. Can the Minister confirm that using . . .

**MR. SPEAKER:** Order please. The honourable member is out of order. The Honourable Member for Minnedosa.

**MR. DAVID BLAKE:** Thank you, Mr. Speaker. My question would be to the Honourable Minister of Highways. I wonder if he could inform the House, in view of the problems being faced in the rural areas with the municipal roads and the serious condition with the grain haul due to rail line abandonment, if he can inform the House where negotiations stand with the federal government on providing funds for our Road Strengthening Program?

**MR. SPEAKER:** The Honourable Minister of Highways.

**HON. HARRY J. ENNS (Lakeside):** Mr. Speaker, I'm pleased to report, Mr. Speaker, that just the beginning of this week, senior officials of my department have met with counterparts of Saskatchewan and some of the federal officials to discuss the impact of some rail line abandonment that has already taken place on our roads, with a view to coming forward with a program, hopefully sharable with Ottawa, by Ottawa, to assist the provincial Departments of Highways in meeting some of these additional responsibilities.

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. PAWLEY:** My question to the Minister of Economic Development — in view of the figures released this morning which I assume he, like the Minister of Labour and Manpower, haven't had opportunity, supposedly, to analyze, can the Minister of Economic Development indicate in view of these downward figures insofar as employment and labour force, when he and his government are going to get off their fannies and do something insofar as to reverse this trend downward, trend downward insofar as employment in the Province of Manitoba?

**MR. SPEAKER:** The Honourable Minister of Economic Development.

**HON. J. FRANK JOHNSTON (Sturgeon Creek):** Mr. Speaker, we have been working very hard to clean up the mess that was left us. There has been more manufacturing jobs in this province that have started over the past year and a half than there were before in the past few years; there

is more interest being shown in the Province of Manitoba than there has been in years; and, as the Minister of Labour says, "We are advancing steadily on a very firm basis."

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. PAWLEY:** Mr. Speaker, a further supplementary to the Minister of Economic Development. Does the Minister of Economic Development suggest that in cleaning up the mess, that the mess in fact, has been improved by the fact that there are some 10,500 outmigration of jobs last year — the highest since 1966. Is that cleaning up the mess by the definition that he has provided, the definition which he attributes to his government?

**MR. JOHNSTON:** Mr. Speaker, the migration figures in Manitoba are lower than the migration figures in all other provinces in Canada except for four.

**MR. SPEAKER:** The Honourable Minister of Health.

**HON. L.R. (BUD) SHERMAN (Fort Garry):** Mr. Speaker, a few days ago, the Honourable Member for Brandon East asked me some questions relative to Manitoba's relative position in the national tables for reporting on new primary sites of cancer, in which he had pointed out that the statistics he had showed Manitoba ranking high in the tables.

Mr. Speaker, those tables, as the honourable member agreed at the time, were for 1976; the latest figures available show Manitoba in a better position comparatively speaking — 365 such sites per 100,000 population; Saskatchewan — 391; British Columbia — 412.

The Director of the Manitoba Cancer Treatment and Research Foundation tells me that the reporting of cancer in Manitoba and Saskatchewan is substantially better than in most other provinces in the country — the registration, the criteria and the follow-through. As a consequence, it's reasonable to observe that Manitoba's apparent standing in the tables seems relatively high.

**MR. SPEAKER:** The Honourable Member for Transcona.

**MR. WILSON PARASIUK:** Thank you. My question's directed to the Minister of Economic Development, who is also the Minister responsible for Housing. In the light of our dramatically high unemployment rate in Manitoba, is the Minister now prepared to remove restrictions from the Critical Home Repair Program so that many pensioners can receive home repair assistance, which will help improve the stock of their housing, and also lower our dramatically high unemployment rate.

**MR. SPEAKER:** The Honourable Minister of Economic Development.

**MR. JOHNSTON:** Mr. Speaker, I don't accept that there are restrictions on the Critical Home Repair Program. There have been no new restrictions put on except for the announcement of the program about four or five months ago, saying that we have eliminated the \$150 qualification for anybody, and that we raised it to an income of \$11,000 for those people who are not senior citizens, so I don't know of any restrictions that the member is speaking of.

**MR. PARASIUK:** A supplementary to the Minister, I'd like to ask the Minister if he would remove the restriction which prevents senior citizens, who have received any type of home repair assistance over the last seven years, from re-applying for assistance because their house is in bad repair and needs repair. Would the Minister confirm that that is a restriction that now applies to the Pensioners Home Repair Program, so that these senior citizens' applications are not being considered because they might have received assistance some time over the last seven years?

**MR. JOHNSTON:** Mr. Speaker, that restriction has always been there, and I would consider removing that restriction when all of those senior citizens who are waiting in line at the present time for critical home repair, who have never had any amount given to them, are taken care of.

**MR. SPEAKER:** The Honourable Member for Transcona with a final supplementary.

**MR. PARASIUK:** Yes, Mr. Speaker. My supplementary is to the Minister. Since the Critical Home Repair Program is operating at a lower level this year than it was last year, and that is a lower level than it was the previous year, and in light of the presently high dramatically high unemployment

rates, will the Minister now allow other people to apply as well so that we can develop an employment program which will be of sufficient size to lower our unemployment rate from 6.2 percent to something like the order of 4 percent that used to exist when the New Democratic Party Government was in power?

**MR. JOHNSTON:** Mr. Speaker, it is our intention to treat all senior citizens fairly in this province, and we will consider it within our budget of Critical Home Repair if, and when, all of the senior citizens who qualify, who should receive something, have received something.

**MR. SPEAKER:** The Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Speaker. My question is to the Minister of Labour. Previous to the last election the Minister indicated that after the election he would be writing to the Minister of Labour on the federal level to try to entice the Minister to include reserve com— communities, like the communities of Waasagomach, Red Sucker Lake, Norway House, etc., in northern Manitoba, in the unemployment statistics so that we may have a better picture of actual unemployment in the province. Can the Minister indicate if he has made contact with the Federal Minister for that purpose yet, and what the results of that have been, if he has done so?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Instead of writing, Mr. Speaker, I hope to be meeting with the gentleman in the near future.

**MR. COWAN:** Mr. Speaker, on a question of a different topic, can the Minister of Labour confirm that when the Workplace Safety and Health Inspector made his investigation of the explosion at Bell Foundry on April 30th of this year, that he never actually visited the scene of the explosion, nor did he talk to one single worker, union rep, or member of the Workplace Safety and Health Committee for the purpose of making that investigation, but that he had confined his remarks solely to talking with management at that plant?

**MR. MacMASTER:** Mr. Speaker, I can confirm that the Inspector was at the plant site that particular day, and I haven't specifically asked him who in turn he's been talking to. I know in the last couple of days, for example, he has been talking to both sides of the Workplace Safety group and he has met with them jointly, and we're satisfied with the progress that's being made in that particular incident.

**MR. SPEAKER:** The Honourable Member for Churchill with a final supplementary.

**MR. COWAN:** Yes, thank you, Mr. Speaker. This is to the Minister of the Environment. Can the Minister responsible for the Environment indicate if any report has been made to him in regards to a contamination spill at the Whiteshell Nuclear Testing facility, where radioactive contaminated water was released inadvertently and accidentally on to the testing property land, and has anyone been in contact with the Minister in this regard and if so can he report back to the House as to the status of that spill which is alleged to have happened early in May?

**MR. SPEAKER:** The Honourable Minister of Mines, Resources and the Environment.

**HON. BRIAN RANSOM (Souris-Killarney):** Yes, Mr. Speaker, and I have asked my staff to investigate the situation and to give me a full report.

**MR. SPEAKER:** The Honourable Member for Rupertsland.

**MR. HARVEY BOSTROM:** Yes, Mr. Speaker. My question is to the Minister of Mines regarding the suggested change in fishing policy on Lake Winnipeg. Can the Minister indicate that when his proposed policies are ready for discussion with the fishermen, will he be following the example established by the New Democratic government, and taking these policies, these proposed policies to the communities or in area meetings near the communities at least, where the fishermen will have the opportunity to discuss and have a dialogue with the government regarding any proposed changes?

**MR. SPEAKER:** The Honourable Minister of Mines, Resources and the Environment.

**MR. RANSOM:** Mr. Speaker, there are not many examples of the previous administration that I would wish to follow, but I did advise the honourable member yesterday that it was our intention to discuss the proposed policies with representatives of the fishermen in order that they would be able to have firsthand understanding of what the policies are.

**MR. BOSTROM:** Mr. Speaker, in view of the fact that a small group of fishermen in the area, represented I believe by the Honourable Minister of Education, are pressing for the removal of the quota system on Lake Winnipeg, I wonder if the Minister can indicate if these are the only fishermen that he will be discussing these policies with, or will he be, in fact, giving all the fishermen on Lake Winnipeg the opportunity to discuss and give their suggestions and recommendations to the Minister.

**MR. RANSOM:** Mr. Speaker, I have assured the honourable member a number of times now that it would be my intention to have discussions with representatives of the fishermen. I have assured the honourable members opposite with respect to other questions that it is our intention to treat all Manitobans alike and I'm afraid that I cannot concur with the suggestion that the honourable member makes that we would only be dealing with a small segment of the fishermen.

**MR. SPEAKER:** The Honourable Member for Elmwood.

**MR. RUSSELL DOERN:** Mr. Speaker, I wanted to direct a question to the Minister of Government Services. Does the government intend to construct a tunnel connecting the Great-West Life Company and the Legislative Building?

**MR. SPEAKER:** The Honourable Minister of Government Services.

**MR. ENNS:** No, Mr. Speaker.

**MR. DOERN:** Mr. Speaker, can the Minister then explain the excavation at the main entrance of the Great-West Life Company? Is this to provide greater access to the Cabinet, or are they drilling for oil, or what?

**MR. ENNS:** Mr. Speaker, I would have hoped that any kind of construction, even at the Great-West Life building, would be encouraged by members opposite, who just a little while ago concerned themselves about employment opportunities in this Province. You know, again, it doesn't have to be government, and if Great-West Life employs 500 people, 1,000 people, 3,000 people, to them that's not jobs. It has to be government.

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Mr. Speaker, a question from the Member for Transcona this morning as to whether Workplace Safety Committees could, should or will be established in school divisions, I would like to advise the member that the Workplace Safety and Health Advisory Council is presently, upon my request, reviewing the possibilities in the areas in which Workplace Safety Committees can be further expanded and in to what areas we can expand that particular function in this particular year, Mr. Speaker.

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

**MR. D. JAMES WALDING:** Thank you, Mr. Speaker. My question is to the Honourable Minister of Mines, and it refers to the letting of a catering contract at Bird's Hill Provincial Park. I'd like to thank the Honourable Minister for giving me a copy of a memo this morning referring to the matter. I'd like to ask him if there is a second page to the memo, since Page 1 ends in mid-sentence.

**MR. SPEAKER:** The Honourable Minister of Mines, Resources and the Environment.

**MR. RANSOM:** There may well be, Mr. Speaker. I took that off my file and I'll undertake to check and see if I did not supply him with the entire memorandum.

**MR. WALDING:** Mr. Speaker, while the Minister is checking into that, I wonder if he would also

check and find out, or ascertain whether the successful bidder was the second highest bidder, and can he inform the House as to what the amount of the successful bid was.

**MR. RANSOM:** I'll undertake to determine that, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Speaker. My question is to the Minister responsible for the Environment in relation to the accident that happened at the Whiteshell Nuclear Testing facility. Is the Minister prepared to petition the federal government, the Prime Minister, to lift their hiring freeze so that the necessary complement of waste-management personnel can be accomplished at the Whiteshell Nuclear Testing facility so that accidents of this sort don't inadvertently happen in the future?

