

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 p.m., Wednesday, May 19th, 1976

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the loge on my right where we have as our guests Mr. Hiam Zadok, Minister of Justice for Israel. Also in my own gallery we have Mr. Shmuel Ovnat, Counsel for Israel, Mr. H. Klugman and Miss Edith McDonald, Protocol Officers. On behalf of all our members, I welcome you here this afternoon.

We also have a number of students, we have 32 students of Grade 9 standing of the Earl Grey School from the constituency of the Honourable Member for Crescentwood.

And we have 80 students of Grade 6 standing of the Allard School under the direction of Mr. B. Glass from the constituency of the Honourable Member for Assiniboia.

And 34 students of Grade 4 standing of the Ramah Hebrew School under Mrs. Ashton and Mrs. Dyck, from the constituency of the Honourable Member for River Heights.

And 15 members of the St. Boniface Hospital Day Treatment Program from the constituency of the Honourable Member for St. Boniface, the Minister of Health.

And 9 young gentlemen from the Portage Home for Boys from the constituency of the Honourable Member for Portage la Prairie.

On behalf of the honourable members I welcome you here this afternoon.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills. The Honourable Member for Assiniboia.

INTRODUCTION OF BILLS

MR. STEVE PATRICK (Assiniboia) on behalf of the Member for Fort Rouge introduced Bill 24, an Act for the relief of Elsie Kernestad as Administratrix of the estate of Philip Lloyd Kernestad.

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

MR. DONALD W. CRAIK (Leader of the Official Opposition)(Riel): Mr. Speaker, I direct a question to the First Minister with regard to the announced changes by the Federal Government in the price of some petroleum products. I wonder if the First Minister can indicate what this will mean to Manitoba in terms of its revenues from its production from the oil fields in Manitoba.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier)(Rossmere): Mr. Speaker. I should in response to that question, make it clear that unlike one of the newspaper headlines today which said that the new pricing level was okay, that it is certainly not okay in my opinion, it is an arrangement which I believe to be a compromise, that was arrived at according to the perception of the Government of Canada as being the most realistic perhaps in the circumstances. We did not, and do not agree with the change. However like other provinces that will find themselves not necessarily agreeing, we do not believe that there are realistic alternatives open to us. So let that be clear. Insofar as what impact this will have on the 6 million barrels approximately of annual Manitoba production, perhaps I should, as it were, take that as notice. My colleague the Minister of Mines may be able to answer today or he may be able to answer in a few days.

MR. CRAIK: Mr. Speaker, can the Minister indicate at this time whether the increased prices would go solely to the province, those that do come into Manitoba, or whether it goes in part to the producers and part to the Provincial Government.

MR. SPEAKER: The Honourable Minister of Mines.

HON. SIDNEY GREEN Q.C. (Minister of Mines, Resources and Environmental Management)(Inkster): Mr. Speaker, we don't have a 100 percent taxing formula. The taxing formula is on the books; all I'm going to have to do is ask our officials to calculate

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(MR. GREEN cont'd) it, but the First Minister has given you the number of barrels, 6 million, the taxing formula is on the books. If the price goes up by one million it would be that portion of the taxing formula on the extra increase in price. It's there, Mr. Speaker. It can mathematically be arrived at but we'll get the figures for my honourable friend. To be sure we do not tax at 100 percent of the increased price. That is not the law in the Province of Manitoba. I'm not even sure that we tax as high as the law in the Province of Alberta, perhaps we should be. I do want to indicate, Mr. Speaker, that the cost to Manitoba citizens as to state from the amount of revenue that Manitoba citizens will be getting are completely unrelated to each other. Manitoba citizens will be paying far more on the basis of the increased oil than they will be receiving by way of increased revenue.

MR. CRAIK: Mr. Speaker, I want to ask the First Minister as well, whether with the increase in the price of crude and the approaching of world market price of crude, whether the government has given any further consideration, or whether the opportunity is still there to give consideration to entering into the Syncrude Project in Alberta.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Syncrude Project is a project which is already receiving substantial public sector or governmental financing insofar as the Governments of Alberta, Ontario and Canada is concerned, and as we indicated last year, both my colleague, Minister of Mines and myself, that Canada's financial participation we assume to be on behalf of all parts of Canada by definition. Insofar as there being any suggestion that financial participation in Syncrude is somehow a paying proposition, if that's the implication I would have to point out to my honourable friend that the Syncrude operation is proving to be substantially more costly in capital investment terms than was earlier anticipated and it is predicated that it will require something more than current world prices.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Speaker, I would like to direct a further question to the First Minister with regard to Manitoba Hydro. I wonder if he could verify that Manitoba Hydro has formalized plans to go ahead with the Limestone Plant on the Nelson River as has been reported, and whether or not this is in somewhat different than what was indicated to the Public Utilities Committee hearing some few weeks ago.

MR. SCHREYER: I don't believe so, Mr. Speaker, but in any case I would point out to the honourable member that I would entertain that question if there does not prove to be a meeting of the Standing Committee at which the honourable member can address that question directly to the Chairman of Manitoba Hydro. To be more specific for the moment, what Manitoba Hydro's Board of Directors I believe decided, was that the 1983 in-service date for the first unit was a date beyond which they could not prudently postpone. Certainly it has been put to Manitoba Hydro by myself that all avenues be explored of deferring construction of Limestone just as long as is prudently possible, and this has been done. It is the considered opinion and judgment that it cannot be prudently deferred longer, as a consequence of which, what my honourable friend is referring to is a contract for the building of the cofferdam and the decision on the start of the construction of the generating plant itself would have to come some time in '77 or '78.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SIDNEY SPIVAK Q.C. (River Heights): My question is to the First Minister. In his Budget Address he presented a tax measure which would be a tax on capital. I wonder if he can indicate to the House whether it's the government intention to include in this definition of capital all mortgage investment by a corporation, bank loans, shareholders' loans, as part of a total definition for taxing purposes.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I indicated as well at the time that the tax in question would not be novel in Canada; it is already in several years of actual application in the Provinces of Quebec, Ontario and British Columbia, to name three, and that the definitions of capital in that context are fairly uniform. However, to give him a perhaps more precise reply, I will take the balance of the question as notice.

