

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
8:00 o'clock, Thursday, March 14, 1974

CAPITAL SUPPLY

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I think we are ready now to proceed with Capital Supply. I have not yet received the information requested in connection with the Supplementary so that, - oh, I don't know, well if I can just take a moment. Mr. Chairman, I'm caught now between my desire to talk to the Honourable the Minister for Northern Affairs to see if we can dispose of Supplementary Supply or not, because he's not aware of the question that was asked and therefore I don't know if he has the answer.

Now on the Capital Supply, honourable members will recollect that I distributed two sheets of paper - one of which was schedules A and B of the Supply and the other was an explanatory note which was so misconstrued by one of our star reporters, that makes me wonder whether it needs any clarification or elaboration. It did explain the authority requirements and the cash requirements and sort of reconciles them. If honourable members would like me to go through that I can, but there's no real need to, we could go right into the authority itself. So shall I pause a moment to see if anybody wants to go through the explanatory notes, and I judge not; so that then we could start with Capital authority and Mr. Chairman, I trust members will go along with me if I find that the Minister for Northern Affairs can deal with that one resolution, that we should be able to go back and dispose of that.

MR. CHAIRMAN: Agreeable? (Agreed)

MR. CHERNIACK: Well that's fine, Mr. Chairman. Well then the first item is Hydro and it's \$480,000,000 which is being requested.

MR. CHAIRMAN: Can I move the resolution and then recognize the Member for Lakeside. Dealing with schedule A, Resolved that there be granted to Her Majesty a sum not exceeding \$622,230,000 for capital investment. The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, I believe perhaps my colleague the Member for Riel would be with us later on or indeed - of course if he isn't here he'll choose another occasion to make his comments with respect to the Capital requirements being requested here for Manitoba Hydro.

I can't let this occasion pass, however, particularly in view of the information that we are now receiving in front of the Public Utilities Committee from the Chairman of Manitoba Hydro which now brings the stark fact before us of the, you know, completely unjustified increased costs that Manitoba Hydro is incurring as a result of a decision and the sequence of decisions taken by Manitoba Hydro under the direction of the First Minister and this government, I think it's fair to say, that, Sir, other people more knowledgeable than myself have predicted over the past two or three years. The fact that astounds us, as I think my colleague the Member for Riel said in Public Utilities Committee, that those rough estimates of the kind of money that we were throwing away, when we talked about \$250 million or when the former premier of this province talked about \$250 million as did the former Assistant General Manager of Manitoba Hydro talk about \$250 million which was being spent in this manner. I think while we accepted, certainly accepted their qualification to make these estimates and guesstimates, certainly recognizing that those estimates were based on at least as much fact as the politically appointed chairman of Hydro at that time, Mr. Cass-Beggs had at his disposal. If you recall the rather sparse thin paged report on which the big major decisions having to do with Hydro in the past three years have been based upon, were made, then, Sir, I can only indicate you know, and take this means of placing on the public record, that we indicated to this premier, to this government, the kind of unconscionable escalation in costs that they were entering into on the course they chose. Not only did the official opposition, the Progressive Conservative Party tell them that. A former Liberal premier of this province told them that. A former assistant general manager of that same utility, Manitoba Hydro told them that. It is now bearing fruit, all those statements and remarks made.

Of course, Mr. Chairman, the full fruit has yet to be announced when we will receive undoubtedly within the next ten days the extent to which Hydro rates will increase for all Manitobans. Mr. Chairman, to suggest that they would not have increased would be irresponsible, that's not what I am suggesting, but to the extent to which, the extent to which they will increase is the price of a decision, an ill chosen decision made under the direction of this government. And, Mr. Chairman, of that there can be, you know, little room for argument. To have suggested that within twelve months, within twelve months costs have doubled just simply isn't fair, it isn't fair to the labour movement, because their wages haven't doubled

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(MR. ENNS cont'd) . . . . in twelve months; it isn't fair to the people who supply materials because their material goods haven't doubled in twelve months; but we're talking about 40 and 50 million dollar overdues within a twelve month period.

Mr. Chairman, I think what really is understandable of course is why the former Chairman of Manitoba Hydro chose to accept early retirement and pension benefits granted to him by this government and retire to rainy British Columbia. Mr. Chairman, the fact of the matter is there's not a great deal that can be done about it, these requirements are necessary and all we can do is voice and put on the public record our objection to the fact that this kind of massive money was being misspent, and unfortunately this kind of money, this kind of cost is forever and a day now being billed into every individual Manitoban's home. I can't put it in any clearer terms. If any members of the present government felt that they had some pride, you know, in reducing for instance medicare premiums, well you've just put them back on, only this time you've put them on the Hydro bill every month. You put them back on the Hydro bill every month. And you had that opportunity to do something about it, you could have taken the important area of hydro development which our First Minister now regards as being so important out of the realm of politics. We could have had the kind of staged development or program, not necessarily the one that was suggested by the previous administration, but certainly there was no call and no need for the headlong rush into the development at this particular time of the Lake Winnipeg controls which have proved so tremendously costly, so tremendously costly and for so little benefits, for so little--(Interjection)--Yes, I've said that before--for so little benefits. And really that is unfortunately, that is unfortunately the only argument that stands before us is the timing and the programming of the development that we both concur with.

The fact of the matter is that at least, at least, Mr. Chairman, at least - let me qualify that - at least there was valid authoritative reasons to accept the kind of direction or decisions that were being called for by the former Assistant General Manager, Mr. Kristjanson of Manitoba Hydro, former Premier of this province who devoted his lifetime to the development of power and hydro projects in this province, Mr. Campbell. There was at least sufficient reason to acquaint them with, you know, as having some knowledge and having some idea, concern about the correct timing and procedure of doing things as there was in believing one Mister David Cass-Beggs, who came into this province from outside, commissioned a controversial Cass-Beggs-Durnan Report of about 23 pages--(Interjection)--Well 52, I'm corrected, 52 pages, as compared, Sir, to that impressive pile of reports that Hydro over the years had undertaken, the studies that the First Minister saw fit on one occasion to pile up on his desk in front of him. On that slim basis of evidence, which really leads one to no other conclusion that it was indeed a political consideration to extricate the New Democratic Party out of what they felt that they were in, namely a political bind because not even their responsible members of government but the riffraff from the back who promised that there would be no flooding of South Indian Lake, who promised that there would be no disturbing of the--(Interjection)--Well is somebody going to charge me with being in a particular state at this moment?--(Interjection)--Well I am. But, you know, the tenor of this House makes one also wonder.

Mr. Chairman, the fact of the matter remains, that even if you do not want to accept that as a viable position, the fact of the matter remains is that based on the slimmest of evidence, not on million dollar resource studies - there wasn't time to do them and you never did undertake them - based on nothing else but really the personal decision, politically arrived at, of the former Chairman of Manitoba Hydro, Mr. Cass-Beggs, a decision was entered into which we are now being asked to pay for, in which every Manitoba rancher, every person in the north, every low income person, every farmer, every senior citizen will be paying for on his monthly Hydro bill when we announce the Hydro rate increase next week. That, Sir, is a responsibility that is on the shoulders of this government, particularly on this First Minister.

Mr. Chairman, we recognize that the development of the Nelson power resources, we recognize the further development of our hydro resources as such cannot be stopped and should not be stopped. They must proceed. But the irony of the fact is that when Mr. Campbell I believe was rudely dismissed as having capacity for schoolboy arithmetic, schoolboy arithmetic, the fact is that that arithmetic has just about come out to within the dollar, just about come out to within the dollar. And the person who was doing the dismissing, he of course is nowhere around any more to accept any of the responsibilities of those decisions. He is just, of course, making sure that his annual or monthly pension cheques are being mailed to him in Victoria

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(MR. ENNS cont'd) . . . . because he has good reason--we, Sir, couldn't understand quite frankly why the sudden demise and departure of one Mr. David Cass-Beggs. Sir, within these Capital Estimates we have no problems in understanding that. We know why he is not in the Province of Manitoba any more.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, if the Honourable Member for Lakeside feels that he is in a somewhat more mellow mood and more fair mood tonight than usual then I shudder to think what he is capable of in his normal time. Because his little speech in the last few minutes used about every little innuendo and every bit of misrepresentation that is conceivable to pack in 15 minutes.