**MR. SPEAKER:** The Honourable Minister responsible for the Environment.

**MR. RANSOM:** Mr. Speaker, the honourable member is trying to make the case that there is, in fact, a connection between this accident and some alleged lack of staffing at the Nuclear Research Centre, which of course does not necessarily follow at all. I have had a report from my people of a general nature, which was reassuring in its tone, but because of the nature of the circumstances and the public concern for these issues, I have asked them for a fuller report.

**MR. SPEAKER:** The Honourable Member for Churchill with a supplementary.

**MR. COWAN:** Yes, thank you, Mr. Speaker. I don't intend to make the correlation. What I intend to do is ask the Minister to use his honourable office to try to accomplish for the workers at Whiteshell Nuclear Testing facility what they have been unable to accomplish in normal channels, and that is to build up to their full complement of waste-management personnel, which to my knowledge at the moment is currently about half of what it should be for proper and effective research and development. I'm not saying that they are understaffed, Mr. Speaker, I'm saying that with a greater staff they can direct greater energies and attention to this very serious problem, a problem that the Prime Minister himself has indicated is a priority of the new government, and that is the management of nuclear waste.

**MR. RANSOM:** Mr. Speaker, the honourable member must surely recognize that it is not my responsibility to deal with federal staffing. It is our responsibility to be concerned with the control of pollutants in our environment and if, through our investigation, we find that the situation was badly handled and a lack of staff was in any way responsible for the incident, then we will be making representation to see that that sort of thing does not occur again.

**MR. SPEAKER:** The Honourable Member for Churchill with a final supplementary.

**MR. COWAN:** Yes, Mr. Speaker, I just want to make it clear that I'm not inferring that it was a worker error or a lack of staff that created the incident. I would just like to see the whole complement of workers at that plant, involved in waste management, be accomplished.

My question is to the Minister of Labour, Mr. Speaker. Is the Minister willing to direct his Workplace Safety and Health staff to make certain that when they investigate an explosion, fatality, fire or serious accident as per Manitoba Regulation 204/77 Section 8, Subsection 1, that they will in fact talk to the workers at the plant and not only talk to just the management, and that they will come back with a full report from both sides as to what caused the incident so that we may indeed have safer work places? Is he willing to direct his Workplace Safety and Health inspection staff to do that?

**MR. SPEAKER:** The Honourable Minister of labour.

**MR. MacMASTER:** Well, Mr. Speaker, I have a great deal of faith in the capabilities of the inspectors that are within my department and I'm sure that they do follow the practice of talking to workers and to the employers, the same as this government follows the practice of talking to the parents of those four children whom we found had over .03, where the previous administration, the NDP Government, chose not to talk to the parents of the 111 children they found in 1976.

**MR. SPEAKER:** The Honourable Member for Rock Lake.

**MR. HENRY J. EINARSON:** Mr. Speaker, since this Question Period today seems to be one of labour, I should like to direct a question to the Minister of Labour and ask him if he or his department is aware that employers advertising for job opportunities found that they got little or no response to those advertisements?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Yes, occasionally, Mr. Speaker, there are people who advertise and attempt to get people to work for them who are not reaching success.

**MR. SPEAKER:** The Honourable Member for Brandon East.

**MR. EVANS:** A supplementary to that last question, Mr. Speaker. I would like to ask the Honourable Minister whether he would consider enlarging the program to entitle youths who are not necessarily going back to school to be eligible for this, inasmuch as there is some evidence that young people are being refused employment by employers who can take advantage of your particular program to hire students over other young people?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Mr. Speaker, I would be pleased if the Member for Brandon East would give me a list or an indication of the industries or businesses who are refusing to employ people under our Private Sector Youth Program who are not students. I would like him to give me an indication of where that is taking place.

**MR. SPEAKER:** The Honourable Minister of Health.

**MR. SHERMAN:** Mr. Speaker, a few days ago the Honourable the Member for Lac du Bonnet asked me whether insulin was a free drug. The answer is it is free to children who are treated through the Juvenile Diabetic Treatment Facility at the Health Sciences Centre, which covers most juvenile diabetics in the province. Adult Manitoba diabetics have, since the introduction of Pharmacare, purchased their insulin in the normal way and received refunds under Pharmacare.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet.

**MR. SAMUEL USKIW:** Well, Mr. Speaker, I would like to now pursue a second question in connection with the distribution and availability of insulin at reasonable cost to the people of Manitoba who have need of the use of insulin. Inasmuch as it was determined some years ago that that is a life-saving drug and it should be made available relatively freely and cheaply, so to speak, at reasonable cost, is it not unreasonable that this government has chosen to raise the deductibility factor with respect to the Pharmacare Program to \$75.00, which now takes away the principle of easy access to life-saving drugs?

**MR. SHERMAN:** I don't believe so, Mr. Speaker. In the first place, this condition has prevailed, as I say, since the introduction of Pharmacare. In that time, the Pharmacare deductible was never increased until this year, as the honourable member knows. Everything else has gone up, including drug and dispatching costs, including incomes, including social allowance rates. The total number of people affected under the Pharmacare deductible increase is approximately 5 percent of the people in the province and it includes persons like the Honourable Member for Lac du Bonnet and myself. Any hardship cases are dealt with on a compassionate basis, Mr. Speaker. We have had no complaints with respect to the increase in the deductible and particularly none from anybody taking insulin which today is not classified as a high-cost drug.

**MR. USKIW:** Mr. Speaker, I would like to ask the Minister whether he doesn't recognize that the use of insulin is an ongoing thing that cannot be terminated unless, of course, the life of the person is terminated, unlike other drugs which qualify under the Pharmacare Program. So it seems to me that where we have a life-saving drug, it should be reasonable to make a distinction in terms of the deductibility feature under Pharmacare with respect to those drugs that are of necessity taken consistently.

**MR. SHERMAN:** Mr. Speaker, there are many life-saving drugs which are still distributed free. If the Member for Lac du Bonnet feels this strongly about the principle of insulin, where was he when, in the counsels of his own party, Pharmacare was introduced in 1972-73 and insulin was classified as a drug that would be purchased under Pharmacare?

**MR. USKIW:** Well, yes, Mr. Speaker, I think the Minister makes a very good point. It is something that I believe should be reviewed and perhaps should have not been included. But I certainly want to question the raising of the deductibility feature of the Pharmacare Program where it involves life-saving drugs that must be taken consistently.

**MR. SPEAKER:** Orders of the Day. The Honourable Minister of Mines.

**MR. RANSOM:** Mr. Speaker, the Member for Wellington asked a question yesterday, I believe, concerning lifeguards at Bird's Hill Park. I have been waiting until he returned but because of the nature of the question, I think I should respond now and advise the House that there are in fact 17 lifeguards on duty at Bird's Hill Park. It is possible that the situation that the member was referring to was a circumstance where use of a particular area of the beach was light and that area was then closed. It is my understanding that out of three different areas, that as use declines, they will close that area to concentrate use in the other areas and take better advantage of the personnel available.

**MR. SPEAKER:** The Honourable Member for Portage.

**MR. LLOYD G. HYDE:** Mr. Speaker, a question to the Minister responsible for Parks and Natural Resources. I was wondering if the Minister could inform the House as to when the new roadside park around the bypass of Portage la Prairie, which has been under construction and is being established for the last two years or so, just when this park could be opened to the public?

**MR. RANSOM:** I would be happy to take that question as notice, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Swan River.

**MR. DOUG GOURLAY:** Thanks, Mr. Speaker. In the absence of the Member for Dauphin, I would like to direct a question to the Minister responsible for Housing and ask him if he can confirm that there is a very high vacancy rate in the new elderly persons' housing apartment block in Dauphin?

**MR. SPEAKER:** The Honourable Minister of Economic Development.

**MR. JOHNSTON:** Mr. Speaker, I can't give the exact figure, but we do have a very high vacancy rate in that particular apartment block or senior citizens' home and I will get the exact figures for the member.

**MR. SPEAKER:** The Honourable Member for Churchill.

**MR. COWAN:** This is a follow-up to the question to the Minister of Labour previously, Mr. Speaker, in regard to jobs that are being advertised, but are going unfilled. Can the Minister of Labour indicate why it is his government believes that those jobs are not being filled?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** I can't give a reason why people aren't wishing to be employed by particular employers, Mr. Speaker.

**MR. COWAN:** Mr. Speaker, well, as this would appear to be a very serious problem, is the minister prepared to undertake to study why it is there are a number of jobs that are being advertised that there are no applicants for? Will he undertake that study and report back to the House?

**MR. MacMASTER:** I think, Mr. Speaker, that Canadian Manpower's been wrestling with that particular problem for a long time.

**MR. SPEAKER:** The Honourable Member for Churchill with a final supplementary.

**MR. COWAN:** Yes, thank you, Mr. Speaker. Well, yesterday the Minister of Labour indicated that there would be particular industries where the Lead Control Program, the so-called Lead Control Program, might be implemented and he listed them off, rather than go through the list of different occupational hazards.

Is the minister prepared to indicate if any specific work sites have been singled out for inclusion in the so-called Lead Control Program, and how many workers in these industries does he feel will be affected by adverse lead contamination problems?

**MR. MacMASTER:** Mr. Speaker, I answered yesterday in response to a question in relationship to the industries that we could be considering, and that's just exactly what it was, a list of industries that we would be considering to expand our Lead Program, the one that now is having a fair amount of success here in the City of Winnipeg.

**MR. SPEAKER:** Order, please. The time for Question Period having expired, proceed with Orders of the Day. The Honourable Government House Leader.

**MR. JORGENSON:** Mr. Speaker, we'll be dealing with the two Supply Bills that debate had commenced on yesterday, Capital Supply and Supplementary Supply, so therefore I move, Mr. Speaker, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider the Supply to be granted to Her Majesty.

Mr. Speaker, a question has been asked over there, quite properly, what we'll be doing tonight. We'll be back in the House here tonight.

**MOTION presented and carried** and the House resolved itself into a Committee of Supply, with the Honourable Member for Radisson in the Chair.

### COMMITTEE OF SUPPLY

**MR. CHAIRMAN, Mr. Abe Kovnats:** The committee will come to order. I would direct the honourable members to Schedule A, item, The Manitoba Telephone System. \$35,256,000—pass — the Honourable Member for St. Johns.

**MR. SAUL CHERNIACK:** Mr. Chairman, I wonder now that the Minister of Finance is here, whether we can straighten out the question of the apparent transfer of debts from the Telephone System to the Manitoba Data Services, and ask him how that will be accomplished and what will be its impact on the Telephone System's Capital Authority?

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Chairman, I think I indicated yesterday there was assignment as the foreign issues were done and assigned to the various Crown corporations. The ones that went to Telephones, there were portions of those on a regular basis that were apportioned out to Data Services and in the calculation of the Data Service price evaluation, what is being done is that in conjunction with the Auditor who has verified the various transfers that took place over the years through the Data Service, these have been taken into account and a date of transfer, if it's not already set, perhaps it is, will be the effective date of calculating the amount of foreign currency losses that the government will have to assume as part of the Data Service operation, or its Data Service operational will have to assume, as the case may be. So the Telephones will be relieved of that portion that has on a from time-to-time basis already gone through the books, and is shown on the books up until . . . there has not been in the last year any foreign issues, but anything that did occur historically and was transferred and contained on the books of the Telephone System as as having already transferred, the Data Service will be accounted for.

Now, the actual devaluation is being done in conjunction with the Provincial Auditor in striking the total price of the Data Service.

**MR. CHERNIACK:** Mr. Chairman, the point I was making yesterday was that there has to be some assurance that the assets of the Data Services will be valued at a fair value. I was hesitant yesterday of using the word "fair market value", but certainly at a fair value — am I to understand that when that is accomplished and in an objective fashion, there is a value established for the assets, that there will be a transfer of the assets and a transfer of debt as well; and if that is the case, in

the event that, and probably the likelihood that the debt will not be the same value as the assets, and that's very likely, then if there was a surplus of assets and debt which is again probable but I can conceive that it needn't be, how will that difference be carried out? Will there be a transfer of cash?