MR. SPIVAK: Mr. Speaker, I wonder if the First Minister can confirm that the Information Service has already forwarded to corporations in the province notice of the proposed capital tax - the matter not having been introduced into this House, other than by the Budget reference - in which they indicate that those loans that I referred to from banks and others would in fact be considered capital and would be taxed.

MR. SCHREYER: . . . points, Mr. Speaker. The first point is that the document or circular in question is sent out as a matter of information. I do not believe it bears a current legal obligation. And the second point, Sir, is that it is very much of long standing - I would be surprised if my honourable friend doesn't know it - that a matter once announced in the Budget, the Budget once having been voted on in this House, that matters flow legally from that point or could.

MR. SPEAKER: If I may make a third point on procedure, I think this could be discussed under the Estimates of Finance. The Honourable Member for River Heights have another question?

MR. SPIVAK: Yes, Mr. Speaker, when is it the intention of the government to produce for the House the bill that would involve the taxing of capital and its definition?

MR. SCHREYER: Mr. Speaker, somebody says soon, obviously soon, but I would think within, well obviously within less than a fortnight, say one week.

MR. SPIVAK: I wonder then if the First Minister can indicate whether he considers that a corporation loaning money from the bank and receiving the money, is receiving capital and should be taxed on that amount?

MR. SPEAKER: Asking for an opinion. The Honourable Member for Virden.

MR. MORRIS McGREGOR (Virden): Mr. Speaker, I direct this question to the Minister of Industry and Commerce. Could the Minister indicate if he or his staff issued reports over the last six months by members of his Brandon staff with regard to Walden Industries Limited, Virden?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

HON. LEONARD EVANS (Minister of Industry and Commerce)(Brandon East): Mr. Speaker, there is obvious communication between the Brandon office and the office here in Winnipeg on a number of matters pertaining to economic development in the Westman area. I can't say specifically whether there was communication on Walden Industries or what exactly that communication contained. As the honourable member knows, I have been made aware of some of the developments only in the last couple of weeks by himself.

MR. McGREGOR: A supplementary then, if there was none, why was the staff indeed visiting that concern as he and I had talked over the last several months. And indeed, it's now in the process of receivership. Someone must have known if the staff was doing their job out there.

MR. EVANS: Mr. Speaker, I'm not sure whether the staff in the Brandon office were that knowledgeable about the financial affairs of this particular private company. I do know that we have attempted to the best of our ability throughout the department to help that company, which I know is very important for the Town of Virden, and we have spent considerable effort and moneys with various programs.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD McGILL (Brandon West): Mr. Speaker, my question is to the Honourable the Minister of Highways. I wonder if he could confirm that the decision to apply bituminous overlay and gravel to Highway 457, more commonly known as the low road to Shilo, in Brandon, was based primarily on a recommendation of his regional engineers as to the need for that work to be done.

MR. SPEAKER: The Honourable Minister of Highways.

HON. PETER BURTNIAK (Minister of Highways)(Dauphin): Usually, Mr. Speaker, on programs of paving and resurfacing it's done in consultation with the Minister and his department and his people within the districts involved.

MR. McGILL: Mr. Speaker, specifically. Did the Minister receive a recommendation from his regional engineers to undertake this work this year?

MR. BURTNIAK: Mr. Speaker, usually it is the case, but I don't think that it

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(MR. BURTNIAK cont'd) has to be a recommendation from a district in the first place; I think the Minister in charge of a department has certain responsibilities, and I don't think he has to rely entirely on the Civil Service.

MR. SPEAKER: The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Speaker, I have a question for the First Minister. In view of the information from Ottawa on petroleum increases, will the government give consideration to the elimination of the Autopac two cent increase imposed last year?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, if the words non sequitur ever had any meaning it would be in connection to that question.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Speaker, I direct a question to the Minister of Mines and Natural Resources. Can he advise the House on the state of affairs of the Dumbarton Mines that has been reported as closing?

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, there are various mines where the ore body has run out. Wanting to be certain of the condition to the Dumbarton Mine, I will take the question as notice. I've already indicated the situation with regard to Falconbridge at Clarke Lake which is not closing immediately, but which was only scheduled to go for a certain number of years in any event, and the problems experienced at Lynn Lake with Sherritt Gordon.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I have a question for the Honourable Minister of Industry and Commerce. I wonder if the Minister or his staff met yesterday or the day before with the Development Board of the Port of Churchill who are in the city?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Yes. As the honourable member realizes, I'm sure, the Manitoba Government has one third representation on this Board, which is supported by the three Prairie Provinces. I am advised that staff of our Transportation Council did attend a meeting, at least part of the meeting the other day.

MR. MCKENZIE: A supplementary question. I wonder if the Minister is prepared now to send a telegram to the Prime Minister expressing in the strongest possible terms the anxiety, the concern, and the complete disgust with the present policy which is going to move the management of that port to some place in one of the Ontario lakes in southern Ontario, one of the Great Lakes.

MR. EVANS: Mr. Speaker, there is some confusion I'm afraid in the reports that have been emanating from the media in this matter. Our information is that the Ports' Task Force - this is a federally commissioned Task Force to look at the entire administration of the National Harbours Board - was going to recommend that Churchill be placed under the same management as Prescott and Port Colbur. Subsequently, however, this is about a week or so ago, we were delighted to learn that the Ports' Task Force had changed their mind and were not going to recommend that, and that Churchill in all likelihood would remain independent and under its own management. Now this was a recommendation of the Task Force. What the Federal Government chooses to do in its wisdom of course, is a matter for the Federal Government, but it has not come as I understand to the political level or to the ministerial level for a policy decision.

MR. MCKENZIE: A final question to the Honourable Minister. I'm wondering now how the Port of Churchill is going to operate this summer? Are they going to hire staff now the shipping system is with us, and will the Port in fact meet the commitments which they already have with the Wheat Board.

MR. EVANS: Mr. Speaker, I believe the First Minister the other day made it very clear for those who are not appreciative of the fact that the Port at Churchill is not the responsibility of the Government of Manitoba. We do not operate the Port at Churchill; we do not staff the Port of Churchill. I would just hope that the Federal Government in

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(MR. EVANS cont'd) its wisdom will ensure that the proper management and proper personnel will be on hand to ensure that Churchill has a very good year.