He would have people believe that Manitoba Hydro is engaged on a course of construction that is entirely the result of decisions made since 1969, entirely, and that all of the increase in costs that Manitoba Hydro is experiencing flows only from a result of a decision to proceed with a particular engineering work such as Lake Winnipeg Regulation. The fact is that Manitoba Hydro, like every utility in the country that is engaging in expansion of capacity, is incurring the same kind of increase in construction costs. He would have people believe that Manitoba Hydro is going to enter into a period of rate increases that are due only to the increase in costs that are being experienced with respect to Lake Winnipeg Regulation. He leaves very conveniently aside any increase in construction costs that may be experienced in Churchill River Diversion or any that may be experienced on the Nelson River proper, on the Nelson itself in the case of the Long Spruce Generating Station. No matter how hard my honourable friends try one fact remains very much clear, and that is that in Manitoba Hydro's case the amount of adjustment or increase that has taken place in utility rates - and you can take it on whatever basis you like, 1968 to 1974, or 1970 to 1974 - that the amount of increase in rates is less than practically any other utility in Canada and will be so even after the intended rate increases take effect some time this spring.

Does my honourable friend know that those who depended on a nuclear approach, or those that depended on a combination of nuclear plus expansion of hydro capacity, have brought about rate increases in the past three years of something in the order of 10 percent per year. We know, it's been announced in a widespread way in Ontario that that hydro utility - and it is a hydro utility - has had to effect rate increases of 10 percent per year and have announced now another round of increases of 10 percent per year for the next three years. So that if one wants to do just a little bit of simple arithmetic one can see that in that sister province utility rates will have increased in the period between 1970 and 1976 in the order of 60 percent, calculated on a simple or un compounded basis.

Is there some realism in any man who would pretend, and who would want people to believe that somehow we are an island unto ourselves here, that despite the trends and despite the changes that are taking place in our economy and in construction cost circles, that somehow Manitoba Hydro is to be a miracle worker and that it is to go on year after year without any increase in rates while every other utility across the country is effecting rate increases, and which are increasing rates on a base that is higher than Manitoba Hydro's to begin with.

I say to my honourable friend that no amount of intellectual distortion here will erase the fact that even after the rate increases take effect Manitoba citizens will enjoy, if not the lowest the second lowest hydro utility rates in Canada and possibly the third lowest in all of North America. And it will stay that way. Because we live in a dynamic context, Mr. Chairman, every utility that is building for the future is going to have to undergo substantial capital investments and with it increased interest and carrying charges in order to expand capacity and build for the future, for future generations.

My honourable friend would like to have people believe that we could have taken a simple approach, not gone ahead with Lake Winnipeg Regulation, gone ahead only with Churchill River Diversion, and it is problematic still, Mr. Chairman, whether or not we will get all the necessary clearances at a price that is not going to escalate on us with respect to meeting conditions required by the Federal Government under the Manitoba Waters Act with respect to Churchill River Diversion. The controversy has abated but those who are adamant in their positions, those who are in favour of Churchill River Diversion to the exclusion of anything else, or any combination, and those who are opposed to it to the point where they engaged or supported litigation against Churchill River Diversion continue on their merry way. But in the meantime,

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(MR. SCHREYER cont'd) . . . . Mr. Chairman, decisions had to be taken and a job had to be done.

A cheap political approach would have been for us when we came to office to have visualized all of the problems that would be associated with a major hydro-electric development on the Nelson and to have said, oh that was a terrible decision, that was a most imprudent decision, and to have nay said it all the way along. But, Mr. Chairman, we have never taken that position. We have always taken the position since we have been in office that the decision to harness renewable energy on the Nelson River was basically a supportable decision, was basically on balance a correct decision and I believe that events of the last six months have proven the wisdom of having decided to proceed in the first place and the wisdom on our part of having resolved to certainly carry forward with the Nelson River development. But, anyone who has any appreciation of what is involved in harnessing the Nelson River knows that there are certain consequential engineering works that are needed in order to provide a firming up of dependable flows so as to make all of the capital investment on the Nelson River provide an optimum generating capacity and with it optimum return and optimum rates.

How easy it would be, Mr. Speaker, to decry and nay-say the decision taken almost a decade ago to proceed with the harnessing of the Nelson River. And there are some I know in this province who gave all kinds of free advice that we should cut back on proceeding with the Nelson. We should install gas burning turbines. That we should install oil burning thermal capacity. We should install everything other than hydro-electric capacity.

We have no regrets about the basic wisdom of the decision to damn the torpedoes and go full steam ahead with harnessing renewable energy. Particularly if one has any consideration whatsoever for the next and ensuing generations of this province, and of this country for that matter. Because every little bit we do extra to harness renewable energy a little sooner in time does provide substitution for avoiding that much more consumption of non-renewable fossil fuel.

My honourable friend likes to refer to the former Chairman of Manitoba Hydro as having given bad advice. He likes to refer to a former Assistant General Manager. He likes to refer to former Premier Douglas Campbell. He likes to refer to them because they were in opposition to the decision to go to the very initial concept of the Nelson development which was that of spreading our risks and our dependency so as to not be completely dependent on Churchill River Diversion for the firming up of flow, but by combining it with Lake Winnipeg Regulation, by virtue of combining the latter to enable us to scale down on the former and thus reduce by degree the environmental impact and related adverse effects.

Mr. Chairman, there are continuing problems in trying to resolve the problems of anticipated - and I suspect they are more anticipated than will be real in fact - anticipated harmful effects of Churchill River Diversion, and hydro development on the area and the community of people at South Indian Lake. We know from experience that in the case of the Grand Rapids development, that there is no easy way that you can solve the human dislocation problem if an entire community in fact is to be completely dislocated and forced to tear up roots and be moved many many miles.

My honourable friends are no doubt aware - if they want to talk about difficulties in dealing with native co-ops and the like, that it is now 1974 and we are still having to try and resolve some almost unsolvable problems of equity, of mal-accounting, lost accounts in connection with the Grand Rapids Forebay Committee. We haven't made any great political fuss about it, we believe it is just one of those human things that can happen in a frontier area when people are affected on a scale where they have to move attempts are made to deal equitably with them by means of providing housing. Some people are charged, some aren't, the records are lost. All of this can be documented, and is documented. We are trying to invoke the advice of the Office of the Ombudsman as to know how best to try and wrestle with such a seemingly unsolvable problem. But all it points out, Mr. Speaker, is that it is too easy to make decisions of an engineering kind which do not take sufficient account of community and human problems that flow as a result of a particular engineering and political decision.

So, we don't apologize, whatsoever, Mr. Chairman, for the decision that was taken to spread our risks and reduce our dependency on any one source of firming up the flows on the Nelson. In the process of doing so my honourable friend should know this, that if he wants to refer to Messrs. Kristjanson and Campbell, I would simply point out to him that there were

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(MR. SCHREYER cont'd) . . . . others on that board who also had long service on the Hydro-Electric Board, including for example, the late W. J. Parker. He was on that Board for some considerable period of years. He stayed on the Board. We had conversations together. He was one of those who signed the full page explanation as to why the decision was taken to proceed with Lake Winnipeg Regulation, because, Sir, he and others such as Dean Hoogstraten, such as Tom Storey who is a life-long engineer in Hydro-Electric Utility systems, is on the Board. They understand one fact which my honourable friend refuses to understand and which I in despair give up in hoping that I can persuade him. And that is, that if Lake Winnipeg Regulation were not proceeded with now, it would in any case have to be proceeded with by the end of the decade in all probability. And the cost then would be what? Lower than they are today? That would be of course the height of absurdity to make such an assumption. And if Lake Winnipeg Regulation was to be proceeded with by the end of the decade, some five or six years later than now, it would have however, the completely sterile effect of coming in a few years after we had committed ourselves and actually carried out a high level diversion at Southern Indian Lake.

My honourable friends opposite, of course, are lucky. The Member for Lakeside doesn't have any explaining to do any more to the people of Thompson or the people of Nelson House, who would have incurred much more effects, dislocative effects, had the initial high level diversion been proceeded with. Because if we had put all our eggs in one basket and depended for the firming up of flow on the Nelson, only by reliance on South Indian Lake and Churchill River Diversion, it would have necessitated not only a large storage reservoir capacity, but it would have necessitated a flow through the Rat and Burntwood River systems of approximately twice as much as will be necessitated by virtue of the lower level diversion. And the effects at Nelson House and Thompson, not to mention South Indian Lake itself, would have been proportionately that much higher. Instead of talking about 28, 000 cfs we would have been talking about 55, 000 cubic feet per second diversion flows. The impact of that my honourable friends are in the happy position now of not having to explain away because it wasn't proceeded with. But had it been, then I can assure you, Mr. Chairman, that the results of that would have been such as to incur the wrath of those living along the route of such a monstrous over-scale diversion.