**MR. CRAIK:** Mr. Chairman, I presume that, at the present time, the Telephone System owes the provincial government an amount that exceeds substantially what any final price might be for the Data Service, that amount will be reduced by that amount which is effectively a cash transfer, I presume, except that there are advances already to the Telephone System by the provincial government that substantially exceed any price that may be established for the Data Service.

I think the Minister of Highways or the Minister of Government Services indicated figures around \$11 million, when you add up the total of the assets or their start-up costs that have been incurred over the period of years, and so on, which are all included in the price of the Data Service.

So what will happen is that the Telephone System will owe the Provincial Government that amount less, and the data service, on its books will now become a corporation, which I presume will owe the government the same amount of money from the data service when the transaction is completed. So it's a shift; the Telephone System will owe it less, the data service will owe the government the same amount of money.

We perhaps should deal with it at the time. I don't recall offhand on the foreign currency part of it. The Telephone System is relieved of the share that has been on the books earmarked as having gone to the data service, which was done, as I indicated, from time to time — whether that is assumed by the government directly or assigned to the data service, we'll have to get clarification.

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

**MR. CHERNIACK:** Mr. Chairman, it is becoming clear to me. As I understand it then, assuming that \$11 million is the value of the assets, then in effect the data services will purchase the assets for \$11 million, will become indebted to the Province of Manitoba for that \$11 million. The Province of Manitoba will relieve the Telephone System of the full \$11 million of debt, which means debt reduction: that would be bookkeeping and the actual mechanics is of no real interest to me.

It also means to me that if there are identifiable debts of the Telephone System, which have been used for the data services, that of the \$11 million, which the data services will owe the Province of Manitoba, it will become responsible for those identifiable debts, and the balance will be, I suppose, just an advance by the province. And to the same extent, when the Telephone System is relieved of this figure of approximately, or hypothetically, \$11 million, it will be relieved of the specific debt, which is identifiable as having been raised for the data services and the balance will be just general advances by the government. If that's the picture, I both understand it and have no other comment to make.

**MR. CRAIK:** That's it essentially, Mr. Speaker. There are some details — it's being worked out in conjunction with the Provincial Auditor as well, and there has been essentially at this point in time, I think, pretty well general agreement on the procedures, and that is essentially the approach.

**MR. CHAIRMAN:** The Manitoba Telephone System—pass — the Honourable Member for Brandon East.

**MR. EVANS:** I wonder if the Minister responsible for the Telephone System has now had an opportunity to look into the matters that I raised when we last discussed the Estimates of the Telephone System, and that is the question of to what extent the level of employment was being reduced in the Telephone System because of the capital investment, the technological changes, and also to what extent has there been a change in the staff management ratio? And of course I asked some specific questions with regard to loss of jobs in the WestMan Region, and I referred to one allegation made in writing, and I believe the Honourable Minister has a copy of this, where that individual, a former employee, indicated that 141 jobs were lost either through cutbacks or transfers in the WestMan Region of the MTS in the last two years. I wonder if the Honourable Minister has now had a chance to look into this and has some answers.

**MR. CHAIRMAN:** The Honourable Minister responsible for Telephones.

**HON. EDWARD MCGILL (Brandon West):** Mr. Chairman, on the latter point I have asked for some

information from MTS with respect to the concerns raised by the particular person who wrote the letter, and who sent a copy of the same letter to me. I do not have that back, but I expect to have it within the next day or so, so I'll be pleased to make that information available to the member as it applies to this particular complaint.

As to the other matters of the changing technology in MTS and the employment levels, I have asked again for some further explanations with respect to that. There is no doubt that as new modern technology is introduced, there are particular and specific areas. Telephone operator positions were affected, and there were a number of questions raised during the past year in respect to what effect that would have on local employment situations. We've been given to understand that a very real effort is being made by the management of MTS to provide alternative employment opportunities, and in some cases some transfers have been offered, and this of course is not always acceptable or desirable on behalf of the employee involved. But certainly, Mr. Chairman, I can give the member no undertaking that technological change will not indeed affect particular employment opportunities, but in general terms there has been enough growth in the System to provide alternative opportunities where these do have an effect on individuals.

**MR. EVANS:** Okay. Thank you, Mr. Chairman. Well, as I understand then that the Minister will provide us with the specific answer to this assertion that there's been a loss of about 141 positions in the WestMan area, but do I also understand that he will somehow advise myself to what extent the staff is being reduced in MTS throughout the province because of certain technological advances that are made I appreciate that this is something that's gone on for some decades. It's nothing that's started in the last couple of years it's been going on for many decades. I do appreciate the efforts made by the Telephone System to try to accommodate experienced personnel who have worked for the System, and to look after them by way of trying to provide alternative employment opportunities within that System for them. And I do appreciate that it's not that simple, but I do look forward, therefore, to the information from the Honourable Minister.

**MR. CHAIRMAN:** Manitoba Telephone System—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, I'd like to follow up on some remarks that the Minister of Finance was making a few minutes ago in response to a question from my colleague for St. Johns; there was mention in that reply there of the government assuming the costs of some foreign debt that was outstanding. We have been discussing here, and in Committee, over the last couple of weeks the matter of Hydro's foreign debt, and of the government's assuming the costs of that. We understand, Mr. Chairman, that this has come about following the report of the task force, which recommended, as I recall, that Crown Corporations should not be responsible for foreign debt fluctuations, and that these should be taken over by the government.

When it was first announced the government policy with regard to Hydro in this matter, we did raise a number of questions as to other Crown Corporations. It was explained to us then, particularly having to do with the Telephone System, that this was a matter of government policy and would be announced in due course, but it would appear from what I heard the Minister of Finance say this afternoon that the government is now expanding this policy into yet another Crown Corporation, or perhaps I should say a second Crown Corporation, and that is Manitoba Data Services. I wonder if the Minister of

Finance can confirm my impression of what he said, that it is the government's intention and policy to relieve a second Crown Corporation of the costs of its foreign debt fluctuations.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Chairman, I wasn't able to confirm that. I can't quite frankly recall. They are still looking at it and discussing it and what impact it has on the final price, I can't confirm that either, but the accounting people are working with it. The assignments took place over a period of time. There was an apportioning out by the Telephone System of a part of the debt, and periodically the foreign debt to the Data Service, and that was all documented. It becomes part of the Data Service debt structure. Whether or not the government repatriates that to the government at the time of the transfer is a policy decision that would have to be made and that's about the size of it. It would very likely be the case that we would want to because the Data Service is going to have a lot of difficulty, I think, in the very short-term as it stands now and it's a very good chance that that would be repatriated to the government as soon as possible.

**MR. WALDING:** Thank you, Mr. Chairman. I am grateful that the Minister clarified that point for me. I had understood from his remarks that it was now the accepted policy that the policy would

be extended to the Manitoba Data Services. It had been my impression that since Manitoba Data Services was a wholly-owned subsidiary of the Telephone System, that it was the System itself that had borrowed money on both local and foreign markets and it was the System itself which had loaned money, internally if you like, to the Manitoba Data Service, so that the money owed by the Service to the System was in fact in Canadian funds. However, I suppose it might be a bookkeeping exercise to trace back various amounts that were paid to the Data Service at the same time that the Telephone System borrowed money overseas.

I would like to ask the Minister of Finance then, following that up, if it's the government's wish to relieve Crown Corporations of these foreign debt fluctuations, whether it is under active consideration within the Department of Finance or by the government itself to relieve the Manitoba Telephone System of these foreign debt fluctuations?

**MR. CRAIK:** Yes, Mr. Chairman, it has been under active consideration for all of the Crown Corporations. We deal with one problem at a time. We deal with the largest one first. The largest one is Hydro. The Telephone System is substantially smaller because in relative terms, the Telephone System is about 90 million of deficiency at the present time and the Hydro was in the order of 370. Part of that 90 was apportioned out to the Data Service. I think that by the time we get back to the Government Services, to The Data Service Act, I can perhaps confirm as to whether that action has already been taken or not.

**MR. WALDING:** Mr. Chairman, I have a question on a slightly different topic for either the Minister reporting for Telephones, or the Minister of Finance. I have been informed that on Manitoba Telephone System's next annual report, that it will show in its annual statement, and I'm not sure whether it's for the 1978-79 year or 1979-80 year, that there will be a line on that statement having to do with the foreign debt amortization. I wonder if either Minister can confirm that this will be there for the first time and if so, which year will it apply to and what does he expect the amount to be?

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Well, Mr. Chairman, if Telephones does show it, it will be approximately \$90 million.

**MR. WALDING:** Perhaps I didn't make it quite clear, Mr. Chairman. I was referring to an entry in the annual accounts of the Manitoba Telephone System, of an amount in dollars that is put aside as foreign debt amortization, not the total amount having to do with the foreign exchange, but an amount that the Telephone System is putting aside each year as an amortization amount to take care of that difference in the exchange. That's the amount that I'm referring to. I would repeat the earlier question as to which year that will first apply to. I presume it would be the 1978-79 year. And a further question: Did that come about as a decision of the Telephone Board, or were they instructed so to do by the government?

**MR. CRAIK:** Mr. Chairman, I can't answer the member's question either way. The Telephone System went to the Public Utilities Board with their rate increase request, in part predicated upon the need to plan for the retirement of these foreign debt shifts, and in part, I believe the Public Utilities Board granted them a rate increase for that purpose. If they follow the CICA formula, which at that time appeared to be the one that the utilities, which they work together with under the Trans Canada System, were likely to have followed, then I presume that the amortization formula is the one recommended by CICA, but I can't confirm or otherwise give any indication how Telephones plan to handle it in their annual report.

**MR. WALDING:** Just one small point there, Mr. Chairman. The Minister had mentioned that the Telephone System had applied to the Public Utilities Board for an increase, he mentioned, I think, on the basis of partly their foreign debt costs. I did read the report of the Public Utilities Board in commenting on the request from the System for an increase and when commenting on that foreign debt deficit, they did mention quite specifically in there that it was not necessarily — I believe these were the words — not necessarily a basis for computing rates upon. I believe that they also said something similar to Hydro when they came, recognizing, I presume, Mr. Chairman, that foreign rate exchanges, exchange rates on the dollar, can fluctuate from year to year or from month to month, and if this was the rationale for setting its rates, there could be good reason for changing rates both up or down every six months, every quarter, every month or even daily for that matter if they were to so compute their rates on that basis.

**MR. CHAIRMAN:** The Manitoba Telephone System—pass.

Item 3, the Manitoba Water Services Board, \$2,318,000—pass — the Honourable Member for Lac du Bonnet.

**MR. USKIW:** Yes, Mr. Chairman, I wonder if the Minister is able to outline for us just what the \$2.3 million is going to be spent on or used for, the projects that are involved and whether it is all grant or whether it is partly grant and partly loan and so on.

**MR. CHAIRMAN:** The Honourable Minister of Agriculture.

**HON. JAMES E. DOWNEY (Arthur):** Mr. Chairman, as the member is probably aware, this is loan authority under Schedule A and it is all loan money. It is requested by the Manitoba Water Services Board to enter into agreements with communities that are desirous of installing water services to their communities, water and sewer, under the same type of formula that has been in place for the past number of years. It is totally loan money. The grant portion of the Water Services Board were debated during the Estimates of the Department of Agriculture.

**MR. USKIW:** Yes, Mr. Chairman, I wonder if the Minister could give us a list of communities that will be programmed within the \$2.3 million?