MR. SPEAKER: The Honourable Member for Roblin, finally.

MR. McKENZIE: Mr. Speaker, may I ask the Minister again in the strongest possible terms, would he dispatch a telegram to the Prime Minister of Canada expressing the sentiments that I raised earlier?

MR. EVANS: Mr. Speaker, there has been considerable communication with Ottawa at various levels, and so on, and we will do everything that we can to ensure that the Port at Churchill has the best management that we can give it, that is, everything that we can do to influence the Federal Government. I've already indicated that we've had some good news following some early bad news, and I'm hoping that the good news will be sustained and that the Federal Government will follow the recommendation of the Task Force.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. ROBERT G. WILSON (Wolseley): Thank you, Mr. Speaker, to the Minister of Consumer Affairs. Can the Minister confirm and explain certain large increases in food prices and his duties regarding same, in particular coffee, where Edwards coffee has gone from \$2.29 to over \$3.50 in less than 6 months.

MR. SPEAKER: The Honourable Minister of Consumer Affairs.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne): Mr. Speaker, I would interpret my duty to be one of making sure that the consumers in Manitoba were not taken advantage of because of inflation psychology. But certainly with regard to coffee, it seems to me there is one commodity that many Manitobans might consume less of because it's perhaps less healthy than other things. So I would think that my duty might be to advise them on that aspect of the problem. But with regard to the supply of food products, Mr. Speaker, I have no responsibility nor can I ensure that the supply of foodstuffs will be at a particular level and that the supply will be sufficient to keep the price down.

MR. WILSON: Well, as a consumer is there any double pricing of warehouse stocks in Manitoba?

MR. TURNBULL: Mr. Speaker, double ticketing whether it be by a supermarket or any retail outlet is something that I do not countenance and neither does the Federal Government through its own statutes.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker, I wonder if you'd now proceed with the second reading . . .

BILL NO. 37 - THE CORPORATIONS ACT

MR. SPEAKER: Thank you. Bill 37. Proposed by the Honourable Minister of Consumer, Corporate and Internal Services. The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I adjourned this bill in the name of the Member for River Heights, Mr. Speaker.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, the statement and original purpose of this Act has been recited by the Minister in his opening statement in the House and by press release issued through the Government News Service, and I don't think it's necessary, Mr. Speaker, for me to in any way relate the purpose or discuss its objectives. Those objectives are worthwhile, the targets that are proposed are worthwhile, but, Mr. Speaker, the bill should not be passed by this Legislature in this session. I'm going to try to if I may, Mr. Speaker, deal with it and establish the need for renewed study by the government and by the opposition of this particular bill so that what will in fact be revised in the new Corporation Act will be an Act that is workable, that takes into consideration the needs of protection of shareholders and smaller corporations in this province, will in fact provide simplicity, and will be consistent with the maintenance, Mr. Speaker, of small business

(MR. SPIVAK cont'd) in this province.

We have not yet achieved uniformity in new Corporation Acts throughout this country, but, Mr. Speaker, there is a need for someone to stand up at some time and suggest that what is going to happen, Mr. Speaker, will be the acceleration of the growth of big business in this country by the continuation of an adoption of certain changes that have now taken place in certain provinces, and by the Federal Government, which are not consistent with the maintenance of small business and its development in this province and in this country.

Mr. Speaker, this is a lengthy document. It was read on the second reading at least, on April 26, Today is, I believe May 19. There have only been two speakers, Mr. Speaker, who have spoken in opposition to the bill. I am the third. There is a general desire I believe to refer it to a committee, the Committee of Law Amendments, in the hope that someone will appear and make a presentation. But I suggest, Mr. Speaker, that if one compares the manner in which this bill has been discussed and prepared with the way in which the Federal Government's bill was discussed and prepared, one would find that we are doing it in too short a time, notwithstanding the precedents that have been set, and there is a very real need, Mr. Speaker, to understand its implications and many of the unintended effects of what the bill has proposed. It took eight years, Mr. Speaker, for the Federal Government to revise the Canadian Corporation Act into the Federal Canada Business Corporation Act. There was a Task Force which reviewed the old Act. There was a two volume report produced. After public discussion there was a bill to Parliament. The bill was then amended, and then there was a new bill in a revised form produced.

I understand, and I may be corrected by the Minister, but I believe that there were 15 members of the Law Society, with others who have worked in preparation of this bill, but this bill that is being proposed has never been approved by the Law Society. The fact is, Mr. Speaker, that the group who in fact were responsible for it, and who worked earnestly in the preparation, have never had their views tested and the procedures in this House and the Law Amendments Committee, I suggest, is not the vehicle to have it tested so that it would be understood by all those who would be affected and the bill itself when revised again would then meet what the needs of people in the province are.

Mr. Speaker, I say to the members opposite, have the NDP caucus read the bill? Now, there are 200 sections. The likelihood is that they have not, and in many cases they will rely, as they should, on the preparation by the Minister, but the Minister in introducing this bill takes responsibility for it as a government bill, but it was prepared by the good will and effort of a number of people who have contributed to try and make this bill a bill that would be a better Corporation Act, more workable to be able to achieve the objectives that have been declared. Now corporations, Mr. Speaker, are important in our economic system, and their importance can hardly be exaggerated, can scarcely be exaggerated, Mr. Speaker. There are corporations that are public and corporations that are private. Public corporations are corporations that will solicit subscription from the public in the purchase of their shares and in the debentures and in the loaning policy of the company. Private corporations are corporations and many that remain in Manitoba are family corporations that are private or made up of two or three individuals who carry on through the creation of the corporation, which is recognized in our system, in private, and handle the day to day business without the public scrutiny of a public corporation for the simple reason the public corporation is before the public, its shares are available for the purchase, it is traded and the security exchanged, and therefore for that reason there is a necessity for consumer protection on the part of government to see that regulations are set up and a regulatory body exists to protect the interests of the public. But private corporations are private, and they are the business, Mr. Speaker, of the people who are involved, and that's one principle that has to be recognized with respect to the changes that are being proposed. I believe, Mr. Speaker, that there has to be an opportunity for thorough review.