My honourable friends say that the study that was submitted by Mr. Cass-Beggs was a thin volume, that's all that was used as a basis for taking the decision to go with the double-pronged engineering works. Double-pronged meaning South Indian Lake and Lake Winnipeg Regulation. He obviously has forgotten that that volume, which was only a preliminary report, was followed by a very intensive Hydro Task Force study that involved considerable amount of computer calculation runs. That involved consulting advice from two other engineering firms. And it was headed by the man who has been a long-time senior engineer of Manitoba Hydro and before that of City Hydro, the present Chairman of Manitoba Hydro. My honourable friend cannot escape the fact that the Chairman of Manitoba Hydro, Mr. Bateman, was the one who headed up that Task Force and who in Committee just the other day and last year, and who next week and I'm sure into the future, will attempt to explain again and again why there is no doubt in his mind whatsoever, but that the most optimum and preferred course of action is, in fact, the course of action that is being taken. But, of course, Mr. Speaker, all of this is perhaps something that I might as well save my time about, because my honourable friends want to have their cake and eat it too. They want to be able to ignore the fact that if we weren't proceeding now with Lake Winnipeg Regulation, in all probability this province would be proceeding about 1979, and be facing cost patterns considerably different and higher than they are today. And that on top of a much over-scaled and much more dislocative high level flooding and diversion at Southern Indian Lake. So there's our justification, and my honourable friends, well now the pattern is clear. They will try to argue that because we are proceeding with these engineering works and this investment in firming up the flows of the Nelson River to maximize the capacity of the plants to be built on the Nelson, that as a result of that Manitoba Hydro is going to have to increase its rates.

I'd like my honourable friends to know this, and I'm quite happy to table the documents to indicate this. That in 1970 there was an indication by Manitoba Hydro that some upward adjustment in rates even at that time would be required. The matter was referred to the Public Utility Board. We received an opinion from the Public Utility Board that even in 1970 a 14 per cent increase would be justifiable and prudent in the circumstances. We took the decision then, that as long as there was a rate stabilization reserve, that there was no particular point or urgency in

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(MR. SCHREYER cont'd) . . . . . effecting a rate increase at that time. And we've been able to proceed for the past four years without any rate increase, while rate increases have been taking place elsewhere. Mr. Chairman, as an aside I might indicate that contingencies of course of the moment affect very much what rate increases will be.

In the Province of Prince Edward Island, which doesn't face some of the problems connected with Hydro-Electric Development, where they have, for reasons, no fault of theirs, had developed a utility system based heavily on fossil fuel, that in the course of the past six to seven months alone they have had to effect rate increases in the order of 50 percent, in the past six-month period. Here in Manitoba there is this unrealistic expectation on the part of honourable members opposite that they somehow were justified with witnessing a rate increase in 1968, and despite the passage of four or five years now with no rate increases, that any rate increase now is wrong, it's unjustified and is directly attributable to the Lake Winnipeg Regulation. That, Mr. Chairman, is just an exercise in intellectual dishonesty. And I repeat for their information, although no doubt to their displeasure, that even with the adjustment of rates that will be taking place in 1974 - which was indicated over a year ago, and which was suggested four years ago as being required - even with that adjustment, electrical rates to Manitobans will be either the lowest or the second lowest in our country. What more do my honourable friends want? What more do they have a right to expect in the light of changing circumstances in a changing world?

Mr. Chairman, I might just say in closing on this point that it is so easy to follow a course of action in which you avoid incurring capital costs in the short run, in which you buy supplies from neighbouring utilities, on which you install much cheaper, fossil fuel, generating systems, but in doing so you are merely postponing the day of reckoning, so that a few years down the road, and for the next generation, you have succeeded only in giving them a legacy in which they will be paying that much more because adequate provision wasn't made in advance for making the investment in a kind of utility system that in effect is the best hedge or guard against future inflation. I don't think there's any denying the fact that once the installation is in place, the most relatively inflation-proof utility system is not one that has a cheap capital cost of installation, but one which has the lowest operating cost over 50, 75 and 80 years.

So my honourable friends had better take cognizance of the fact that this is a world, a country in which utility prices and rates haven't been standing still, right across the country. We are making adjustments that will keep us well in line. (Applause)

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Thank you, Mr. Chairman, I'd like to pursue in a slight different way the questions raised by the First Minister in relation to the capital supply requirement of Manitoba Hydro. I don't want to disappoint him because I see he's about ready to get a good mad on about the whole question of rates. But I think that we could start from the premise that the First Minister outlined this evening. I think that fairly we can do that, that the interest of this House on both sides is to look at the question of how we can harness those renewable resources that he talks about at the minimum cost and at the maximum benefit. And by minimum cost, of course, we mean the full formula cost, not just in simple straight today dollar terms, but the kind of cost that we can expect to encounter over a period of time. And in the kind of cost that have to be computed or indicated or calculated in terms of the potential damages and the other potential costs, as all power developments do incur. I think that that is an important point. At the same time I think we'd also like to know some questions about the actual supply of financing that is coming into this project, and finally I think we'd simply like to know about the kind of benefits that he can see in relation to the kind of alternative forms that may be applied in the development of the upper northern rivers for power purposes.

I start off by accepting his premises that he outlined, that we are engaged in trying to make the maximum use of those rivers, at the same time to do so at minimum cost and at maximum benefit. So I think I would first start out simply raising with the First Minister and perhaps the Minister of Finance, some simple informational questions concerning the capital funding for Hydro, particularly in question as to the kind of amortization rates that are going to be expected and will be paid. Where the funding is coming from, the kind of interest rates, the covering charges annually and the kind of escalation of those, particularly in regards to this issue, that the nature of the funding itself is pretty important in terms of it's long term and short term nature and the kind of costs that that be related to, so we can get some

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(MR. AXWORTHY cont'd) . . . . assessment in relation to the rates that are going to be expected to be raised. I think that that kind of information could be provided at this time or certainly by the Chairman of Hydro at the next Public Utilities meeting. I think it would also be of importance to the House to know where the funding is coming from, which markets are being used and what is again the kind of arrangements being made in the negotiation for those markets, and which houses might be used for the negotiation and so forth.

But I'd like to turn immediately to a question that the Minister raised which posed an exclamation mark of doubt, and I'm trying to paraphrase his words. He said something to the effect, that of course costs are escalating throughout, and I think I'm right in saying we don't even know at this point what the future escalation will be because of the conditions set by Ottawa in relation to the conditions for diversion. Was it something close to that? Perhaps the Minister can correct me exactly, when he gets . . .

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well the honourable member is not wrong, except that my reference in that context was with respect to one element in this, and that was the Churchill River Diversion. That's where the biggest question mark of future cost lies because of the outstanding matter of certain conditions having to be met as a result of the Federal Department of Transport.

MR. AXWORTHY: I thank the First Minister for that clarification. Let me state though, that one element is a very key element in the development of it. That whole power development in northern Manitoba is like a house of cards, you put one deck out and the rest of it begins to tumble together so that the regulation of Lake Winnipeg is obviously tied into the ability to get licensing for the diversion and the question of the development of transmission lines and so forth are all connected in.

That's why the question's raised, because I recall, and again I'm quite prepared to be corrected; that in the presentation of the Manitoba Hydro last year, they suggested that one of the reasons why they chose the alternative of diversion of the Churchill River through the Nelson was they felt that it was simply a cost factor, as opposed to building generating stations on the Churchill itself. And now I raise the question at this time, do those cost equations change because of this very significant escalation of costs that we now receive? In other words, would it now be economic to develop the power site on the Churchill itself, thereby saving all the major environmental and ecological destruction that will accompany the diversion project, because of this time lag it was facing; and particularly, if the Minister is correct, that we may have to expect even a further time lag, perhaps up to two years. I think that this was the statement made by the Chairman of Hydro, and therefore, it poses an important question in pure economics and in ecological terms, whether at this time we may not have chosen the more expensive alternative, simply because of, and I don't appoint any blame, simply because one can't anticipate always the kind of difficulties one is going to run into.

I think at the same time it would only be fair, and I think the First Minister is right in warning against innuendos coming from the side. But he also had a slight tone of innuendo in his own comments somehow suggesting that those Federal guys are doing bad buys by setting these conditions. And I only suggest that they are doing their job, they have a right to do that.

MR. CHAIRMAN: Point of privilege. The First Minister.