**MR. DOWNEY:** Mr. Chairman, I don't have that list available. As I indicated, it was money, or providing authority for the Manitoba Water Services Board to enter into programs or agreements with the different communities and I don't believe that they have all those towns identified at this particular time. It's an ongoing process and they, as I'm sure he is quite aware, are using the same type of system as they have in the past and some particular towns may not be as ready to go ahead as others. To facilitate the operations of the Water Services Board and not encourage communities that may not be ready themselves to proceed, I think it would be unfair to indicate at this particular time specific communities. There may be some that I could inform the member of but the expenditure of this money or the loaning of this money is under the normal process that has taken place in the past. I may be able to identify some of those communities but I don't believe I could give him a total list at this time because they are involved in ongoing discussions with the different communities.

**MR. USKIW:** Well, Mr. Chairman, I think what would suffice would be a tentative list of those communities that might be enrolled in projects in 1979-80. Not at the moment.

**MR. DOWNEY:** Mr. Chairman, I can endeavour to contact the Manitoba Water Services Board and try and provide that information to him, as closely as possible to those communities that have a commitment at this particular time, for information for the member.

**MR. CHAIRMAN:** 3—pass.

4. The Manitoba School Capital Financing Authority—pass.

5. The Manitoba Agricultural Credit Corporation—pass — the Honourable Member for Lac du Bonnet.

**MR. USKIW:** Yes, Mr. Chairman, I want to know from the Minister whether or not this represents a total sum of money that the Corporation anticipates to require for its purposes for 1979-80, or whether there are some residual unspent moneys that one would add to the \$25 million that is now being asked for?

**MR. DOWNEY:** Mr. Chairman, it is my understanding that at the request from the Manitoba Agricultural Credit Corporation, the \$25 million in Schedule A spending authority is not the total. There is some regenerated Capital from within the Corporation that, as in the past, has been used to operate the Manitoba Agricultural Credit Corporation. However, there is a repayment schedule worked out with the government to pay back funds over a period of, I believe it is 20 years.

**MR. CHAIRMAN:** 5—pass — the Honourable Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, I can't let the opportunity go by to have the Minister explain whether or not his version of reserve bids on sale of land was correct or the most recent description of the reserve bids as described by the Auditor is correct?

**MR. DOWNEY:** Mr. Chairman, I think the member is questioning an area that has really nothing to do with the Schedule A that we are discussing at this particular time. I haven't, to this point, had an opportunity to read the Auditor's Reports in Hansard, but will be doing so and will be able to answer that at another time.

**MR. CHERNIACK:** Mr. Chairman, we are dealing with the request by the Minister of Agriculture on behalf of the Manitoba Agricultural Credit Corporation for \$25 million dollars of Capital Authority. That will be used as an asset, a Capital asset of the Agricultural Credit Authority. By the same token, we know that the same organization sold land which consisted of Capital of the organization and it has been alleged that it sold it too cheaply. Now, I don't know whether that's the case. The Member for Lac du Bonnet has opinions, I know, that he has expressed out loud. But to the extent that they may have been sold too cheaply, then there is too much money being asked, or more money being asked here than would have been asked had they gotten a higher price. By the same token, when we are being asked to grant \$25 million to the Agricultural Credit Corporation, we are entitled to learn something about their stewardship of Capital assets and of the Minister's involvement in the stewardship of Capital assets, and that's why, Mr. Chairman, although the question was not proper to be dealt with, I did answer.

What I am not clear on, and the Minister says he did not read Hansard, then let me tell him that what I interpreted the Provincial Auditor to say was that the MACC followed a practice of setting a reserve bid based on the higher of the appraisals, or the costs and the accruals thereon, and that is what he said and that is not what I understood the Minister to say when he discussed it. I was very distressed by the Minister's approach of saying that the reserve bid based on cost was adequate and right and I felt it was inadequate and wrong and that the market value should be taken into account. Having considered it wrong, I was very much concerned that his influence on the MACC might take it into a bad business practice.

Now, I believe I learned from the Provincial Auditor that the bad business practice which I attributed to MACC because of what I heard the Minister just say, was really not a bad business practice on the part of MACC, but actually a wrong interpretation by the Minister.

What troubles me is that the Minister, who continues to be responsible for MACC and who seems to think that his description of reserve bid setting was valid, correct and justified, may yet influence MACC to go off in a wrong direction and to ignore the appraisals. And really, what it is is a contradiction between the Minister's description and the Auditor's description and it's not just an academic difference, it is a very real one because this Minister, as a member of government, has to assume responsibility for the practices of the agency for which he is responsible. If he misinterprets it or if he doesn't know how they operate, or if he thinks they are operating wrongly, and he has a right to think that because the system he described is differing from theirs, then I say we have to get it clarified, because if they are going to get another \$25 million, how will they handle it, the right way, their way, the wrong way, the Minister's way? And I don't think it's enough for the Minister to brush it aside. I must say, Mr. Chairman, he has succeeded several times now in avoiding a direct answer to the question I am putting. I don't know how much longer he's going to get away with it, or thinks he is, but I want to press him very strongly. We're dealing with assets of the MACC and their request for another \$25 million. I want to know, how are they going to handle it, their way, the right way, his way, the wrong way, which way? I think we're entitled to know that.

**MR. CHAIRMAN:** Order please. Before I recognize the Honourable Minister, I would ask the honourable members that even though the title is Agricultural Credit Corporation, I would believe that most of this has been discussed under the Estimates of the Department of Agriculture, and I would ask the honourable members if they could recollect — I wasn't in the Department of Agriculture during Estimates, but if they could recollect that it was discussed, I would ask them to please not be repetitive. I would ask the Honourable Minister of Agriculture.

**MR. DOWNEY:** Mr. Chairman, the member asks if it will be handled in a proper manner; I can assure him that it will be.

**MR. CHERNIACK:** Mr. Chairman, how can we have an assurance from the Minister of Agriculture that it will be handled in a proper manner, when his description of the way it was handled was, in my opinion, wrong. Now that's a matter of opinion. But wrong in accordance with what we are told was the practice of the Manitoba Agricultural Credit Corporation. That's the point I'm making. How can we rely on this Minister's judgment as to the proper manner if it appears, and it does appear, that he didn't know the way they were handling it. And that's my point, Mr. Chairman.

It's all very well for him to stand up and say it will be done well. The fact is, if it were done well, it was done contrary to the way he described it. If it were done the way he described it, it was not done well. And I don't think he can hide behind that. He says it's my opinion — I challenge him to indicate that it's the same thing — that his description and the Provincial Auditor's description are the same thing. If he believes that, let him say so and let him justify it.

But Mr. Chairman, I'm not prepared to let him off the hook, he's on the hook. He's justified time and again he didn't take the trouble, apparently, to go back and find out how they're doing it. He gave us an impression which apparently was wrong, that the sales were being made in a certain way. Now we are told they were not being made that way. Well, let him not avoid the fact that there is a difference of reportage, of fact, not of opinion. There is no opinion involved as to whether or not they use one system or another; there may be a matter of opinion as to which is right, we can discuss that. But I am saying, firstly, what is the fact? Did the Minister know what he was taking about? Or did he not? Did the Provincial Auditor describe a system which was differing from that of the Minister, and I say that's not a matter of opinion, that's a matter of fact. And once we can establish that — you know, it would be easy for him to say, I have enquired, I find that I was wrong — then okay, we'll know that, and maybe we'll have to accept that, human frailty being what it is, even Ministerial frailty being what it is.

But for him to stand there and refuse to answer, and avoid the question is, I think, an irresponsible attitude for what should be a responsible Minister. I don't think it's enough for him just to say, oh, it'll be handled well in the future. We don't know how well it was handled in the past, but with this Minister's guidance, I don't know if it will be handled well in the future, Mr. Chairman.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. DOWNEY:** Mr. Chairman, respecting your directive not being repetitive, I think that it should be put on the record that the member has said that his interpretation, that was certainly an interpretation, I'm not here to debate his interpretation of anything. I think that the Capital Authority that we're requesting is to carry out the programs of the Agricultural Credit Corporation. I know that the operations and the policies of the Manitoba Agricultural Credit Corporation are established by a Board of Directors, with recommendations to the government. And without being repetitive, I think that should pretty well, with his questioning of the Auditor and the references that are being made, after I've had a chance to look at what has been said, I'll have an opportunity to make a further statement.

But as far as the Capital Authority and the ongoing programs, we are requesting this money to carry on our loan programs to further develop family farms in Manitoba, and to encourage private ownership, which of course rubs the Member for St. George very much the wrong way — sorry, St. Johns.

**MR. CHERNIACK:** The Member for St. George isn't here, and I don't know what rubs him the right way . . .

**MR. DOWNEY:** Mr. Chairman, I would retract the reference to St. George and put it where it properly lies, in St. Johns' constituency.

**MR. CHERNIACK:** Thank you, Mr. Chairman. The Honourable Minister has just again confirmed he doesn't know what he's talking about, because he's absolutely wrong in suggesting that I object to private ownership. It just shows you that he listens to other members of his party and gets misled into directions which are not truthful in respect of that position. So he can throw gibes if he likes, and that's fair enough, because I am throwing very direct accusations at the Minister. I tell you, Mr. Chairman, that the Provincial Auditor stated that the reserve bid was based on the higher of appraised value or of cost with accruals thereon, and I tell the Minister that he must have known by today that there was a statement made, a discussion made by the Auditor. I don't think he can hide behind the fact that he hasn't yet seen Hansard, because Mr. Chairman, I assure you that any responsible person would have quickly found out what was said so that he could know what was said, so that he could react to it.

But no, Mr. Chairman, I really think that the truth is, he didn't know the way it was done. He assumed it was done a certain way; he didn't check it out, and then he justified the way he assumed it was being done. Now the opinion is that I think it's the wrong way. But the fact is that he has not yet confirmed the way it is being done, and if I would ask him now to tell us, how does the MACC put up its property for sale and protect itself by a reserve bid, and how is a reserve bid calculated, or how is a reserve bid set, I promise you now, Mr. Chairman, he will not answer that question. He will not answer it, because either he doesn't know, or he will not answer it because

he wouldn't like to admit that the way he described it, extensively in committee, was the wrong report of what happened.

Mr. Chairman, he cannot brush it aside by saying he's respecting your request, because we never had an opportunity to discuss in Estimates Committee the Provincial Auditor's report on how the reserve bid was set. All we know was that the Minister described it in a certain way; we objected to that way; we debated that way; we discussed the fact that we thought it was wrong; he justified it vehemently, justified it, and not until, I think it was last Friday, did we discover that the Auditor said that he was wrong and that we were debating something which we didn't have to debate because he gave us the wrong information.

So how this Minister can suggest that you, Mr. Chairman, are protecting the rule against repetition by not wanting to debate it, is to close his eyes and his efforts, to close our ears to the fact that he is not responding. I think he's had ample time, he's had months in which to find out how was it done? Mr. Chairman, either he did find out and didn't have the grace, the courtesy and the courage to come in and tell us it was different than the way he described and defended it, or he ignored the problem, did not trouble to find out, and is now in the position of being unable to tell us as to just how it was done. I think, Mr. Chairman, really, I'm critical of the Minister for not being forthright. There are other Ministers of the Crown, present and past, who have had the courage — it doesn't need that much courage to say, I'm sorry, I've now found that it was wrong and I'm correcting it.

There's a headline here which I think is a very unfair headline, a headline in the Winnipeg Free Press of Saturday. The Minister must have seen it, it's got his picture here; it's a pretty good picture, and I'm sure that if not he, that his fans made sure that he saw the picture. Having looked at the picture, he must have seen the headline, which is so large that I'm sure he can see it right across the hall, and which reads, "Downey was hounded for nothing." Do you see that, Mr. Chairman? Yes, yes. He was hounded for nothing, which implies that members of the opposition — let's read the first paragraph, I haven't seen this before, Mr. Chairman:

"Agriculture Minister Jim Downey appears to have suffered two months of opposition protests over Crown land 'fire sales' for nothing. Someone just forgot to tell him they were on the up and up all along." Mr. Chairman, you know it appears from the headline that the poor unfortunate Minister of Agriculture was being treated harshly by the opposition. Mr. Chairman, he was being treated the way he deserved, because in all that period of time he never troubled to find out, nor did any person of his staff apparently take the trouble, to tell him what the correct thing was. And therefore the poor Minister was hounded for nothing because he did not find out the right way it was handled.