Now, I don't know whether the Minister of Industry and Commerce has read this bill, and he may not hear me at this point, but I think this is very important. If he is the person who is supposed to protect the interest of small business in Manitoba, I ask

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(MR. SPIVAK cont'd) him, has he read the Corporation Act? Has his department studied the Corporation Act. Have they in fact given him a critique of the implications of what the Corporation Act would mean? Was there an input from the Department of Industry and Commerce with respect to the bill?

Again, Mr. Speaker, I am not taking away from the good will or the intent of the people who were involved in drafting it. I'm simply suggesting that a piece of legislation has been introduced which has major implications, which has severe implications for small business in the province, and I question it at this point, and I would like to be proven incorrect, and I would like the Minister to stand up and say this, but I question whether its implications have really been reviewed by those who are working in the field dealing with small business. I also question, Mr. Speaker, whether the people, the business people in this province, the small business people, even understand its implications. There was a seminar that was held. There was some 100 people present, I believe. The Chamber of Commerce and the lawyers, the Law Society held one meeting, Mr. Speaker, 100 people, and I don't think that that really at this point is sufficient scrutiny or review of the detailed presentation.

My purpose is not to stall the bill. My purpose is not, Mr. Speaker, to suggest that the bill should not be introduced, nor that the new Corporation Act should not be achieved. My purpose, Mr. Speaker, is to try and see whether there is an intelligent way of reviewing something which has some very significant implications for shareholders, for directors, and for particularly small business in this province. Mr. Speaker, if the bill goes through in its present form, or if the bill goes through in the next year and other bills are not passed similarly in other provinces, we will not have uniformity in Canada, and we do have the problem, Mr. Speaker, that there will be jurisdictional shopping on the part of some who will go to other jurisdictions, or either change their corporate offices, because of the implications of this. And of course, Mr. Speaker, I don't think of that as a very good thing, and one of the desirable things would have been the ability to try and achieve uniformity in this country by having uniformity law commissioners deal with the bills that have been introduced, and by having the Ministers of Consumer Affairs or their equivalent Ministry in whatever province that does not have the bill now existing in Canada, to have the Ministries involved deal in an attempt to try and create uniformity, so in effect there could be uniformity in Canada, and jurisdictional shopping could not take place.

Mr. Speaker, it's not my intention to deal with all the sections. That's impossible. I just suggest to you that it really is impossible to deal with all the sections, but I do want to deal with one, and to try and show the difficulties that one particular clause has, one particular section has, and the reason why the bill shouldn't be supported, and that has to do with the provisions of financial disclosure by private corporations. Public corporations soliciting public funds are required to produce their financial statements so that people will be in a position to review them, and that is in the interest of protecting the consumer. Private companies, family companies, individuals who join in partnership through a corporate setup, and who in fact incorporated, as I suggested through this corporate setup, do not have to file their financial statements now. They register in the appropriate corporation office. Their information on shareholders and directors are known, but Mr. Speaker, at this point they do not have to produce their financial statements.

The Federal Government in the new federal Act, did make a change, Mr. Speaker, and in the Canada Corporation they stated that a private company whose gross revenues exceed \$10 million in any period, or whose total assets exceed \$5 million, must file their financial statements. Now the Manitoba Act, Mr. Speaker, provides that private corporations, corporations owned by individuals and by families whose gross revenues exceed \$2 million and whose capital assets exceed \$1 million, Mr. Speaker, must file their financial statements. That's the Act that's been introduced by the Minister, and I have to simply ask, why? Why is it necessary for a private corporation to file their financial statement with the director in the Companies Act?

Now, I want to talk about unintended use, because it would appear to me, that the people who are responsible for this followed the federal Act, and because the federal

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(MR. SPIVAK cont'd) Act thought in terms of \$10 million of accounts receivable and \$5 million of assets, they tailored it down to Manitoba and said, we'll got for \$2 million and \$1 million, but no one, Mr. Speaker, has questioned the reason or the rationale for this. Why is it necessary for private corporations to file their financial statements so that they can be subject to scrutiny by any group of people, by those who are corporate peeping Toms, by anyone else who wants information on a private operation, that is not soliciting funds for its share of its sales in the province. You see, Mr. Speaker, the problem here, and I should point out something else, Mr. Speaker, in the federal Act there is a provision that a corporation can apply to the court to have this portion exempted if in fact it will put him, the corporation, to a distinct disadvantage, so that in effect there is an escape valve for certain situations where the disclosing of the information will in fact have detrimental effects on the corporation.

MR. GREEN: Mr. Speaker, I wonder if the honourable member would permit a question on the point he is making.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: In view of the fact that some of these recommendations come by way of suggestion of uniform legislation, etc., would you agree that the bill on principle should be proceeded with and that these questions should be asked at the Law Amendments Committee?

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: This is a very good point, and I'd like to ask the Minister. No, I do not believe the bill should be proceeded with, and the reason that I do not believe that the bill should be proceeded with is I believe the government in introducing the bill has to take responsibility for the bill. I believe that the bill prepared by others with all the good will in the world, and with the officials of the department with all the good will in the world, has not basically been dealt with by the Government of Canada, by its caucus, but they have in fact introduced this and take the responsibility on the assumption that the people have in fact achieved the desired objective. And I do not believe that we should be put in the position of saying that the bill in principle should be agreed to and it should go to Law Amendments, so that in effect there would be scrutiny in Law Amendments and then possibly changes on this particular section . . . Rather I believe that this bill, because there is much more - I'm only citing one example, Mr. Speaker, there's much more. I believe there is a necessity for people who are involved in small business to understand this bill, to understand its implications, and I believe that there is a necessity for a review to take place, properly and appropriately by the government so that they are assured in their own mind of the position and the principles involved and the changes that are being proposed and the refinements that are being proposed, so, in effect, what will be brought forward will represent among the government a consensus of what they believe should take place and then they will have to put that to the test to the opposition, who will either agree, disagree, what have you, and then the formality of the procedures in the Law Amendments.