MR. SCHREYER: Well, Mr. Speaker, I raise it now because if allowed to continue and go on the record without immediate response it will be assumed by some as acceptance on my part. I certainly did not intend to convey the impression that the Federal Department of Transport was somehow acting in a unintelligent or wrongful way in putting forward certain conditions. Manitoba Hydro, you know, will exercise its right to attempt to get modification in those conditions. But no way did I intend to cast aspersions on the Government of Canada in that respect.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Thank you, Mr. Chairman. I'm certainly pleased to hear that the Minister had no interest in casting aspersions. I only hope that he will speak to his Minister of Industry and Commerce some time about following the same formula from time to time.

However, to return to the question that I'm trying to raise, that one thing it does indicate, however, and I think that it is fair to say that the First Minister and other of his colleagues received some degree of warning a year and a half, or even more recently than that, concerning the haste with which they were proceeding with a specific alternative of diversion, and that part

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(MR. AXWORTHY cont'd) . . . . of that warning was, that there were certain kind of regulatory, licensed permit condition, that they may have to meet before they committed themselves to that one course of action. And that if they went ahead posthaste without clearing the decks and making sure that those conditions were totally satisfied until they cleared, they could end up going down a blind corridor. I'm just wondering now whether we in fact are heading down that blind corridor, that we are now in fact beginning to commit large scale capital requirements into the diversion scheme which obviously the economics of that have changed. And I think it would be very important at this point to receive from the First Minister as the Minister responsible for Hydro a recalculation of those figures that were supplied to us last year by Hydro, when they pointed out the cost differential between . . . developing generating sites on the Churchill - which, as I would point, would mean that you would not ruin the Churchill River by reducing its flow, the 70 or 80 percent that we're now contemplating so you would retain the full sort of benefit of an active river going right to the mouth of the Hudson's Bay and compare that cost differential with the increases we are now receiving. And I simply raise the point. I am not going to comment, to say that that is the differential - I think it would be very important however to get that kind of cost comparison at this stage because I'm--and again I wouldn't claim to have the kind of - or be able to call upon the kind of scientific and engineering expertise available to the government. So I would suggest that it would be an interesting point to raise as to whether that alternative still may be a viable one. Now that's a question I will leave with the First Minister to consider when we go into this question of capital authority.

Let me come to one other question which has bothered me somewhat after reading the reports of the Chairman of Hydro, and I would look primarily for assurance to the First Minister on this - and that is that the Chairman of Hydro spoke in the Public Utilities Committee meeting about the requirement for a transmission line to connect Winnipeg into southern states. Now that is a distance of some 70, 75 miles. The point is, it is a distance, or it is a line that goes through some of the most important and rich agricultural land in the southern part of Manitoba - perhaps - because what he didn't spell out was, where is the route? Where is it going? Which communities are going to be affected? How much land is going to be required and what is the compensation and cost that is going to be given to those communities that are affected? And I would bring to the attention of the First Minister, although I'm sure he knows, of the study commissioned last year by the Premier of Ontario concerning this very same question, and that is sort of the many difficult problems of stringing high powered transmission or high voltage transmission lines through relatively well populated and certain rural agricultural areas - and I would only point out that the Ontario Federation of Agriculture is still having a claim against the Ontario Government concerning their proposals for stringing lines, and now recently the oil pipe line from Sault Ste. Marie and through the southern part or the southwest corner of Ontario.

And so I think that that particular question deserves an answer again very soon, because there is a number of people, particularly those who have farms in those areas, who must now be wondering is it going to be them? And if so, what kind of compensation or what kind of relocation will be afforded to them? And while the distance itself is short, my own understanding of the potential problems raised by transmission lines is that they need a large protective perimeter on each side, and that therefore that could encompass or take in a large amount of that area and certainly cause a fair degree of confusion and certainly consternation on the part of the residents who at this stage don't know where that is going to be coming about. So that again I think has something to do with it because it is also, and I'm sure the First Minister has access to his colleagues who are trained in the law, it could have again serious requirements in the courts. Because the whole problem of land expropriation for such lines does raise very serious legal problems and again, that tie-up of time obviously has a major kind of cost factor related to the borrowing, the amount of money that is available and again the time lag that we're going to be facing.

So again, when we look at the cost figures, the development of the northern power sources based upon revenue that is coming because of sale of power to the United States, we should also learn from our lesson in this diversion problem - and that is we may be heading into unexpected handicaps or unexpected barricades in the way of proceeding smoothly as the Chairman of Hydro seemed to intimate. Because it seems to me that we could anticipate, unless there is already full and complete and total calculation made of this and that the--I don't know, maybe the options



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(MR. AXWORTHY cont'd) . . . . are already purchased and everything is cleared, but that certainly wasn't the indication we received from the Chairman of Hydro. So that is another important question that I would like to raise, because again it comes back to the amount of capital, the amount of interest that we're paying on that capital and particularly when can we apply that capital to the actual development of either the transmission line or the diversion itself.

So those at this stage, Mr. Minister, are simply the questions we would like to raise on this Capital Supply question, because I think it does come ultimately to the economics that you properly raised and certainly has a direct bearing upon the ultimate cost borne by the Manitoba consumer and the rates he's going to have to pay. Because without having to go into the long explanations which I think we all understand in this House, that each six months or one year or year and a half or two years simply adds an added increment to the total capital costs, and obviously then to the rates that we're going to have to pay and the benefits, particularly the benefits that we're going to have to acquire.

I would then simply raise one other question, because the Minister has referred to this now in the House two or three times. He has taken some pride, and I have no basis for challenging him about the comparative rates across the country. I would welcome seeing those comparative rates. I would also like to see one other aspect, and it's this: that a statement was made by the President of the Atomic Energy of Canada, I believe it was last fall--and I could be corrected, I could look for the source on that, which stated that the operating costs and the capital costs now being encountered in the Pickering Plant in Ontario are now comparable to power costs being generated through the use of water or hydro power. Now that is his statement and obviously he wouldn't make it in a loose moment, he must have some basis for it. And again I think because of the obviously richer resources of communication and intelligence the First Minister has at his command, I think it would be an interesting question or source of information for this House for the Minister to also provide or table in this House the kind of cost factors related to the development of nuclear energy - and even if the cost differentials at this point may be out, I think the fact that the Chairman of Hydro indicated that at this stage Hydro will at best provide no more than 17 or 18 percent of our total power requirements and that we will have to be going to nuclear, I think it would be very useful if we started knowing more about those cost factors related to nuclear generation at this stage so we could begin anticipating again some of the total capital packages that we have to face to provide proper energy resources. So again I would only make that as a request of information from this group so that we could again make a better calculation of these interests.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, much of what was said by the Honourable Member from Fort Rouge I couldn't agree with, but nevertheless I would like to commend him for making observations and comments that are at least genuine in intent and which are free of any petty, cheap partisanship and I will certainly undertake to obtain just as much detail of information as will be possible by the next time that we come to consideration of these Capital Supply Estimates.

May I just say very very quickly, because the Minister of Finance has another item he would like to bring forward before 9:00 o'clock, that one of the beauties or shall I say frustrations of having a Legislative Assembly in which there are three political parties is that it is possible, sometimes genuinely so, sometimes contrived, but sometimes genuinely, for one opposition party to take a position here and the other opposition party to take a position diametrically opposed and then to pound the government in the middle. Now that I assume is a genuine position, that's the way in which events have evolved. I just say to my honourable friend that his preoccupation with looking for ways and means still at this point in history to avoid Churchill River diversion, I really sincerely wish that it were possible. But the suggestion that building generating capacity directly on the Churchill River is one which never got serious or prolonged consideration because the relative cost benefits all through the 1960's, and I'm quite sure even at this point in time, are such as to not even being close to unity. In other words the cost benefit of proceeding with the firming up of flow by way of Churchill River diversion and Lake Winnipeg regulations so as to get the water flowing from both sources through the maximum sized plant on the Nelson such as at Kettle, such as at Long Spruce, such as at Upper Limestone, is still the one that gives the best cost benefit ratio.

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(MR. SCHREYER cont'd)

May I also say to my honourable friend that it is obvious that even if you proceed with hydro electric dams pure and simple on the Churchill, it is not without its ecological effect, and there are those who will bemoan even the building of damsites because the forebays necessitate raising water to a head of, well anywhere, 60, 70, 80, 90 feet. So it's not without some repercussions in that respect even if one were to have proceeded that way.