I therefore assume, Mr. Chairman, that we have to be careful. I would ask the Minister this — I would venture that he won't answer, but I would ask him, does he still believe that the justification that he gave us months back about the method of setting reserve bids on basis of costs, that that's the right way? And if he would answer yes, he still believes it was the right way, then I would have to ask him, would he please make sure that his opinion is not taken back to the board of the MACC lest they listen to him and go into that kind of a practice, which I then would want to debate with him, because it's a bad practice.

So I will ask him, does he still believe that he was right that it was the best way, and if so, then will he confirm that they did not do it the best way? So maybe we didn't know before. When I say the best way, I mean the most desirable way.

**MR. CHAIRMAN:** The Honourable Minister of Agriculture.

**MR. DOWNEY:** Mr. Chairman, again I think that we're in an area of loan authority for purchases of farm lands to lend money to individuals. As far as answering a question on the honourable member's interpretation, as I said, I have not had an opportunity to this point to read the Hansard from the Provincial Auditor. He reads a newspaper which I'm sure is written by an individual who sat in at the hearings and I won't comment on that — that he brings to the committee — but after having an opportunity to read what the Provincial Auditor has said in committee and discussion which I plan to have with the MACC board, that I would be quite prepared to make a further statement on it. But I am certainly not answering on the interpretation of a member before I have an opportunity to look at exactly what was said.

**MR. CHERNIACK:** Mr. Chairman, I said I hadn't read this article before, so now I had a chance to look at it a little more intensely. Mr. Chairman, June 9th, Saturday, is the date of this Winnipeg Free Press article, a report by John Sullivan, and I will just take some portions of it. He says, "The sound and fury ebbed into shock last night after Provincial Auditor W. K. Ziprick told incredulous MLAs that estimates of market value were indeed used to gauge bids."

"Ziprick said the Manitoba Agricultural Credit Corp. appraised all of the parcels and established either this amount or the government's costs, whichever was greater, as the reserve bids. The Crownagency then called for tenders and Cabinet approved the sales on MACC's recommendation, he said." I pause, Mr. Chairman, to point out that what he calls my interpretation seems to coincide with that of John Sullivan, who was there.

All right, so he may be wrong, too, after all, the Minister isn't bound by other people's pretensions. But then what does it say? It says, "some of the parcels could still have been sold for less than market value if MACC felt a bid was the best price it could get, but this is entirely normal, the auditor added. However, Ziprick could not say why Downey had not simply told the opposition this and avoided all the embarrassment." I now depart from the text. Of course Ziprick could not say why this Minister had not simply told the opposition this. But then there is a quotation, Mr. Chairman. "That's not what I was told by MACC in committee," Downey said in a telephone interview last night. "They recommended that we go ahead and sell, if the cost to the province plus interest was recovered." Mr. Chairman, it appears, unless Mr. Sullivan is not to be trusted at all, that he discussed this with Mr. Downey, or someone discussed this — I'm sorry, with the Minister of Agriculture — so the Minister of Agriculture knew before the publication of this newspaper that Ziprick had made certain statements that contradicted his statement. That's not interpretation, Mr. Chairman; that's fact. That's not my opinion; that's fact. And the Minister would have us believe that since Friday, and today, I believe, is Tuesday afternoon, he's not taken the trouble to even phone Mr. Ziprick and find out what the truth is, or to have a copy of Hansard run off of that portion to tell him what was said, to get the transcript, but instead, Mr. Chairman, he hides behind his interpretation that the moneys being requested have nothing to do with that. Mr. Chairman, it will go down in the record . . . Mr. Chairman, I must say, and now you can call me out of order, the Member for Roblin is back, and it's just the way the Member for Roblin is still promising to produce evidence to confirm statements he made years ago. It'll go down in history the same way that . . .

**MR. J. WALLY McKENZIE:** Mr. Chairman, on a point of order. The Honourable Member . for St. Johns well knows . . .

**MR. CHAIRMAN:** Order please. The Honourable Member for Roblin on a point of order.

**MR. McKENZIE:** Yes, the Honourable Member for St. Johns well knows that I will table that Hydro Bill as soon as I get my Order for Return from the Minister of Agriculture, the Honourable Member for Lac du Bonnet.

**MR. CHERNIACK:** Mr. Chairman, on the point of order.

**MR. CHAIRMAN:** The Honourable Member for St. Johns on the same point of order.

**MR. CHERNIACK:** I well know in my mind that the Member for Roblin will never produce those bills, which will be embarrassing, but the point of order, Mr. Chairman, is that the Minister of Agriculture, who has control of all of the information of the Department of Agriculture, in 18 or 19 months has not honoured the request of his own backbencher to give him the information he requests, that he is hiding behind — I mean the Member for Roblin is hiding behind an excuse, and Mr. Chairman, it goes down in history, as far as I'm concerned, that the Minister of Agriculture is refusing to respond to the questions being asked about his misstatements, which I don't for a moment suggest were deliberate, but I suggest were made in ignorance, and justified in ignorance, and he doesn't want to admit it and I predict he will not do so. This is the occasion when he had another opportunity to do so belatedly, and in confrontation with statements made by the Provincial Auditor, he continues to do so. Mr. Chairman, I don't want to embarrass him anymore. I've concluded my discussion now.

**MR. CHAIRMAN:** (5)—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Well, Mr. Chairman, the Minister wants the Committee to give him permission to spend \$25 million. I don't think that we're satisfied on this side of the House that the Minister is fully competent to handle the MACC. Certainly I wouldn't trust him to spend \$25 million, at least on the information that he has given us so far, Mr. Chairman.

You will recall that when this matter came up in another Committee, we asked about the selling practices of MACC. The Minister gave us quite a clear answer, that MACC had a reasonable policy in the sale of lands, that it would accept the higher of two figures. Now, after a further questioning he backed away from that and told us that the sales had been made on another basis.

All we wanted to know, Mr. Chairman, we wanted it to be made clear to us whether the sales were made according to MACC's policy, or whether the Minister had changed the policy and was doing the selling of that land according to a policy that he, or the Cabinet, had laid out subsequent to that. Now, that's a fairly simple question, Mr. Chairman, and we asked the Minister over and over again. We probed. We asked. We sought details. We asked ; when the appraisals were done if the appraisals were done; whether the Minister saw the appraisals whether the Cabinet saw the appraisals; whether they had them in front of them; we asked him also what was the recommendation of MACC; did MACC take the higher of those two figures in recommending to the Minister — we simply didn't get answers to them, Mr. Chairman.

But the question is quite clear. We want to know now what the Minister's policy is going to be for the coming year. Is he going to continue with a fairly sensible policy that the Auditor tells us that MACC has used up to this time, or is there going to be a change? Now, that's simple enough, Mr. Chairman. It doesn't take any reading of Hansard to be able to answer that question. The Minister could have answered that question two months ago in Estimates, and we didn't get a clear reply from him, and I, for one, Mr. Chairman, am not going to approve this \$25 million for the Minister until I get an answer.

**MR. CHAIRMAN:** (5)—pass; (6)Insulation — the Honourable Member for St. Vital.

**MR. WALDING:** No, Mr. Chairman. I'm voting against this appropriation. Would you call a vote on this, Mr. Chairman.

**MR. CHAIRMAN:** Item 5, the Manitoba Agricultural Credit Corporation, \$25 million.

**QUESTION put, MOTION carried.**

**MR. WALDING:** Ayes and nays, Mr. Chairman, please.

**MR. CHAIRMAN:** Ayes and nays. Call in the members.

The motion before the Committee is that \$25 million be granted for Capital purposes to the Manitoba Agricultural Credit Corporation.

**A STANDING VOTE** was taken, the result being as follows:

**MR. CLERK:** Yeas 28, Nays 16.

**MR. CHAIRMAN:** I declare the motion carried.

Item 5. Order please. Item 5, the Manitoba Agricultural Credit Corporation, \$25 million—pass; Item 6, Insulation Loan Program—pass; Item 7, University of Manitoba, Tache Hall—pass; Item 8, Manitoba Data Services—pass — the Honourable Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, I'm glad the Minister of Finance is here, and I do understand, I believe, the transaction that will take place of approximately \$11 million. I just want to know whether the Data Services will be authorized to borrow \$11 million from the government. Is there an Authority available for that borrowing to take place, because as I understand it, this \$5 million is for future needs, and I just want to know the Authority of the Data Services to undertake a liability which would be in the neighborhood of \$11 million?

**MR. CAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Chairman, I think the answer to that is yes. Dealing with the technicalities, I haven't looked closely at the bill, the bill is now before the House, and maybe that's the appropriate place to look at it.

**MR. CHAIRMAN:** The Honourable Minister of Highways.

**MR. ENNS:** The bill does contain provision for loan authority. I should be able to quote the —(Interjection)— No, not that specified figure, but if that is the mechanism to be used, to be utilized, to make that transfer, then to answer the question of the Member for St. Johns, it's my understanding that that capability is built into the bill.

**MR. CHERNIACK:** Mr. Chairman, I just want to take the time to look that up. Well, Mr. Chairman

**MR. WALDING:** Mr. Chairman, while my colleague is just doing a little research in his act there, perhaps I could ask a question of the Minister for Government Services. He did indicate, when we touched on this matter under Item 2, the Manitoba Telephone System, that he did have a breakdown of the amounts that were intended to be spent under this \$5 million. Perhaps he could give the Committee now a breakdown of what this \$5 million is intended to be used for in the coming year.

**MR. CHAIRMAN:** The Honourable Minister of Highways.

**MR. ENNS:** I could indicate briefly to the honourable members the 197980 Capital program for Manitoba Data Services, which we estimate to be in the order of some \$3 million. We also believe, as I indicated earlier, that this money can be generated internally. The specific items involved in the \$3 million expenditure involves the Capital portion of the lease purchase payments of the 3733 computer under the Government Lease Purchase Plan. That's the arrangement whereby 65 percent of the lease can be directed to outright purchase of the computer. Half a million dollars is allocated for that amount.

Under Other Equipment there is the more substantial figure of \$1,522,000; Tapes and Cartridges, \$140,000; Teleprocessing Test Bench — it's another form of equipment, Capital Equipment, some \$105,000; for a total of \$2,271,000.00.

We have under the heading of Environment Improvement, the Hellon (?) System Extension for \$63,000, continuing with the Lighting Upgrading, and Air Conditioning for \$126,000, \$105,000 respectively; Electrical and mechanical improvements, \$56,000.00. These are special mechanical improvements to the Norquay Building that's housing the major portion of the Data Services equipment at this time.

Other software products are listed at some \$30,000.00. A controlled axis system for some \$68,000, and miscellaneous items, \$410,000; totalling up to the \$3 million.

There is not a specific allocation or identified need, at this particular time, to require the use of the \$5 million that is being asked for in this Capital loan. As I indicated the other day, that this maintains the position of Manitoba Data Services as it was when it was a subsidiary of Manitoba Telephone System with respect to its loan authority. The loan authority that Manitoba Data Services had was some \$17 million dollars, of which \$12 million roughly had been abated, leaving an unallocated \$5 million worth of authority. That is being transferred over to MDS, or into this Capital Loan Bill specifically for MDS to maintain Manitoba Data Services' position.