But I do not believe, Mr. Speaker, that the bill should be passed. I believe that this bill should be allowed to be referred, or should be taken by the Minister of Industry and Commerce, by the Minister of Consumer Affairs, and should in fact be dealt, or should be studied with the assistance and help of the people who do business, in this province, with the lawyers, with the accountants, with the small business operations. --(Interjection)-- No, Mr. Speaker, I want to explain who actually dealt with this. Fifteen people dealt with this, and they never went to the people with whom they represented and discussed those items with them. Well, you see one of the problems is, those 15 people as well intended as they well may be, did not, Mr. Speaker, review it with their own colleagues. They did not, Mr. Speaker, discuss it in their own associations and as far as I know they have not discussed it, Mr. Speaker, with the small business people in this province. We have the introduction of a bill which has in it, involved in certain principles, the invasion of privacy, additional state control of the lives of the people of this province, and I suggest an acceleration towards the trend of big business in this country along with the acceleration of the trend to big government, which I believe is fundamentally detrimental to the economic life of this country. I do not believe that this

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(MR. SPIVAK cont'd) really was the intention of the government, and they're faced with the dilemma that has always been the dilemma of a bill that has major implications, that has a tremendous number of sections of intricate drafting, that requires study and consideration. I wonder whether the Cabinet have read section by section of this bill, and I wonder if they think it's necessary. But, Mr. Speaker, I believe that it is necessary. I don't believe that this should be introduced in the form that it is, and I do not think that the Parliamentary system should work on the basis of a bill being introduced without the government really taking the responsibility that it must. Mr. Speaker, sure they take responsibility when they introduce it, but Mr. Speaker, that means that you are taking the responsibility for the invasion of the private affairs of the people and, Mr. Speaker, that means as well that you are basically saying, and that's what you really are saying, that small business should be put in the position of being capable of being in danger as a result of disclosure. Small business cannot compete.

Now, let me just try and cite some examples, Mr. Speaker. When one talks about \$2 million of receivables, you know, \$2 million of sales. Well, you know, \$2 million of sales can be made up of sales of tractors of \$40,000 and \$50,000 in very small numbers, a very small number of units, and it also could be made up of \$2 million of dollar sales with a lot of units, Mr. Speaker, and have to then say, what is the purpose? Why should someone or one family, or some small business people who are struggling, Mr. Speaker, in the marketplace, and who are subject to limitations on credit, limitations on their maneuverability as opposed to the larger conglomerates who have easy access to credit and who have in fact been in a position to accumulate surpluses of cash, why should that small person be put into a position where he is penalized, he is penalized by having to put disclosure so that in effect his competitors are then in a position to possibly come in with loss leadership on the various items that have been sold, knowing the jeopardy that the person has been put in, or the corporation has been put in, why should that situation be sponsored by the present government? I don't know. I don't think it's really intended. I really don't think that that's intended.

What I'm saying, Mr. Speaker, is the fact that there is this requirement at this point the fact that this is only one section of you know, literally hundreds of different sections and areas that require study, and the fact that there is exposure on this one area, I think, Mr. Speaker, justifies a refusal to approve. At one point, Mr. Speaker, to the members of the opposite, I have to say to you you have to govern, and governing means that you have to understand the nature of the legislation that you introduce in its full impact and you cannot ask us to pass it, and you cannot ask us to approve it without taking that responsibility. While it can be suggested that if in fact there is a discussion in committee, and their presentations will review it, I say to you that the businessmen and the small businessmen in the 24,000 corporations that I refer to, don't even understand anything about this. They know nothing about it. The lawyers don't know anything about this. The accountants don't know anything about this.

MR. TURNBULL: Just you.

MR. SPIVAK: No, I want to come to the Minister and say, I don't know anything about this, I only know about one section that I pursued. I want to suggest that it's impossible between the period of time of April 26th to 19th of May to be able to review all the particular sections, to be able to make the comparisons, to be able to understand its implications. I don't think the Minister has any effect other than the intended effect of the legislation. But if in fact there are unintended effects because of the legislation, there is a responsibility on the part of the opposition to present their points of view and there is a responsibility, Mr. Speaker, to indicate to the government the need for change. I suggest to you at this point that no one will suffer. It may be more difficult for the people who have worked so hard at this point but no one will suffer if that same group of people have to test what they proposed to the government which is now introduced in legislation which I suggest hasn't been really approved by the government. It's been approved in the sense that the Minister stood up and has introduced it.

I'll stand to be corrected if the Minister of Industry and Commerce can indicate to me that his department is happy with it. I'm not going to accept their judgment but

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(MR. SPIVAK cont'd) I'll certainly accept the fact that that review has taken place. But I don't believe, Mr. Speaker, that that legislation should be passed. Mr. Speaker, I do not believe that there is a necessity for financial information of private corporations in this province to be produced. I do not understand the justification for it; I do not understand the need for it and I do not understand why the government would want to. I can cite example after example. But private small business in many cases in an untenable position from what I refer to as corporate peeping Toms, from the acceleration to monopoly control, from the risk of credit embarrassment and from just another roadblock to their continuation in carrying out business in this province.

Mr. Speaker, I say to the members opposite; I hope you will reconsider your position, allow for the review to take place that has to take place, bring the legislation back in a revised form. In this case follow the precedent of the Federal Government and bring into it with the full knowledge and understanding of the implications and allow us then to be able to deal with the matters in a proper manner and then, Mr. Speaker, be able to approve the bill as having in fact achieved the consensus in this Province which would recognize all the different points of view in its implication. But in its present form, Mr. Speaker, at the present time, I do not believe the bill should be supported.

QUESTION put MOTION carried.

MR. SPEAKER: Bill No. 54. The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, could I have this matter stand please. (Agreed)

MR. SPEAKER: Bill No. 56. The Honourable Leader of the Opposition. (Stand)

Bill No. 62. The Honourable Member for Birtle-Russell. (Stand)

Bill No. 65. The Honourable Member for Portage la Prairie (Stand)

The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Attorney-General that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

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

. . . continued on next page

COMMITTEE OF SUPPLY
DEPARTMENT OF MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT

MR. CHAIRMAN: I refer honourable members to Page 40 of their Estimates Book. Resolution 85, Administration: (1) Minister's Compensation Salary and Representation Allowance. The Honourable Minister of Mines, Resources and Environmental Management.