With respect to his reference to the problems that might be associated with acquisition of land for the corridor for any transmission system, I would merely ask my honourable friend to consider the fact that in bringing down from Nelson, from the Kettle Rapids plant the plus or minus 900,000 volt DC line which is, you know, very large, all the way from the north through the Interlake across Rosser Municipality was brought about - frankly I don't see any unusual or particular problem and in any case if there were one it is always possible to avoid the best agricultural lands - I think in any eastward or southward direction it is possible to plot a course that takes one close to the borderline of the Canadian Shield; in other words the areas somewhere about 40 miles east of the City of Winnipeg southward, that's the end of the farmland of southeastern Manitoba, 45, 50 miles. I do undertake for the Honourable Member for Fort Rouge to get information on the other matters he raised. Mr. Chairman, I believe that that leaves just a few minutes for the Minister of Finance.

SUPPLY-SUPPLEMENTARY Cont'd

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, as we discussed about 8:00 o'clock this evening - I think we have enough time to deal with Resolution 21, which is the remaining resolution on the Supplementary Supply and since members indicated their willingness so to do, I wonder if we could move to Resolution 21. I'm apprised the Minister for Northern Affairs of a question asked by the Member for Birtle-Russell and I wonder, Mr. Chairman, if you'll recognize the Minister so that he can respond.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

HON. RON. McBRYDE (Minister of Northern Affairs) (The Pas): Mr. Speaker, I believe the Member for Birtle-Russell asked a question in regard to the Supplementary Supply for Air Operations. The increase in the utilization of Manitoba Government Air Services by all departments of the Manitoba Government is the reason for this Supplementary Supply for Air Operation. A good percentage of this will be recoverable from those departments and I think up to date about 100,000 has been recovered.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Yes, Mr. Chairman. I would like to ask the Minister of Northern Affairs if the Air Services has been used to any extent for the air movement of supplies into various parts of northern Manitoba?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, not in relation to the normal supplies that for example go over the winter roads. There are supplies for ourselves and other government departments who operate in the north that are hauled via Government Air Services and that amount appears in the estimates of those departments using it. For example, in the amount that we asked for for winter roads for example, there is an amount in there for a certain number of flying hours to patrol or to inspect winter roads.

MR. GRAHAM: The Minister indicated that there was an additional revenue expected to be recovered, of approximately \$100,000 from the various departments of government, and I was wondering if he could give me a rough breakdown of how much was expected to be recovered from each of those various departments?

MR. CHERNIACK: Mr. Chairman, if I could respond to that. The item for Air Operations in the Estimates were \$1.2 million for this item; the recoverable under Air-Radio Division was \$939,000.00. I'm now told that the recovery is an additional running about 100,000 more, which brings it closer to 1,100,000. The question asked by the honourable member really will take a great deal of investigation and could not be answered quickly. I'm sure that we'd have to go back and break down the accounts back for that, and it really would be a matter I would think for an Order for Return.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

SUPPLY-SUPPLEMENTARY

MR. McBRYDE: Mr. Chairman, very quickly I think I can--I did give out the figures I believe for each department during my estimates, how much they used. Now the increase would you know sort of just be proportional to that amount, an increase by all departments in the usage of Manitoba Government Air Services.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, this is precisely the type of information I want to get, to find out whether one department had predominated in the increased usage or whether it was a uniform increased usage by all the various departments of government.

MR. McBRYDE: It was an increased usage by all the various departments, but I pointed out during the Estimates there was an especially increased usage by Manitoba Hydro and Manitoba Telephones, who used to use other private carriers more than they did in the last year.

MR. GRAHAM: Mr. Chairman, I'm quite willing to accept and let this thing go through, if the Minister would attempt to give me these figures some time later without filing, officially filing an Order for Return. I'm prepared to let it go.

MR. CHAIRMAN: Resolution 21 - Resolved that there be granted to Her Majesty a further sum--Agreed? (Passed)

The hour being 9:00 o'clock, Committee rise and report. Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of Supply have adopted certain resolutions and have directed me to report same and ask leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Gimli, that the report of the Committee be received.

MOTION presented and carried.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: Private members' hour. Bill No. 23. The Honourable Member for Radisson. (Applause)

MR. HARRY SHAFRANSKY (Radisson): I beg the indulgence of the House to have this matter stand. (Agreed)

BILL NO. 26

MR. SPEAKER: Bill No. 26. The Honourable Member for Radisson. (Applause)

MR. SHAFRANSKY: Mr. Speaker, I do appreciate the applause by my honourable friends. I really am told that I love it, but it's just wasting time of the House by spending a lot of time on nonsense. But, Mr. Speaker, I did look at the bill from the Honourable Member for Minnedosa. We find there is no objection to have the bill proceed to committee.

QUESTION put, motion carried.

MR. SPEAKER: Resolution No. 6. The Honourable Leader of the Liberal Party has 16 minutes. If not, we shall proceed by putting it to a vote or else if anyone else wishes to speak.

RESOLUTION NO. 6

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL J. DOERN (Minister of Public Works) (Elmwood): Well, Mr. Speaker, most of the time one cannot appreciate a heavy hand except when it is that of my honourable colleagues. I think the point has been made by a number of my colleagues that this resolution is, in fact, redundant, and that when the report of the Energy Council is tabled it shall be demonstrated that most of the measures called for in the resolution have, in fact, been implemented or will be implemented.

I wanted to address myself in part to the comments of the framer of the resolution, who obviously is burning the midnight oil drafting these resolutions that he puts forward every few days. In his remarks some time ago now, when the resolution was introduced or on other occasions, he attempted to argue that the failure of the Energy Council as he saw it, necessitated the establishment of a more practical advisory committee which was established by myself in our department, and I want to say to him that, in effect, the two groups work together. That the group headed by my colleague, the Minister of Industry and Commerce is looking at national energy policy, provincial energy requirements and their relationship, and that the advisory committee to the Minister of Public Works is looking at some of the practical measures that can be taken by the government especially in relation to buildings and motor vehicles.

I mentioned, Mr. Speaker, during my estimates that we are attempting wherever practical and wherever economically feasible to convert our buildings to electric heat. I might give an example or two there. In the case of the Beausejour office building, this is a new building and a decision was taken while construction was proceeding to convert the heating system to electric heat. There is a difference in capital cost, but in terms of operating cost it was found to be barely noticeable, the difference of operating costs between, in this particular case, gas heat and electric heat.

In some facilities it's extremely difficult to attempt those conversions. For example, in northern Manitoba, depending on the relation of the particular building to the power lines and also the cost of transportation of oil, for example, it may be out of the question to attempt a conversion to electric heat. Or again in the central core area where we are, where we are heated from the central power plant, it would be to our way of thinking, at least from our information, not possible at this time to make a conversion. It may be possible in the future, or the near future, but from our understanding there is no equipment at present that could be installed that could replace the gas-fired units that heat this complex. The amount of electrical power and cables required to make that hook-up, there are technical problems with that feature, and there's the problem of the massive size of an electric furnace or an electric unit that would fire a boiler system to heat so many buildings in such a large complex.

We have outlined the sort of measures that are being implemented throughout the Provincial Government and it will take a considerable period of time, Mr. Speaker, to make an assessment of all our buildings -- there's several hundred buildings that come under the Department of Public Works. I think it would be necessary if one were going to take energy conservation seriously as I do, and as the government does, it would take a great deal of time, however, to send a team of engineers or operating engineers and mechanical engineers, etc., around on inspection basis to examine our equipment, to look at the insulation and the design of buildings, and to make recommendations as to how we could, in fact, conserve more energy. It's obvious that in a small building it might be possible to send a team in and to make an analysis in several days, but some of the buildings that we own and that we operate are massive in size, and the best examples there of course, would be the Norquay Building and the Legislative Building. It would obviously take a team several weeks to make such an analysis.

The committee that we've established includes members from the private sector, representatives from the various professional associations, the Professional Engineers Association, the Manitoba Association of Architects, an appointee from the University of Manitoba, the director of operations and maintenance from the Department of Public Works, and several research people from our staff who are, in effect, devoting full time to this particular process.

Mr. Speaker, we've set as a general goal for the first year, for a partial season, and I think we will step this up next year and attempt to improve our procedures, but we set as a

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(MR. DOERN cont'd) . . . goal the possible savings in fuel of some \$80,000, which is I think, if I recall the figure, was about 15 percent of our annual heating bill. And this would be accomplished in a number of ways. This would be accomplished in a number of ways, Mr. Speaker. One is of course, to ask the employees themselves to adjust their thermostats, to voluntarily where possible adjust thermostats in their own offices. Where we control a building from a single source or a floor from a single source, this can in fact be done by Public Works staff. But where you have a whole multiplicity of offices it really has to be on the basis of voluntary participation. And I have to emphasize that particular word, that we cannot and will not attempt to coerce our employees to follow this program. We intend to exercise moral suasion, to exercise leadership, to educate and inform, but ultimately a good portion of that program is dependent upon the co-operation of government employees. We can, however, and we do instruct our staff to adjust temperatures in buildings after hours. And we have asked that wherever possible, depending upon whether there's a cleaning staff involved after hours, wherever possible that the thermostat should be turned down a number of degrees, in the evening and again on weekends. And that policy has been enacted. But probably the largest saving that will be made will be because of the effect of controlling the air changes in a building. I know, Mr. Speaker, that you're familiar with this area much more so than myself, and I think you would agree that by controlling the amount of air intake and exhaust in any particular building, that the result would be a considerable cost savings, especially of course, in wintertime.