**MR. CHAIRMAN:** The Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, further to the two items having to do with the environment at MDS and given that the MDS is presently situated in the Norquay Building, a government building, I would like to ask the Minister whether those amounts — air conditioning was one and he mentioned another one — whether those amounts will be paid to the Department of Government Services which will do the work, or whether the work is to be done by some outside source?

**MR. ENNS:** Mr. Chairman, I can't answer in full detail on that question. I know that the Government Services' personnel and the department is involved in most of it. I suspect, however, that there may well be some specialized contracts let outside. The peculiar and demanding nature of the services being supplied in this area far exceed the normal installations for the security and the operation of the computer banks that are housed in the Norquay Building. There could well be some specialized work involved. I would have to take that question as notice, but I know that the bulk of the work was done. In fact, it was being carried out or started at the time that I last had responsibility for what was then known to be Public Works.

**MR. CHAIRMAN:** Item 8—pass — the Honourable Member for St. Johns.

**MR. CHERNIACK:** Just for the record, I looked at the bill and I find that I had myself marked the authority which I think is there and I'm quite satisfied that I have the answer to my question.

**MR. CHAIRMAN:** Item 8—pass.

Item 1, the Manitoba Hydro-Electric Board—pass — the Honourable Member for St. Johns.

**MR. CHERNIACK:** Thank you, Mr. Chairman. I will postpone discussion on the rate freeze and the foreign exchange rate for the Supplementary Supply, but there was an important discussion that took place on Saturday in Public Utilities Committee dealing with the philosophy and the policy of production for exports. I raised the point, not in the partisan sense but in an updating of policy, years back — not that many years back — but at a time when there was thought to be the possibility of brownout, of insufficient production of energy, there was a great reluctance, I think not only in government but in the community of Manitoba, to expand rapidly in the production of energy at the expense of the environment and possibly at the expense of users in Manitoba. There were debates, public debates and I suppose private debates, about the advisability of exporting power on a firm basis rather than the present method of interruptible service. Bearing in mind that Dean Wedepohl ' said that the system being used is, I think he used the words, the best, or the ideal — I thank the Honourable Member for Inkster fo the word — he said the ideal way of doing it.

The Dean also said that if he were Premier, he would be going full-steam ahead to produce energy for export. Now, I don't think it has been the design in the past to produce energy for export and I don't want to go through the reasons for that. I know there are many and they could be argumentative and I'm not looking back, I'm looking ahead. I believe the Minister said on Saturday that the tie-lines would have to be in place in order to make it possible. But I would like to hear a little bit more about the Minister, who is the Minister for Energy, and about the government's position on the policy of doing exactly as the Dean said and going ahead with the most rapid expansion in order to sell energy for export, bearing in mind several factors. One was his own statement that he believed that oil, the cost of oil, the price of oil, should rise to a level which would make the Tar Sands viable and apparently that still has some few dollars to go to reach that stage, and point out to him that if that stage is reached, then obviously the power becomes all the more valuable, I mean hydro-electric power.

Bearing in mind the fact that it's a renewable resource, the capital investment being the one big input, and on the other hand bearing in mind that there was always discussion, and I don't think it was really accomplished to a great extent by the prior Conservative Government nor by the prior New Democratic Government, to see to it that more processing, more use of energy is kept within Manitoba rather than raw material exported along with energy for processing elsewhere. I think that's a desire of all Manitobans, that we should be able to have smelting plants in Manitoba, that we should be able to have secondary industry in Manitoba using our energy, using our raw materials and using our labour forces.

So I wonder if the Minister would care to update us on his position and that of his government in relation to what I believe is a changing mood within Manitoba and probably within the world to start dealing with energy much like Dean Wedepohl himself said, if we pride ourselves on the export of wheat, why aren't we priding ourselves on the export of hydro-electric energy. I say that, and I hope I haven't said anything that is going to arouse a big partisan debate. If I did, well and good, I don't fear that. I wonder whether we can get an updating from the Minister on his position in regard to producing energy for the purpose of export, and possibly in that way entering into firm contracts. I know that he was concerned that there would have to be some kind of escalator clause involved.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Chairman, I think that we should review just very briefly what has been the history of the positions with regard to firm power, or interruptible or whatever it is. The whole concept initially as developed in the Sixties for the Nelson River-Churchill River development, was very clearly stated at that time by both D.M. Stevens, the then chairman, and Duff Roblin, the Premier of Manitoba, that export of power was part and parcel, and ought to be part and parcel of the development of a logical development sequence for the whole northern power development. That policy ran into troubles when the government changed in 1969. I don't know how long it ran into trouble because there was never a position stated by the former government. All I know and I can give you a quotation directly from the Public Utilities Committee, by Mr. Cass-Beggs, in 1970 that said he would not pursue export sales because you couldn't get enough for them. Now, that was one of the reasons, he said. He said that export sales weren't worth pursuing.

Now, he perhaps changed his mind and maybe the government changed its mind, but quite frankly, I have never to this day heard the former government, as a government, state its policy with regard to exports. I know that they did not allow Manitoba Hydro to join MAPP, the Mid-America Power Pool. They did allow Manitoba Hydro to become a member of the MAPP organization in the States, so they retained some reservation back, but on the other hand, went ahead and did during the Seventies negotiate, obviously, the two tie-lines, one that is built, one that is in production,

and one that is going to be built. Those were negotiated and went before the National Energy Board in 1976.

Mr. Chairman, I sat through those National Energy Board hearings, made representation on the part of the official opposition at those hearings, at which I said I agreed entirely, that was the concept of the Nelson River Development to start with, but I thought the price was too low. I still think it's too low on the firm part of the agreement.

However, that's history. Never was there an official government position presented unless it was reflected through Hydro. Never did I see a member of the government at the National Energy Board hearings. And I seriously question whether there was a formal government policy, but export agreements outside of Manitoba are government, basically, agreements, and not utility agreements. They have to be; they have to reflect government policy as opposed to utility policy. Now, utility policy may indirectly be reflecting it and finally the National Energy Board has to approve it and therefore tacitly the government in power is presumably in agreement with what has happened. But never have I heard, and perhaps that's why I raised it in part last Saturday, I asked Dean Wedepohl to elaborate on some of his position with regard to his evaluation of whether we should be going for export power sales because it is going to become a matter of conscious decision and it has to be government decision, whether it is interruptible, the ideal referred to by Dean Wedepohl. I don't disagree with him, if you can get the price for interruptible, that's the way to go, that's ideal. If you can't get it, maybe you have to look at part of it at least being a firm power commitment because you can get a higher price for firm power generally and you can at this time. Maybe that will change. The scene certainly is shifting very rapidly.

So, this Party's position, this Government's position, we have been trying to make it clear for the last 18 months. We said publicly last fall when the Nebraska people were up here at the time on one of their trips, that we were in a position to talk firm power sales in addition to the Mandan Line, we were interested in looking at firm power sales in addition to the diversity exchanges that have been going on. We advised the National Energy Board; I discussed it with Federal cabinet ministers of the former government that if we could appear to negotiate a proper return for Manitoba that looked equitable and would stand up into the future, with escalators in it naturally. Dean Wedepohl says oil is fine but there are other escalators as well, which is the price of other electrical power sources that you are competing with in the States that are perhaps as good or better than tying it to oil. You can tie it to whatever you like, but as long as you don't get locked into the problem that Brinko(?)— Labrador Churchill Falls sale got into, or the British Columbia sale got into on the Columbia. All of those things had to be taken into account.

But it's not a case of us developing now a policy. We really have been stating that policy ever since last fall. It is restated in the Budget, as a matter of fact, that that policy of pursuing export sales is part and parcel of the development of the Nelson River dams and so on.

We're anxious to press on with the development of the Nelson project. We'll do it just as rapidly as we can without it having any serious threat to the rate bases of the Manitobans that are going to have to ultimately be the underwriters of this project.

Mr. Chairman, that we have stated as government policy and that is the bottom line of all of the decisions we have made. We have made it very clear that the rate base comes first. Mr. Chairman, as I have said this morning, we presented the background and the background information for the first time that I can ever recall it ever being done in the Public Utilities Committee in the eight years I sat in examination of it, where there was a projection made on the best available information into the future.

So I want to say in summary, Mr. Chairman, to get back to it, looking back over the history of all the debates that have gone on, to my recollection there is only one party that has opposed the development of the Nelson Project, one political party and it was the Liberal Party. Their official position was first of all to do away with the Churchill Diversion. Their second position — I don't know which one came first or second — their second position was not to have done it at all but go entirely to fossil fuel production or nuclear or whatever, some alternate fuel.

There has never been a difference, Mr. Chairman, to my knowledge, between the two current parties that are —(Interjection)— And a monorail to South Indian Lake, Mr. Chairman. But there has not been a difference as far as I know about the basic wisdom of developing the Nelson River. It has not been clear in an official way from the members opposite as to what their position is with regard to any massive sales, temporary, interruptible or what with regard to the United States, and I suggested that on Saturday that it would be worthwhile discussing it; in fact, ask Dr. Wedepohl for his views on it since he is knowledgeable and stated at the time that I expected it was going to have to be a conscious policy decision by the Members of the Legislature in the not too distant future in this regard.

Now, the interest with regards to further development on the Nelson is very high; that was also stated. There are groups, enthusiastic, but they're not without problems in the United States in

overcoming oddly as it may seem, — all their with problems with regards to Three Mile Island nuclear disasters and Iranian oil impacts, there are still the other not so high profile problems; even the problem of getting a simple permit for a power line in the United States is much more complicated than it is in Canada. That can be very time consuming, even at the present time, with the pressures on, and all of those things have to be taken into account.

As soon as we can see the blue sky ahead as far as being a good return for Manitoba, an acceptable one, and that there are not timing hold-ups with regard to the potential of a problem in the United States on the tie-lines and, assuming that we'll get a Hearing from the National Energy Board, we'll be pressing on just as rapidly and as fast as we can to pursue the further development on the Nelson River. This may be Limestone, it may be the Conawapa site, it may be both, but it will be, Mr. Chairman, as fast as we can go.

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

**MR. CHERNIACK:** Mr. Chairman, I'd like to know if the \$118 million requested is as much Hydro could possibly use in carrying out this objective, and for what period of time is this Authority being requested?

**MR. CRAIK:** Well, Mr. Chairman, I'll have to just look here briefly. There is some carry-forward this year; this is not the total Capital requirements. The Growth Capital Program this year is \$163.9 million; the internally generated funds, 35.7, uncommitted Capital Authority, 9.5 and 1979-80 Capital requirements is 118.7.

If the member would like a breakdown in very rough terms of that, I can give him the largest amounts. Lake Winnipeg Regulation Control and Generation, \$10.3 million; Long Spruce, \$19 million; Limestone, \$15 million; Great Falls, on the Winnipeg River, is \$21.5 million; the Bi-pole 2 DC Line, \$10.6 million, and the Winnipeg-US Border tie-in with Northern States Power is \$29 million; the domestic items which is regular Capital items total \$47 million for a total program of \$163.9 million, and a number of smaller ones.

**MR. CHAIRMAN:** The Honourable Member for Inkster.

**MR. SIDNEY GREEN:** Mr. Chairman, I would like to pursue this subject just for a little while, because the minister has indicated that he's never heard any definitive statements with respect to the position of the previous government concerning export sales. He has also indicated, Mr. Chairman, that from his particular point of view, export sales are a matter which had been proceeded with with all haste and without any question as to the philosophy of the program.

I think, Mr. Chairman, as I understood it — and by the way, not only as I understood it, but as I articulated it — the position of the government during the eight years that the New Democratic Party formed it, was not exactly as the honourable member stated it, nor was it as he is now pursuing a Conservative policy.