MR. GREEN: Mr. Chairman, in introducing these departmental Estimates, I would like to first of all deal with some of the global figures so that honourable members will have at least my understanding as to what has happened in general. I want to emphasize, Mr. Chairman, that I can't, in dealing with such generalities, be 100 percent accurate in terms of the conclusions that I will draw. But on a general basis I will be able to deal with the more important features of what has happened between this year and last year with respect to our departmental Estimates.

First of all honourable members will note that last year's expenditures amounted to roughly \$20,500,000 whereas this year's Estimates as they appear in the Estimates Book amount to \$18,800,000 or a decrease in actual figure of \$1,700,000. Now I would want to indicate, Mr. Chairman, that this decrease arises in several ways and it is not all to do with the restraint provisions that were invoked against the department, as against all other departments, in the formulating of departmental objectives for this year. As a matter of fact, Mr. Chairman, the figures as I am about to deal with them would indicate that there is not a real decrease in money expenditures.

When the Estimates were framed, that is the request for \$18,000,000, we were not assured of a federal-provincial agreement which would call for an expenditure of roughly \$1,100,000 in the following year. Therefore that was not included in the Estimates and that would reduce the reduction in departmental spending to \$1,100,000 because that figure of \$1,100,000 is going to be introduced in Supplementary Supply. So that would eliminate what apparently is approximately a million dollar deficit. It is also the case that in Supplementary Supply there is provision for Other Expenditure notably in the field of Water Operations which would bring the expenditures in this year's Estimates roughly to the same figure as was projected for last year, that is \$20 million.

The reason for the Water Programs in Supplementary Supply is that there has been a traditional spending shortage in the water appropriations. This year it was felt that we would budget for what has been the historical lack of spending and put the figure into Supplementary Supply so that if called upon, if needed, it could be called upon but it wouldn't be as part of the regular departmental expenditures but it would be available from Supplementary Estimates if we spent the other funds. So, Mr. Chairman, much as it would be remarkable that a department was able to maintain its program with last year's expenditures and much as I wish to acknowledge the tremendous task that was done by the staff in keeping expenditures to a livable figure, we are not quite as reduced in Estimates as would appear from the opening expenditures.

Having said that, Mr. Chairman, I do wish to acknowledge that the department has done yeoman work in trying to see to it that any figures which should not be recurring, do not recur and in this respect, Mr. Chairman, there have been the elimination of expenditures which have been arrived at by the completion mainly of certain programs, such as the Lake Winnipeg Study Board, the completion of certain petroleum exploration programs which are not going to recur and in particular the completion of certain expenditures under the FRED-ARDA programs which are not going to be replaced by other Federal Government expenditures. Those items would have brought our expenditures down by an additional one million and if we add to the normal incremental costs that are caused by inflation, plus some new programs, if we add approximately a million dollars for those figures, we come to the figures that are shown in your Estimates Book.

I think, Mr. Chairman, that I should not underestimate by the presentation that I have just made the many evenings, the many days of tremendous effort that were exerted by all senior administration in the department to comply with what has been a year of general restraint. Their efforts have resulted in us being able to maintain for the most part, for the most part to maintain our regular operational program, to even increase it to some extent, but to have very little increase in expenditures by virtue of these increases by virtue of finding other areas where expenditures could be reduced or where a

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(MR. GREEN cont'd) terminating program is not replaced by merely putting in another in the Estimate Book which is sometimes a weakness which administrators or Ministers or anybody else gets into. Once there is a figure it's easy to get that money because if it appeared last year, it must appear this year and therefore it could be replaced. I assure you that we have not operated that way and by virtue, therefore, of this effort we have been able to handle such increase program as we do have with virtually the same expenditures that we had in the year before.

In acknowledging the work of these individuals, Mr. Chairman, I would wish to particularly single out the Deputy Minister of my Department, Mr. Jim Cawley, who has a long and distinguished career in public service both in Canada and on the international scene having done work in Indonesia, having done work in other parts of the Middle East and having been the Deputy Minister of Mines in Saskatchewan, the Deputy Minister of Mines in the Province of Manitoba, Secretary to the Mining Association of the Province of Saskatchewan for some years, besides which, Mr. Chairman, he is a very hard working and dedicated individual. I wish to say this at this time because it's all too often that we are so involved in what we are doing that people sometimes are not aware as to the appreciation that we have for the services which they render on behalf of the public. I wish to carry that forward, Mr. Chairman, to the other senior officials in our department, particularly those of long standing. Mr. Tom Weber who is our Senior Deputy Minister in charge of water resources, Dr. Bowen who is our Deputy Minister in charge of Environmental Management and Mr. Roper who is Assistant Deputy Minister in charge of Mining, as well as Mr. Podolsky our new Assistant Deputy Minister in charge of Administration, Mr. Pout having either been promoted or otherwise changed to work in the Federal Civil Service. So, Mr. Chairman, I wish to acknowledge all of those people as well as the many many others who have made up the departmental staff in the previous year.

I think that this also, Mr. Chairman, would be an appropriate time to deal with some of the new programs that the Province of Manitoba has entered into in the field of mineral resources in particular. In connection with the Budget I think that what has happened is that members will see that there has been some increase over the last year as there has been in the past year with regard to the Department of Environment. The major increases in departmental expenditures have been in the Environmental Protection Branch. There has also been some increases, although this year it's not an increase in the area of mineral exploration and there has been some reduction in the area of Water Resources, mostly, Mr. Chairman, because in the area of Water Resources we are completing programs which were commenced under FRED and ARDA where these programs are not being replaced. So to summarize, we are fairly standing pat on our existing program with some increase in the Environmental Protection Branch. We have a new program and therefore the results of it will have to be assessed from year to year. We wish that to occur before making dramatic movements in one direction or another with regard to this program.