We have also asked our research advisory committee to make some recommendations in regard to homes so that individual homeowners could have some guideline, some model upon which to act. And I'm waiting for what has been developed, namely a model house, or home that can be displayed in diagram form to show people where heat losses occur and what practical measures that they might be able to take to prevent the loss of heat. I myself as a new homeowner am planning to buy some bags of insulation and risk my life by crawling around in the attic this summer -- I can't visualize it too well -- and spreading some insulation atop of the insulation that's probably a large number of years old. I think most homes could probably use double the amount of insulation in the attic that they have. I think it can be demonstrated that by making an investment of so many dollars, saving so many dollars a year for "X" number of years, it pays off, it results in cost saving.

This of course, is really the question that we have to deal with in government, namely, what price are we prepared to pay to conserve energy? That is really what is a difficult problem for our department to handle, because we know that we can design buildings in a certain way and use materials that may be expensive. It's a question of whether we can, over a period of time, regain the initial cost outlay and, in effect, make it worthwhile or show a profit if you like.

I intend to meet, Mr. Speaker, tomorrow with my staff to make a decision on small vehicles. I know the Member for La Verendrye is interested in small vehicles; and tomorrow we're going to attempt to decide from the many . . . --(Interjection)-- I don't know if there's a Banman mobile or what, but I'm sure there's something that would correspond . . . --(Interjection)-- I beg your pardon? --(Interjection)-- Well, I approve of bicycles, and my colleague there, the demon racer, the streaker, the two-wheeled streaker, he said, he no doubt would support that and would also take any challenges in that regard as to a race, to demonstrate his prowess. So, Mr. Speaker, we are going to attempt to study small motor vehicles in relation to our requirements in the government. And as I have said, it sort of seems on a common sense basis that one would think perhaps that a fleet should be converted, in view of gas prices and oil prices, etc., that one should immediately rush out and buy a small motor vehicle, and I would say that as a rule of thumb, that might not be too bad. But in the operation of a large fleet like ours, we have to consider other factors, and one of them is highway traffic. The fact that a good number of our vehicles are used outside of the metropolitan area and some people spend a great deal of time in their vehicles. We average I think on our cars about -- well, they run between 20 and 30,000 miles a year. So obviously some people are perhaps driving upwards of 40,000 miles a year, and I think it's one thing to be driving a full size car on the highway for comfort and safety and so on, it's another thing to be zooming around in a small compact vehicle which will give you the high mileage but which will not provide as good safety and certainly not as good comfort. So we are going

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(MR. DOERN cont'd) . . . . to probably purchase somewhere up to 50 vehicles. We're going to take three or four or five companies. It's going to be difficult to sort of narrow it down, but we'll just have to take certain companies and make a purchase, and then run tests on them. We have had an experience with some foreign makes before and we were not very satisfied with them, because of the difficulty of obtaining parts and because of certain problems in repair and maintenance.

The main goal, I think, of this government in regard to this particular area, is to attempt to make people energy conservation conscious. We've had a big scare in this part of the world and perhaps throughout the world with the recent Arab oil boycott. And now some of that is diminishing. I suppose some people will say, "Oh, well, you know, that was a close call, and now we can sort of resume our normal habits and don't worry about anything. You know, everything's fine." But I think that the crisis provided us with one benefit, if nothing else; and that is to point out to people that the supplies of oil and gas are finite, and that although there are new reserves that can be opened up, that at some point in the next few decades we may in fact run out. It is with that in mind I think that the government and that the general public have to take steps to minimize that possibility, allow the reserves that we have to be used over a larger period of time, and to wherever possible convert to renewable sources of energy.

Mr. Speaker, I think that that pretty well covers the points that I wanted to raise. I make my remarks largely in response to the Member for Fort Rouge who is in some ways reminiscent of Renaissance man. I thought that he was only an expert on urban affairs, but he is now--(Interjection)-- I beg your pardon? I thought that he was going to focus on urban affair, but I see that his vision is much wider and that he is going to talk on Hydro and farming and land banking, and heaven only knows what. --(Interjection)-- Public Works. There is no field of endeavour that he is not going to attempt, and there's no doubt that at some point he will draw blood. If he shoot enough arrows at some point he's going to hit a target. So I would simply like to say to him - to wish him well in his endeavours but to simply say to him that his resolution, although it shows considerable academic ability and he gets an "A" for effort and for grammar and for desire --(Interjection)-- "A" for effort, I've never figured that out myself. I must, however, point out that it is all in vain, that what he has asked for is really what his government has done or is doing, and I think that he should support and applaud the efforts of this administration.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I did not intend to speak --(Interjection)-- No, I did not intend to speak on this resolution. I just made some notes on what you said, but I couldn't help it that what the Minister had to say, I was prompted to get up and say a few things. Because really what the Minister told us today he in fact I think gave himself away, because in the first place we have not a report from his Advisory Committee on Energy; he stated that it's himself and the Minister for Industry and Commerce and a few other people. I think we would have a better indication if the report would be before the House what this committee is doing.

Secondly, he said what really this committee is doing, Mr. Speaker, is that we're trying to change some of the government buildings from oil heat to gas heat. Well if this is all that his Energy Advisory Committee is doing, Mr. Speaker, you know it's very disappointing that the Minister even got up and admitted that that's all it's doing, because that's what he spent, the greater part of his speech was spent indicating to us what it really is doing. But I want to give credit to the Minister in one respect, and this is something that he did say and he indicated I believe last December or beginning of the year - and he said that people should be energy conscious and of conserving energy, and this is what I do want to give him credit because there was some contradictory remarks from him to what the Minister of Industry and Commerce had to say. He said to all the people in Manitoba, go and use all the energy resources you can possibly find or that you can possibly use, put all your lights on because we have all the energy you want. And in a matter of a day or two the Minister of Public Works released his News Release that we get, to the media and to many people throughout the province - and he says not so, I'm asking you to conserve energy, and I think it was a wise move. And as I indicated, not only that, but he saved the taxpayers of this province some \$80,000.00. So if anything, I would want to give him credit in that respect.

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(MR. PATRICK cont'd)

But, Mr. Speaker, I know that he talked about small cars and so on, I will not get into that. But really, I think the Energy Board or the Energy Advisory Board should be much more than what he indicated to us because really outside of Hydro in this province, Mr. Speaker, outside of Hydro we have no other energy. We have to import most of our energy or look outside the province for our energy resources; we have to look for gas, for oil and all of the energy sources outside of this province. Not only that, I believe that his Advisory Committee, to be doing the job that it should be doing, is perhaps establish some priorities or give indications to construction people in the province - and indicate how many houses should be connected to gas heating and how many should be electrical heating, so that there would be some balance, and I never heard the Minister say anything in that area at all. So really I think that the kind of Energy Board that my colleague has talked about, and there were some indications that the Member for St. Vital was talking about last year, was the kind that would do some study, would indicate what the reserves of our natural resources are and would tell the Province of Manitoba, the people of Manitoba - and to what benefits we will have from, say, the pipe line of gas from the north or development of that pipe line.

These are the things that I believe this Energy Board should be doing, tabulating how long will we have hydro power or resources of hydro power, when will we have to go to nuclear energy, and thermal? What will be the balance between each? And I know that some of the other provinces, and in particular the Province of Quebec has done this - they can tell you what potential they have in their own province for the next 25 to 30 to 50 years. I know we had the opportunity last fall when we were at the Commonwealth Parliamentary Conference to tour one of the Daniel Johnson Dam and some of their hydro developments, and had some explanations and slides and movies of some of those projects. And this is the kind of an Energy Board that they have there, not composed of one Minister and the other Minister - and when the governments change, which invariably in all provinces governments do change, you know, who will have that information? I think that, sure it would be nice to have one Minister or two Ministers and some Deputy Ministers or technical key people from Hydro, but as well I think at least 50 percent of that Committee of that board should be composed of people outside of government, outside of the government completely - and there should be a report coming to the House or to this Committee here to the House, to the members, saying what the committee is doing, what kind of projections and studies they have made so they would know. I know that he says we have the Federal Energy Board, but again somebody has to monitor and watch what is the Federal Energy Board doing. Is it doing everything that will protect the interests of Manitobans? This is another area that we have to do - and the position that the Minister is taking, for instance the First Minister, on one price for oil across Canada is definitely different than the other two premiers are taking in this province. And the position of the Conservative Premier in Ontario is different from that of the Conservative Premier in Alberta.