The question at that point, as I understood it — I will clearly indicate what I thought and if it comes out that I was wrong by some statement of Hydro, I'd be very interested to know — because as I understood it, all of Nelson River Development Program was done on the basis of projections of domestic needs, that the projections of domestic needs would reach a certain point at a certain year, say 1990 or 2000; that there was no question that we were going to need the power that was being generated by the installations that we were making, and that it made every sense in the world to, therefore, create the capacity for generating it for the domestic needs, and then using that over-capacity until we reached those projections for export sales. The export sales would help pay for the generating facility and also reduce the impact of rates on domestic people.

So the question as to whether or not you should generate solely for the purpose of selling and making a profit was not one that I, in any event, faced, and I don't think the government faced, because we were never faced face to face with that kind of decision.

Everything that had to be generated was forecast as being a domestic need. It's true that for years intervening, we would have a surplus of power and that would be used in order to pay for the installation. That's not quite what the minister is saying. There is a nuance there, and I really don't know whether he is clearly defining a Progressive Conservative Government position that they are going to generate power for sale, for profit, and to stabilize domestic rates whether there is a needed projection domestically for that power or not. To be fair, I'm not going to attack the minister even if he extrapolates such a policy. To my mind, it had never been necessary, up until the present time that I hear it from the minister, because it wasn't really a consideration of that kind, but I will remind the minister that if it makes sense, he will not have a problem from me,

and he knows that.

Dean Wedepohl said that he would sell power, as we are proud to sell wheat. My honourable friend and I entered the House at the same time. At that time, there was a phobia about water. I got up in my seat, as a New Democrat, and said without any difficulty whatsoever, and the member was quite astonished at the time, that if I could be satisfied — and I would want to look at it that we have more water than we need, much, much more — that we could build a fence around our needs, a mile on either side, and that there was still water, but I would not be a dog-in-the-manger and refuse to have that water go to some people on this planet who could use it. The member will remember that, and therefore, if you find that I am not afraid, in the face of some hysteria to say that I will sell domestic water, then I'm not afraid to say I will sell domestic power. —(Interjection)— Pardon me? Well, Mr. Chairman, I tell the honourable member that fortuitously, and it will be in Hansard, fortuitously I said at that time, if we can be proud to sell wheat when we have an abundance and there are people who are hungry, why would we not sell water if we had an over-abundance and there were people who needed it. I don't see any problem in that respect.

The honourable member is saying something different, because don't forget, in order to sell power, we have to do things, and the amount of generating capacity that we have can be largely increased if we do things that appear from an engineer's point of view to make all the sense in the world, but have effects on our province.

I assume that we could create headwaters and dams in all kinds of areas which would cause all kinds of disruptions to our province, and one would then have to calculate, is the human and ecological cost of creation of this power necessary, and is it worth the investment?

Now, when you are talking about domestic needs in those circumstances, you are talking about an entirely different animal than if you are talking about saying, that because can make a profit, and make ourselves more comfortable, we are going to disrupt what will be the province and its future generations' because we happen to have an asset which we can deal with for our own benefit.

I don't say that the minister is taking that position — I rather think that he is not taking that position. I rather think that he is taking the position that the export of power makes sense, and in any event, makes sense under the existing conditions, and there's no doubt about that.

I went from university to university and said to the students what I'm now saying to the minister, that if I know that my domestic power needs are going up so that in the year 1990, I will need X number of kilowatts, that at the present, I need X minus 20 number of kilowatts, then I will produce for 1990 and I will sell the excess of kilowatts in between. That was the position, and I don't think that it was failed to be articulated; as a matter of fact, when I heard. . . well, as a matter of fact, I think that my leader, the Leader of the Opposition was more enthusiastic than I am, because I think that when I heard Dean Wedepohl speaking on Saturday, I thought I was hearing Ed Schreyer.

The pursuit of a development of a renewable source of energy capacity was something on which I heard my leader speak so many times that it became almost as a matter of a record playing and my honourable friend heard it, the people of Manitoba heard it, the people, I think, in Washington heard it; I think that wherever Ed Schreyer went, he spoke in those terms, so I don't think that it's fair to say that all of a sudden, we have taken off the strings. As a matter of fact, let's be entirely accurate, that the first step to the producing of energy capacity was by the Conservative administration, when they first came into power. I'm not criticizing that. I gather, and I think it was on the books to be looked at and to probably be done in the closing months of our administration, but let's remember that it was done by the Conservatives.

The Sundance was closed down — is it Limestone? —(Interjection)— It was September? Then you are suggesting that we were the ones who did it. Well, that's fine, Mr. Chairman, that's fine. I did not wish it to become a sharp point, but I seem to recall the Conservatives announcing that they have stopped this because we have an over-capacity of power. You didn't make such an announcement? If you made one just because you wanted to appear that you were restraining something that we were doing, it would not surprise me, because you have done that type of thing before —(Interjection)— All right. In the interregnum. That's fine. The interregnum is the period at which you fire three Deputy Ministers, so you do other things apparently during the interregnum, too. That's right. The fact is, let's not be petty about it — it was done.

It was something that you could have turned down immediately. If it was done before you came in, it was something that you could have turned the switch on immediately, but you didn't, and the reason was that, at that time, it appeared that we had an overcapacity. That's what it appeared, and in a very short while, it became apparent to the minister and to the members of the Conservative Party that they got a pretty good thing, and they were very embarrassed by having a good thing. Oh yes, and we'll deal with that when we come to the \$31 million, because the best way of using

those figures shows that there is no need, and was no need for a rate increase, the best way, your way, that you'd wind up five years from now with a \$45 million reserve and no rate increases.

And it can go from there, \$45 million to 120, and we'll deal with all of those figures. But \$45 million is the minimum on your figures, \$45 million on your figures. On Saturday I was given a projection, which I then read to the people who made it, who had it for months, and I had it for 10 minutes, and they said I was right. I had it for 10 minutes; they had it for four months.

Well, Mr. Chairman, they gathered together and had a huddle. They did indeed. They had a huddle before they made those answers, and we were waiting for the answers to come out. But Mr. Chairman, no matter what, we will show that there is a minimum \$45 million reserve without a penny in rate increases, and it could go up to \$100 million without rate increases. It could go up. They made \$13 million in the last two months, on the basis of the dollar — in the last two months.

So when the Minister says that there was no policy, my information and belief is that the policy with regard to the development of the resource was the same, that there was indeed a review as to whether a certain facility had to be proceeded with on the basis of plans which were in existence in 1969. It is unanimously agreed now, there isn't a single dissenter who does not agree that that facility, in accordance with that plan should not have been proceeded with. —(Interjection)— Well, Mr. Chairman, not a single dissenter does not now agree that the facility which was planned by the Conservatives in 1969 should not have been proceeded with. The Member for Lakeside is raising his hand. The Member for Lakeside stood in his place on this side of the House and said, I am not talking about 869 feet, I am talking about 852 feet, and the facility that was planned in 1969 was for 869 feet. —(Interjection)— Mr. Chairman, that was the facility that was being planned, that is the facility for which my honourable friend came into this House, presented a piece of legislation, Bill No. 15. . .

**MR. CHAIRMAN:** Order please. The Honourable Minister of Highways on a point of order.

**MR. ENNS:** On a point of order, I did not come into this House asking for the specific Hydro facility to be built. I came into this House asking for a bill to enable Hydro to utilize water at a certain level. The refinement of what that level should have been in question, was never debated in this House. I agree that the quest for the particular licence is what the matter refers to, but there is a vast difference between asking for a particular licence and the actual building of a particular plant.

**MR. GREEN:** Mr. Chairman, the honourable member becomes sensitive every time this is discussed, because if it had not been for Cass-Beggs' review, there would have been a facility built there at 869 feet. It was he, Mr. Chairman, who made the review which resulted in the program that you now agree with 100 percent. —(Interjection)— That is not a lie. Mr. Chairman, the Hydro people, when we came into power, showed us — , and there were tenders let on a facility to build a dam which would raise the level of South Indian Lake to a level of 869 feet, or thereabouts. And if my honourable friend is forgetting that —(Interjection)— that's right, but it wasn't 850. 850 came as a result of the Cass-Beggs' review. Underwood and McLelland did not present their report which talks about 852 or 854 until the winter of 1970. How did that come about? Because of Mr. Cass-Beggs' review. A most maligned person, Mr. Chairman. A man who gave tremendous service to the people of this province, and has been, for political reasons, and political reasons only, and unsuccessfully, by the way, maligned by the people of the Conservative Party. That is correct. That is correct. —(Interjection)—

Mr. Chairman, the former Liberal Premier that my friend is talking about —(Interjection)— the former Liberal Premier that my friend is talking about made the interesting statement that when Mr. David Cass-Beggs said that there will be . . . everybody knows that we have not seen our worst flood or our worst drought. Mr. Campbell, who had been in the Legislature for 48 years, said, "I didn't know that. I didn't know that we haven't seen our worst flood or our worst drought." And within years, within years of Mr. Campbell having made that remark, we had the worst flood that we ever had and we had the worst drought, almost, in one year, that we ever had.

9 So Mr. Chairman, it would appear that David Cass-Beggs knew more about those things than D. L. Campbell, because he didn't know but David Cass-Beggs did know. And D. L. Campbell ran around Manitoba, using that as an argument against what Mr. Cass-Beggs was saying. And the fact is that what we do know, Mr. Chairman, and it will come out when we discuss the Estimates on Current, what we do know is that we are blessed with a very good and stable Hydro system, one which will need no increase in Hydro rates for the next five years, no thanks to the Conservative Party.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Well, Mr. Chairman, just on that final note, I would say that the member might add that he would also hope we are blessed with adequate rainfall to keep us all happy for the next five years as well.

Mr. Chairman, what we are on now is the Capital program for the next year. I am pleased to hear that the members opposite are open-minded with regards to programs that may be initiated with regards to sales in the U.S., or western power grids or whatever may develop. I suggest that within the year that there is probably a good possibility that there will be something more firm to go on that will require a policy decision that will see a change in the policy that was adopted by the former government, which was to sell excess that was surplus to domestic need in the interim period until it was required for the purposes of export, but basically on a plant-by-plant basis. I'm suggesting that there is a difference, that we're looking in the discussions, looking in larger terms and looking at advancement of construction for the purposes of export, but not substantially different to the extent that it wouldn't be planned for it to eventually come back for the use of Manitoba.

Mr. Chairman, that is the difference and that's what I have been trying to tell the members opposite and what has been said for many months now, not necessarily in this House but in public statements that have been made by the government and to people who could be potential purchasers.

So Mr. Chairman, let's just say that there will be further debates maybe on a different topic, who knows? Maybe we'll get into the debate on whether or not real resources ought to be exported for the purposes of revenue gain, quite apart from domestic need in the province of Manitoba and maybe that'll be our next battlefront. I'm sure it will be a great disappointment to the listening public if we can't have a disagreement over it, because certainly the give and take that has been going on has been one that has been dominating at least this issue for the energy scene for some time.

So with that, Mr. Chairman, the current Capital Estimates do not deal with items that are dealing with advancement of construction. The time requirement for purposes of that are such that would not likely be reflected in the 1979-80 year, but there are still substantial developments, substantial work on the Winnipeg River that is going on and substantial work completion on the Nelson River on the existing structures.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, I just have one question following from the Minister's breakdown of this amount, and I recall him saying that \$15 million of this amount was to go for Limestone. Could he perhaps expand on that a little bit and explain to me why \$15 million is to be spent on a site that's been effectively put into mothballs?

**MR. CRAIK:** Mr. Chairman, primarily the interest charges are still being capitalized on this project.

**MR. WALDING:** Mr. Chairman, I recall the Chairman of Hydro telling the committee on Saturday that so far \$96 million had been spent on Limestone. \$15 million would seem to be a lot of money for one year's interest on that amount. Perhaps the Minister could tell us whether there are other expenditures involved here, or is it simply that there is a high rate of interest being paid?