Members will recall that last year was the completion of a comprehensive mineral resources program which was composed really of three elements. First was the establishment of a Mineral Exploration Company; second was a program of regulations with regard to mining companies and which changed considerably the terms and conditions upon which permits, leases and mining exploration would be taking place in the Province of Manitoba and third was a program of mineral royalty taxation which changed dramatically at least the philosophy upon which mineral royalty taxation would be based in the Province of Manitoba as distinct from previous years. I may report, Mr. Chairman, that our first experience with the royalty legislation is - and I say this with some degree of regret - it's more consistent with the predictions that were made by ourselves rather than the predictions that were made by the mining companies. Honourable members will recall that we said that the royalty taxation would be such that mining companies would pay the previously existing 15 percent rate on what would be considered a relatively normal level of profit, that the rate would escalate when we got to the profits which were beyond what could be considered a normal rate of return. I think that what has occurred is what we

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(MR. GREEN cont'd) have indicated, that the level of profits of mining companies this year have been within the range of a relatively normal rate of return and the rate of taxation applicable to them would be 15 percent, that there will be no assessments under the incremental tax this year. That is not to say, Mr. Speaker, that we don't look forward to similar years to what occurred in 1973 with the mining industry, in which case the rate that we would receive would be considerably higher than what it was in previous years and that has been the philosophy of the taxation. You will recall that various mining companies were very very concerned that this would not happen, that the method of taxation would result in higher taxes being paid by the mining companies under all circumstances. I say with some degree of regret, but also with satisfaction because it was never intended, that the position that we pursued was the position which was correct and subsequently applied and that the fears registered by the mining companies were not material ones.

I do want to say, Mr. Speaker, that despite the stability of the existing royalty legislation that members should recall that the royalties paid by mining companies in the Province of Manitoba at the present time, even at the stable rate or the non-incremental rate, are over twice as high as that which were paid by mining companies when this government was elected. So I repeat with respect to the royalty program that we have done what we said we would do last year. We have introduced a tax which has the stability of being incremental when mining profits are incremental. We look forward to the day when their profits will be incremental so that our 35 percent rate will apply. I say, Mr. Speaker, with some confidence that this must occur sooner or later, in which case the kind of legislation that we have placed on the books will not have to be suddenly changed as was done in the province of Alberta to collect higher money when higher profits were being realized by the oil companies.

With regard, Mr. Speaker, to the exploration program, I'm able to say the following. But before dealing with the actual facts and figures I want to remind honourable members that our exploration program is based on the fact that we will maintain a level of exploration activity and that the government will assume responsibility for maintaining a rate of exploration activity; that as far as we are concerned the public is willing to invest the kind of money that the government has committed in these Estimates toward exploration activity; that if there are private companies who see a value of doing likewise that will be permitted - that will be permitted at the option of those companies - but our program will not depend as a matter of life or death on such activity. In the last analysis we would be prepared to maintain that level of activity by public exploration and development, hopefully when that exploration bears fruit.

In this connection, Mr. Speaker, it is important that we not set out any false immediate prospects that this kind of exploration will immediately bear fruit and mining companies will be the first to indicate that finding a mine which is capable of development requires long effort, high expenditures for a long period of time and much patience on behalf of the people who are making that investment. I think it was made clear to the people of the Province of Manitoba that this government is willing to invest on its behalf the kind of expenditure that is necessary to engage in these exploration activities, that we have received what I consider a mandate to do so and that in my opinion the public of Manitoba will recognize the ultimate wisdom of what we are doing and they will be just as prepared as are the shareholders of mining companies to realize that that type of program requires that kind of patience which will result in the ultimate discovery of a mine that is capable of viable and economic development.

I don't say this as a matter of any wishing to lessen the responsibility of our position, that by and large the extra royalties will pay for the exploration program which the province is engaging in. This in no way takes away from the fact that it is an expenditure of the people of the Province of Manitoba since those royalties are public funds belonging to the people of the Province of Manitoba. But the royalty program, the integrity of the royalty program depends on the province not being ultimately at the complete dependence of outside parties for an exploration program.

We, I think, have established the kind of balance which will result in a mixed type of exploration and development program. That type of program has its desirable

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(MR. GREEN cont'd) features, Mr. Speaker, particularly because it is a fact that historically the aggressive, top-flight, developmental-conscious people have found their avenue for activity in the private sector. In saying this, Mr. Speaker, I don't wish to in any way downgrade the people who have found their way in the public sector. But the opportunities for aggressive developmental activity in the public sector were certainly very very limited. The public sector tended to be regulatory rather than aggressively developmental in its concept and therefore many of the people who are oriented toward aggressive activity did move into the private sector. I don't think that that is a law of nature. I don't think that that is an irreversible type of concept.

Indeed, Mr. Speaker, I believe that the whole Geological Branch of the Department of Mines and Resources, and the people who are working in the Manitoba Mineral Resources activity, has taken on an entirely new complexion and in my opinion, Mr. Speaker, a positive one. They are operating as a team, they are operating as people engaged in a demonstration that they too can make the kind of development that their counterparts in the private sector have made from time to time and I am quite confident, Mr. Speaker, and I ask the public of this province to place confidence in the ability, the ingenuity, the aggressiveness of those people now on the public payroll to do the kind of work which previously represented the availability of a challenge only in the private sector. The members will have the opportunity I hope within a very short period of time, some time next week, to hear a report again from the President of the Mineral Resources Exploration Company who has provided much knowledge and entertainment to the honourable members every time that he has appeared before Committee and I'm sure that he will not be disappointing to honourable members this year.

With regard to the actual activity, I can indicate, Mr. Speaker, that the level of exploration activity in the Province of Manitoba is as high or slightly higher than it has been on the average for the last four or five years. I think that it's probably not fair to say "slightly higher" because if one considers the inflationary value of the dollar invested that it's probably equal. In any event I don't think that there's much to choose from between the kind of exploration program that Manitoba was historically used to and the kind of exploration program that we have now. The total value of our exploration program since we have been engaged in this program is roughly eight million dollars. This would constitute six million which is being done jointly by public and private exploration program under the new regulation, a million dollars in private exploration program which is done without public participation but while the new regulations have been in existence because the public has not exercised its option to participate in every program. That's not because we have been particularly selective, it's because some of the pre-existing programs were very complicated in terms of their respective interests as to which different people had interests in them and it was difficult to stack this with the Crown interest and therefore, to some extent we did not participate in those programs, and another million dollars in public investment which is of the federal-provincial variety.

The honourable members will recall that under the Department of Regional Economic Expansion Manitoba has entered into an agreement involving eight million dollars to be spent in exploration funds over the next four years which is roughly two million dollars a year, 50 percent federal, 50 percent provincial. Now we have other exploration programs which also are on a federal-provincial basis. The level of activity, Mr. Speaker, is roughly what it has been. I am certain that this level of activity carried on for a period of time will result in the reasonable probability that out of all of the exploration work that is being done that there will be discovery leading to developmental work in the province.