So I think that the provinces have to be on the alert and have to protect their interests. So we just can't say, well the Federal Energy Board will do everything for us. I don't think this is true, Mr. Speaker, I don't think they will because - and it's only in the recent while, in the last little while that the energy problems really developed, the oil problems and oil production. And naturally the European countries couldn't do anything about it, neither could Japan, because it imports almost 100 percent of its oil. But surely the United States could have done something about it. They had enough oil, but because through environmental controls and regulations they were required within a certain period of time to put the proper environmental controls on their refineries at great expense. So what happened? A lot of these refineries, throughout many of the states have closed down and they were building new and larger refineries, but many of the small ones have closed. And this is why. It wasn't because they didn't have enough crude oil, it's because they didn't have the refining capacity and that's why the shortage developed in the United States. So really again it was a problem that was brought on by the Americans themselves. So what I'm saying to the Minister, surely we can expect more from him, and I'm sure that he knows himself that he will expect much more from his own Advisory Committee or his Advisory Board than he has told us, that he's going to go into smaller cars and change some of the government buildings from oil to gas - well surely this is not the kind of an Energy Board that the Minister is very proud to tell this House. I

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(MR. PATRICK cont'd) . . . . think that we would have received something from this Minister, who again - let me repeat, Mr. Speaker - I do believe he's very energy conscious in respect to conserving energy and it was evident in his releases and his actions that he's taken; which is not the case of the Minister of Industry and Commerce, which was unbelievable, the statements he made. But besides that, Mr. Speaker, I still feel his Advisory Committee is really not sufficient or not what this House has expected or would like to hear what this Advisory Energy Board should be. I think it should do a much greater job; I think as well if some of the Cabinet Ministers or his staff, Deputy Ministers - I think that as well there should be many other people on this board so they can do the kind of report which will take probably years, that they can do some study and tabulating of our resources so that we would know what to expect say, ten or five years or twenty years from now - which is done and I wish he would check into the Advisory Energy Board in the Province of Quebec, they have that kind of a board, so I hope that he would check into that. So, Mr. Speaker, the resolution certainly has merit - and I do hope that the Minister will change his mind and not say this is a duplication, because what he has is certainly not doing the job and will not be able to do the job. So I hope that he will give consideration to this resolution.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Fort Rouge will be closing debate.

MR. AXWORTHY: I'd like to thank you, Mr. Speaker, for the opportunity to make a few final remarks on this particular resolution. It's been a curious and at times interesting debate. I harken back to the words of the Member for Morris about two or three weeks ago where he gave something of a description as to what Private Members' Hour is supposed to be for - and I gather he said at that time, and I'm just judging his remarks, something to the effect it's an opportunity to present some new ideas, to present some indication of new directions. And I think we could probably add a different definition to it, and that is it's also a way of flushing out an awful lot of information that you previously didn't have, because if there's nothing else that this particular resolution has done, we have found out far more about what the energy intentions are of the government than we ever knew before the resolution was introduced. And I suppose if nothing else, it certainly has had that very positive effect of giving us information that has up to this time been locked away in the catacombs of the Energy Council and in the Energy Advisory Council and where there were other of those inter-disciplinary, inter-departmental hidden committees that the government has had to elaborate and develop energy policy.

There has also been another interesting impact of this resolution and that is, it flushed out a peculiar kind of bird in this Chamber, basically one who suffers from a high degree of schizophrenia. And in this case I could only point to the - looking through Hansard - the different remarks made by the two members from the Conservative ranks, the Member from Riel and the Member from Lakeside, both of whom seemed to take totally opposite and typical approaches to the problem of energy. Now I will confess that they did come back ending on the same agreement, but it's interesting to notice that the calculation made previously that who really is the Conservative Party is a very good question because they certainly are in different Conservative Parties when it comes to energy questions. So I was very pleased to see that we sort of were able to flush that particular kind of question out and noticed that there was some real differences. But --(Interjection)-- Well I think you always have to require . . . for the Minister of Swan River, he certainly had his share in his time. I'd like to however deal with some of the more specific arguments that were proposed in opposition to this resolution because again some of them I found quite curious. I think everyone who did speak to it, with the exception of one or two members, did recognize that because of the importance of the energy question that it was becoming ever more of a responsibility of the provincial levels of government to begin making a far more elaborate and comprehensive and over-all approach to developing energy policy. And in that case they would have to recognize that energy policy is not a matter of supply of energy purely or simply a matter of the question of the resources that are available, it is a combination of both the question of supply and demand and conservation and it is absolutely impossible to develop any kind of cogent policy when you separate those elements out. And then I hear from the Minister of Public Works and from the First Minister that this resolution is redundant and yet the very same words and they said yes but we have two committees. Now I took the time out to look up the definition



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(MR. AXWORTHY cont'd) . . . . of "redundancy" in the dictionary and --(Interjection)-- well Webster's, for your information - and the definition of redundancy is when you have two things doing the job of one. In fact it begins to duplicate itself, so now we have an argument of redundancy and all of a sudden I find out that the redundancy that's beginning to happen is in fact on that side of the House. So I mean -- so I don't think we have to deal with that any more, I'm going to just simply --(Interjection)-- Well, even three is even more redundant, or maybe seven or eight. But the fact of the matter is this government only has the imagination to be redundant sort of twice over, not three times over. --(Interjection)-- Okay.

Now I'd like to point to a question that was raised by the Member for Riel. He said, well really you know, I introduced this resolution about a year ago. Well --(Interjection)-- well two years ago, it's --time passes. The point of the matter is that it suggests to me that the Member from Riel - and I guess the First Minister because he said the same thing - don't read very well, that perhaps we should either buy them some different glasses or turn the light up on the desk because the fact it is not the same resolution, that the kind of resolution that we're proposing has a very different set of powers and responsibility and purview than the kind of resolution that we were talking about before. This is not simply an Advisory Council on Energy, and if the members would look closely - and I would only ask them, it takes a minute or two simply to read a resolution - it's a matter of applying themselves to the meaning of words - and when you start saying that, one of the responsibilities of the board we're talking about is in fact to look at the whole question of the export of energy in relation to the power supplies we have in the province and provide permits for that. Very similar to what the Oil Conservation Board does in Alberta. Now that is not the same thing that the Member for Riel was talking about a year ago or two years ago, it's a very different kind of thing. And I would only suggest that when it comes time to debate some of these issues, that they begin to take a look at the specifics of it, not simply take a rough - not simply to react to labels, but to take a look at detail.

Now --(Interjection)-- I know I'm not sure, because I -- by the way I should thank the Minister of Public Works for the grading he gave on my diction and syntax in this resolution. I would only remind the Minister though that he's a little old fashioned, as an old school teacher, because according to the Minister of Education he's bringing in all kinds of reforms, they're going to eliminate grades and eliminate all these requirements. So I suppose that he is simply -- I would hope the Minister of Education would talk some of his progressivism to the Minister of Public Works so that again they wouldn't be redundant once more, which is one of the problems.

But let me return to a point which I think was very important. I listened with some interest to the Minister of Industry and Commerce who took great pride in being the Minister responsible for energy policy - and all I can say is, God help us if that's where the responsibility lies for energy policy, then God help Manitoba. Because there is a man who got up in this House, and as he was stomping and chanting and buffaloeing around on the other side of the Chamber, also happened to admit that he hadn't yet taken the time to read some of the basic documents relating to energy policy in terms of the operation of the provinces. And I thought that at least the Minister, if he is responsible for energy policy, might have taken a look at the existence of some of the other energy boards that are operating, particularly in the Province of Alberta which has pioneered in this field and certainly - when we asked him if he had bothered to look at the 1956 and 1955 Acts he said, no I don't have time for that. Well I know he's a very busy man and he's very busy checking up what the Federal Government's doing all the time, but he should also be looking at what he should do upon the enactment and implementation of energy policy in this province. And he made some what I think were highly ludicrous charges concerning the constitutionality of such a vote as we are recommending - and in this case I won't bother to provide the full information, because I guess the Minister is out sort of looking through to see how many jobs the Federal Government's bringing in to the province, which at last count I think was a couple of thousand, And I'm going to refer him to a series of studies that were done by the Agassiz Centre, particularly in the constitutionality of resource management, and point out to him about the kinds of caseloads and the way the constitution works in Canada - it is very much decided upon court cases and precedent - and that our Constitution is an informal one and it evolves, and it evolves between a give and take between province and federal government. And in 1955 the Province of Alberta, through one

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(MR. AXWORTHY cont'd) . . . . of its statutes did enact a board which had the power and ability to set permits on the supply of oil and gas coming out of the ground and knew it was available for energy. They then went on to the National Energy Board to get a permit to take it across the border, but the Alberta Energy Board had that initial question of looking at one the basis of conservation, as to how much should be coming out of the ground. And I would suggest at this time, in this province, when we are engaging or about to engage in very significant, major exports of power in the United States, that the kind of existence of such a board would be of great value.