**MR. CRAIK:** Well, Mr. Chairman, \$10 million at least of that would have to go just to service \$96 million, then of course this compounds as well, and I don't know whether there has been an increment already go on it — the \$96 — I think it's probably up now to \$96 plus about 10 percent, and then another 10 percent roughly for debt servicing for the coming year. The remaining part of it is for small amounts of residual work, I presume, that are associated with it and the Sundance site and the maintenance of it.

**MR. CHAIRMAN:** (1)—pass; Resolved that there be granted to Her Majesty a sum not exceeding \$205,469,000 for various Capital purposes—pass; Supplementary Supply No. 2, Finance (7), Item 10, Hydro Rates Stabilization, \$31,300'000—pass; Item (3) — the Honourable Member for Inkster.

**MR. GREEN:** Mr. Chairman, with respect to the Hydro Rates Stabilization, of which much has been

said, the fact is that the Minister is asking for Supplementary Supply of \$31,300,000.00. When the Minister announced, Mr. Chairman, in his Budget that there would be a Hydro rate freeze for the next five years, I indicated that very day that I heard it, which was the day following the Budget Speech, that one of two things is taking place and I didn't know exactly which one, although I had a suspicion, that either the Conservative Government was very embarrassed by having a Hydro system which was going to have stable rates for the next five years and were seeking a way out of their embarrassment because they had been criticizing the system for the last three or four years, and now we're getting the benefit of it, or the Conservative Party had taken to its bosom doctrinaire socialism, what they have always referred to as doctrinaire socialism. Mr. Chairman, it was obvious that one of these two things was taking place, and it was very much unlikely that they were suddenly embracing doctrinaire socialism, so the other situation namely, that they had a Hydro system in which there would be no rate increases needed for the next five years, was part of their legacy, that they were embarrassed by this legacy and tried to find a way out of it.

Now, Mr. Chairman, I believe that events of the past two weeks have more than justified the speculation that I made at that time. First of all, it wasn't entirely speculation. The Budget Debate itself said that this was merely to deal with losses in foreign exchange which said, Mr. Chairman, that if there were no losses in foreign exchange the system had achieved stable rates, and the Minister will stick to that. He will not make one challenge to that remark because if we take out of his Estimates any losses from foreign exchange, then there is no doubt that there are stable rates by everybody's calculations, and the Minister will agree to it. —(Interjection)— And he says, "Right", so let's not at a later date say that I was misled into making that statement.

If we take out the foreign exchange, the system is operating on revenues exceeding expenses, not only big revenues, there will be rate stabilization and there will be increased reserves to the extent of \$100 to \$120 million, take out the rate stabilization. But the Minister says he needs rate stabilization and without rate stabilization he will not be able to achieve it.

But that was the first statement, Mr. Chairman. The second statement occurred two days later. When I questioned the Minister as to why he would not do this for gas rates, why he would not do it for transit fares, why he would not do it for milk or bread, or for what the Member for Morden, the Member for Pembina . . . you know, the Member for Pembina in a speech the other day said that some ç he didn't use this phrase, but I will be permitted some hyperbole — some crazy people in Ottawa talked about using Consolidated Revenue to stabilize Crowsnest Pass rates, and he said that this was stupid. Everybody knows that it's going to have to be paid for by somebody, and governments just don't do such a thing, especially a government that believes in the principle of loser pay, and that's the principle of the Conservative Party, loser pay.

If you happen to drive on the bus instead of a car, you pay — you pay a user fee — and they're going to pay more in user fees on the Transit System as a result of the increases in the last two years — I would estimate very quickly that they will pay five times as much in those fees than all of the tax reductions that have been given to those people by the Conservative Party, so-called, over the last two years.

In one year, Mr. Chairman, they're going to wind up paying ten cents a day, and if you say that only one of them rides, it's \$30.00 a year, but that's only for this year. There was an increase last year as well, so it's \$60.00 this year, and you haven't given anybody \$60.00 tax relief unless you'll adopt to yourself the relief that was given by the Federals on the Sales Tax Allowance, and if you adopt that then you've increased their taxes this year by \$120 million a year, 3 percent of Sales Tax, from 2 to 5.

But Mr. Chairman, on Saturday we were given new projections and you know I don't even have them in front of me but I remember them very well — and the projections showed, Mr. Chairman . . . As a matter of fact the Honourable Minister says that he gave us those projections and that has never been done before. Do you know why the Minister gave us those projections? Not because he wanted to give the projections. I'll tell you why. The first question that was asked — not question — Dean Wedepohl said that this year we are going to be able to take \$50 million and add it to our reserves and even if we got nothing from the Provincial Government — even if we did not get a cent from the pprovincial Government — we would be able to pay our balance of trade deficit and add \$8 million to our reserves. That's what he said.

He said, "Our reserges are now \$50 million", and I asked him, "Do you mean to say that you could handle your foreign exchange problems, that you could pay all your expenses, that you will have an excess of \$8 million, and that you will increase your reserves from \$50 to \$58 million?" And Dean Wedepohl said, "Yes." And the Minister then said, "Now just to help the honourable member", you know, he's always trying to help me. "To help the honourable member, I want to know that I was given a projection two months ago — two months ago — which didn't reflect these current figures." —(Interjection)— Well, okay, Mr. Chairman, he didn't use those words exactly. He did not use those words, that is true, but I say that that is when the Minister — he didn't offer

those projections, it was only when Dean Wedepohl stood up and said that we are going to have \$100 million in reserve this year by what the government is doing, that the Minister thought that he had better show that that is not the total picture and gave us the famous projections, Mr. Chairman, which projections on the face of them, without altering anything beyond 1979, show that without a single penny in rate increases, the reserves in 1983, between 1979 and 1983, would be \$45 million, approximately what they are at the present time. Those figures are not exact and I'm going to ask to be corrected — my friend, the Member for St. Johns is here — and see whether I am saying anything wrong. Without a penny in rate increases, not one red cent, not one cent in assistance from the government, in 1983, we would have reserves of \$45 million, which is approximately, Mr. Chairman, what we have at the present time. We have perhaps \$5 million more at the present time but, Mr. Chairman, the \$5 million more at the present time turns around a speculation for 1979 that we would go down to \$40 million.

Mr. Chairman, just look what's happening with this foreign exchange that they are talking about, because now the government is taking the gamble out of Hydro's hands on foreign exchange. But that works both ways, Mr. Chairman. Do you know what Hydro made on foreign exchange in two months? \$13 million. They probably lost some more last week. They did, I'm sure they did. Did it go up today? Mr. Chairman, if it goes up a penny, they make \$25 million. That's what we were told by Dean Wedepohl.

So what the government has said is, look, you know, we have a problem with these Hydro rates. They're going to be stable, we better make it appear that we have done them and in the meantime it won't cost us possibly one red cent and we can gamble on the foreign exchange. The same person pays in either event and in the meantime we are out of a political box. And that's what they have done. These are your figures.

Mr. Chairman, in order to increase that reserve, because once you are embarrassed by the fact that you don't need it, you suddenly find a new need. We are not now protecting the Hydro rates. The Minister isn't any longer protecting the Hydro rates, he is now protecting the reserves. He now wants and says that it is necessary for us to add to the reserves, the reserves of Hydro have to go up from \$50 million to \$120 million, not to make money, to add to the reserves. And that's the reason, Mr. Chairman, that he says that he is making this change.

Well, let's just look at the figures. Are honourable gentlemen aware that Hydro said that they would need, in order to get to \$120 million in reserves, an 18.2 million increase in 1980, an 18.2 percent increase in 1980, followed by what in 1981? A 14.7 percent decrease in rates. I didn't write that. That's the accountants of Hydro. Followed in 1982 by an 8.6 percent increase in rates, followed in 1983 by a 5.5 percent decrease in rates. I said, Mr. Chairman, to the Hydro people, why don't you just eliminate the decreases and you won't need the increases? Wouldn't that, Mr. Chairman — and based on the paper and I was asking them the question, why don't you eliminate the decrease and you won't need the increase? I asked, Mr. Chairman, whether that was a correct assumption, and they said, yes, it is, and therefore, without any of the increases or decreases, they could go to \$120 million. And that would be correct, Mr. Chairman, and was a legitimate question, if the 14.7 were coming off the same base as the 18.2 was going up on, and if it wasn't so, they should have told me. And apparently it was not so and therefore the questions I asked and the answers they gave were accurate, except that they would lose the increases for those two years and therefore have some shortfall off the 120. How much I don't know, but it wouldn't be \$80 million. It wouldn't be \$80 million, Mr. Chairman, because the 14.7 decrease is also eliminated.

But, Mr. Chairman, even those figures are not correct. On the basis of this statement, if they increased their rates in 1980 by 9 percent, they would have one increase of 9 percent through a period of four years, and get to \$120 million, because the 9 percent would take care of the 14.7 percent decrease, it would take care of the 8.6 percent increase in 1982, and would leave them money left over in 1983.

But, Mr. Chairman, that is all on the assumption that they were going to lose \$10 million in 1979, and not only did they not lose \$10 million in 1979, they had an \$8 million gain, so we turn around \$18 million immediately. \$18 million is the immediate error and that affects all of the other figures. Therefore, Mr. Chairman, even basing it on the average flows and the foreign exchange payments by Hydro over the period from 1980 to 1983 and without giving any allowance for the increased performance which has already been shown in 1979, they would end up with reserves of \$45 million. That is not disputed; that is confirmed by the new figures. Mr. Chairman, it is confirmed by the new figures where it says, zero percent rate increase, total reserves \$28 million, based on these figures, and they have to add on, Mr. Chairman, the increase to reserves from 1979, which is \$17 million, a turnaround of \$18 million, and that brings you to 45.

Now, that's the way it is. And that's the way it should be according to Conservatism. Conservatives don't take general revenue and pour it into a rate subsidization program. I'm not saying it's wrong, Mr. Chairman, I say I would do it. I might not — there would be an argument, there would be

discussion — I would choose it, Mr. Chairman, we'll talk about the bill later. You are not doing that — you are not taking general revenues to stabilize the rate. You've got a stable rate without those revenues.

Mr. Chairman, what is this bill going to do? Mr. Chairman —(Interjection)— Boy, my honourable friend will see how I vote on this bill and I will speak on the bill. I am telling you that by your own figures. . . —(Interjection)— Yes, sir, yes, sir. Mr. Chairman, my honourable friend was not in the House —(Interjection)— Tell him to keep quiet, tell him to keep quiet.

**MR. CHAIRMAN:** Order please.

**MR. GREEN:** Mr. Chairman, on Budget night, the Honourable the Minister of Finance thought that he performed a political coup. A week later he found out it was a political cuckoo. That's right, a political cuckoo. It got them nothing at all. They have nothing but egg on their face, it is going to be impossible for them to remove it, and we will certainly talk about that bill.

But now we are talking about, Mr. Chairman, the \$31,300,000 that is being requested in these supplementary Estimates, and Mr. Chairman, we will deal with just how much money they are going to need to do this program. The honourable member gave us the bottom figure, he told us, and these are his words, "it may not cost the treasury one red cent." And we have to put up \$31 million to produce not one red cent. That's what he said. "It might not cost one red cent", but we have to vote \$31 million, that's a lot of red cents. Oh, Mr. Chairman, we will deal with the appropriation, we will deal with the bill, my honourable friend need not concern himself, let him be patient, he will . . .

**MR. CHAIAN:** Order please. The hour is 5:30. Committee rise. Call in the Speaker.

*The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.*

#### IN SESSION

**MR. SPEAKER:** The Honourable Member for Radisson.

**MR. KOVNATS:** Mr. Speaker, I beg to move, seconded by the Honourable Member for Emerson, that the report of Committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** The hour being 5:30, the House is adjourned and stands adjourned until 8:00 o'clock this evening.