Let me bring another argument, because the First Minister said, "For goodness sake, why have a board in the Province of Manitoba? We're going to the National Energy Board." I mean, he said it's perfectly easy. Why worry? Why do the same thing? And he said not only that, but he said, "We have our energy council here and what's more this Member from Fort Rouge is talking about opening the system up and making it more public. Why our Energy Council is a perfect consultant." And he went on to say how public it is, and I quote, because I know the members on the other side are so interested. He said; "The Minister of Industry and Commerce who chairs that council is able to confirm that quite frequently they arrange their agenda so the representatives of the various utilities and oil companies are able to appear before them to answer questions in detail." --(Interjection)-- Now, he didn't say consumers, he didn't talk about the person who's going to be paying the bills for the energy. He said, "utilities and oil companies". Now, these are the members who I hear squawking insistently about the rights of the common man and the rights of consumers. And here's our Premier saying, "Oh, yes, it's public enough. We talk to oil companies and we talk to utilities." So I'm saying, if you want a good rationale, only one - it may be only one that you can handle at one time - it is, especially if we're going to make energy policy in this province, it's got to be open and public and available to every Manitoban, not just to oil companies or not just to utilities, and quit being hypocrites about it. If you're going to be talking for consumers and the common man, then for goodness' sake give him access when decisions are being made, and don't lock it behind those doors.

And that's the reason why we want an Energy Board, and that's the reason for this resolution. So let's just think about that for a minute, because I think it's an important consideration. That one of the things we must do in this province is, constantly -- constantly be looking at the issue of how we can develop institutions to manage our public policies. And I'm prepared to accept that perhaps the government made a small first step when it adopted that Energy Council - and then the Minister of Public Works and Energy Committee, and how many more we've got there, we're not too sure. But look at the limitations. To begin with, they are, simply and completely in-House, in-government operations, there is no one from the outside. Now, I expect and I've been convinced listening to the debate on Bill 7, that the civil servants of Manitoba, every single one of them is working to capacity. And yet I know that the Energy Council is all senior civil servants again. Well, I would simply point out to the members opposite that if they're so busy looking after their other responsibilities, how do they have time to apply their best thought and their best imagination, when on the one hand they're thinking about what office they're going to run for next, and on the other hand they're beginning to worry about how they're going to run their own department. Because the fact of the matter is, if energy is too important to be left as an ad hoc, piecemeal, second-thought type operation, we need the best minds and the best thoughts and we need full time operations on that.

And that's why I think that this resolution is simply to moving the need for a different kind of organization and a different kind of institution so that we can get a first-class energy policy. So those are the reasons for the resolution. They are not redundant. They are not nonsensical. They are simply an effort to bring to bear a different kind of organizational structure, one which is more open, more public and certainly has far more control over the sources of energy and the conservation of energy, and brings the pieces together so that the Minister of Public Works and the Minister of indecision and confusion that we have don't have to get together in the hallways to meet or to pass notes under the table; that they can meet together around the same table once in awhile and talk about their common problems, not in separate rooms or at separate tables. That's the kind of Energy Board that we need, and also an Energy Board which is able to provide a comprehensive view over the source of energy

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(MR. AXWORTHY cont'd) . . . . like Manitoba Hydro, because I've got news for you, I don't think at all time and all ways we can totally trust the reliability of Manitoba Hydro. Now I know that they have extremely good engineers and they've got a very competent staff and I have nothing but the highest respect for the administration or management of that organization, but like everyone else, they also become loyal to their own organization. And if you've been in hydro power all your life, you begin thinking nothing but hydro power; and if you've been an engineer all your life, you don't see anything beyond the purview of being an engineer. And that's why we need to provide a more independent judgment of where the energy is coming from and how it should be used.

Now, as a following argument I'd simply like to point out to the Minister of Public Works that when he talked about his conservation efforts I commend him. I simply say it's too little and not enough, and who in heaven's name knows about what you're doing other than the members of this House who've been privileged to know in the last two weeks, because we've compelled you to tell us. Because I'll tell you one thing, the public certainly doesn't know about how they can then go about conserving energy in this province, they are given no direction and no leadership. In fact the only word about conservation we received was from the Minister of Industry and Commerce who in effect said: Keep burning, baby, because who needs it? You know, we've got all we want. So the fact of the matter is, is that one of the other responsibilities of this Energy Board is to bring to bear public discussion, recognition and understanding of how they can build better houses and how we can do something about conserving on automobile traffic and on gasoline fields. And that's the kind of direction we need and that's the kind of layout that we need, and we're not receiving that now.

So I simply would suggest that for all the talk about redundancy, the only redundancy is what I'm looking at right now. And I think that we have an opportunity to take some further steps to consolidate, to re-organize, to open up so that we can get the kind of institution and the kind of organization that will enable this province to be properly rational in this approach to energy policy in the years ahead.

QUESTION put, MOTION lost.

MR. SPEAKER: Resolution No. 23 . . .

MR. AXWORTHY: Mr. Speaker, may I call for ayes and nays on that, please?

MR. SPEAKER: Does the honourable member have support? (Agreed) Call in the members.

Order please. The questions before the House is Resolution No. 6 introduced by the Honourable Member for Fort Rouge.

A STANDING VOTE was taken, the results being as follows:

YEAS: Messrs. Axworthy, Banman, Bilton, Blake, Brown, Einarson, Enns, Ferguson, Graham, Henderson, F. Johnston, Jorgenson, McGill, McGregor, Marion, Minaker, Moug, Patrick, Sherman, Spivak.

NAYS: Messrs. Adam, Barrow, Bostrom, Boyce, Burtniak, Cherniack, Derewianchuk, Dillen, Doern, Gottfried, Green, Hanuschak, Jenkins, Johannson, McBryde, Miller, Osland, Patterson, Paulley, Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uruski, Uskiw, Walding, Watt.

MR. CLERK: Yeas, 20; nays, 27.

MR. SPEAKER: In my opinion the nays have it. I declare the motion lost. Does the House wish to proceed for the next two minutes on the next resolution? Resolution 23, The Honourable House Leader.

MR. GREEN: Mr. Speaker, the Minister of Labour indicates that the next resolution, the Workmen's Compensation Act, that he intends to enact legislation such as is demanded in the resolution. It is referred to I believe in the Throne Speech, but regardless of that I am authorized by the Minister of Labour to give the Honourable Member for Assiniboia an assurance that legislation to the exact effect, that is, the change of name in the Workmen's Compensation Act to the Workers' Compensation Act, I take it is going to be brought forward by the Minister of Labour. Now, if that doesn't change the Member for Assiniboia's position, that's fine, but I'm giving him that assurance. Perhaps that deals with the resolution; if it doesn't, well then if the member wishes it to remain on the order paper, we'll deal with it next time round.

MR. SPEAKER: The Honourable Minister of Labour.

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MR. PAULLEY: A point of order. If a Minister gives an indication that the subject matter will be achieved in legislation, then the honourable member has to accept it according to the rules of the House, and I want to say to my honourable friend, the draft legislation was being processed long before my honourable friend introduced his resolution.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I will accept the Minister's commitment that he'll bring legislation and if he doesn't then I'll just introduce the resolution again.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Well, I believe that the manner in which the matter will have to be dealt with, is the member will have to move the resolution and then position will be taken in the House that it is Out of Order, and he'll have to rule on it. I thought that it could be disposed of in this way, but I suggest that we call it 10 o'clock and we'll deal with it next time.

MR. SPEAKER: The hour of adjournment having arrived, the House is now adjourned and stands adjourned until 10 A.M. tomorrow (Friday)