The province is presently committed to four million dollars in expenditures on joint programs of this kind. They have already paid out \$1,900,000 and of course there is a balance committed to programs which will be ongoing and which will subsequently be paid out. I would indicate, Mr. Speaker, that as part of the Canada-Manitoba Sub-Agreement on Mineral Exploration, which was signed on March 31, 1976, the agreement which I recently mentioned, that is 8 million dollars, that it was under that agreement and another arrangement with the Federal Government that the uranium reconnaissance program covering the northwest part of the province resulted in the release of data on

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(MR. GREEN cont'd) March 24, 1976, which has subsequently resulted in ten permits being taken out and some staking of claims for uranium in the northwest part of our province. I make this report, Mr. Speaker, in a spirit of neither demonstrating any great achievements nor demonstrating any problems. I believe that it is a report that is quite predictable of the program that we announced that we were proceeding in.

It is a program which the government and myself as a member of the government feel is a sound one in the long run. The essential difference between this program and programs that have been engaged in by other governments is not the public expenditure. The essential difference is public participation. To indicate what I mean by that, Mr. Speaker, I was advised that recently the Province of Ontario has decided on a five million dollar public expenditure to stimulate exploration in the Province of Ontario. The difference between our expenditure and their expenditure is that their expenditure is in the form of a grant to private companies in the hope that the private companies will proceed to explore and then find something whereas our expenditure has been in the nature of a public participation. I say, Mr. Speaker, that we are not in principle, and I hope that we will never try to compete with the type of program that's in Ontario. I recognize that the Government of Ontario believes that its position and its mandate is to conduct that type of program. I can't say that I agree with it but I indicate that they see validity in that type of program. It is an expenditure of public moneys. Our's is, in my opinion, an investment of public money. Both are designed for the purpose of ultimately utilizing the mineral resources of the province to the best advantage of its citizens.

I am of the firm belief that our philosophical direction in this connection is perhaps a little more difficult but in the long run will show promise of the giving to the people of the province not only a better financial return but a stronger economic democratic commitment to their own participation and to their own independence. I think I can best describe this by what occurred at one Mines Ministers Conference which I attended last fall. The question of public participation and private participation was being discussed and Mr. Powis the President of Noranda Mines asked each Provincial Minister to indicate that they regarded the private sector as being as essential and continuing part of the development of the mining industry in their respective provinces. He asked us to go on the spot. I indicated, Mr. Speaker, what I've indicated to this House, that there is a role for the private sector in the Province of Manitoba, that role we believe is permitted on fair and reasonable terms. But I would not bring myself to say that it is a matter of life and death to the people of this province that the industry continue to participate. I certainly have no objection and our program is designed to enable their participation. But I would not make what I called, and what I still call, a declaration of dependence on the mining industry, that I would prefer to make a declaration of independence. I don't suggest that there be no private sector industry but if I'm asked whether it is a matter of life and death, then I say, Mr. Speaker, I prefer to make a declaration of independence. Either declaration is unnecessary.

I asked Mr. Powis to make a declaration of the similar kind that he asked us to make. I asked him to declare that he regards the public sector as an essential and continuing feature of the development and exploration for mines in the provinces in which he is participating. I said that when he makes that kind of declaration for me, when he makes that kind of declaration for the public, then I would consider what kind of declaration should be made in response. Now I am well aware that Mr. Powis will never declare, and he is wise not to, that he will never declare that public participation in the form of exploration and development by the people through their government is an essential and continuing necessity for mineral development in the Province of Manitoba. And him not being willing to make that kind of declaration, Mr. Speaker, is certainly good and sufficient cause for me not having made such a declaration to him.

So I introduce these Estimates on this basis, Mr. Speaker. I've tried, and I also gave the caution, that you should not regard my figures as being definitive because they are based on a very very global and general view. I believe that the generality of our position can be gleaned from them, the specifics will have to be dealt with when we

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(MR. GREEN cont'd) commence to consider these Estimates clause by clause. Thank you for the attention which has been given.

MR. CHAIRMAN: Resolution 85(a)(2) Salaries-\$171,100 - the Honourable Member for St. James.

MR. GEORGE MINAKER (St. James): Mr. Chairman, I thank the Honourable Minister for his opening remarks and complete description of the aims of his department and I will comment on them later on under Salaries or under the various departments.

I wonder if the Honourable Minister could advise, has there been an increase of staff in this particular department? I see that its increase is about 26 percent. Or are these primarily salary increases? I'm raising the question because of the fact that the Minister has introduced amendments to Acts this year that I would think possibly would maybe reduce some of the administration difficulties or responsibilities. I'm thinking of Community Economic Development and also the Clean Environment Commission amendments to that Act, whether or not it's an increase in manpower or just natural increases in salary that would appear to exceed the general guidelines that have been set up by the First Minister in terms of percentage increases.

MR. GREEN: Mr. Speaker, I believe that there has been a net increase in staff in the department and I am prepared to give it to you in each area.

Under 12(1)(a) Administration there is an increase of one. That was a special assistant. I would like honourable members to note that in my portfolio wherever it has been that I have had an executive assistant for the six years, I have never had more than one person on my personal staff. I correct that. I had a special assistant. He is now being transferred to the department. So it will be an increase of one but he will no longer be on my personal staff.

There is an increase under Administrative Services of one person. We will come to them as we go through the Estimates, I can't give you the exact designation. I gather that the typist . . .

There has been no increase under Clean Environment, no increase under 12(1)(e), an increase under Environmental Management 12(2)(a) of one. I have that as a typist in Dauphin.

Under Environmental Control, there has been no increase; under 12(2)(c) Research, there has been an increase of one, a biologist in environmental research; under Waste Management there has been a decrease; under Environmental Studies there's an increase. I always wonder at the way in which administrative people have been able to deal with these questions, Mr. Speaker. There has been an increase of .47 people in the Environmental Studies Branch. There is no increase in Program Development; under Mineral Resources 12(3)(a)(2) and here we will see some increase. An increase of four people. Under Petroleum an increase of one; under Mining, Engineering and Inspection an increase of five; under Exploration an increase of four; under Geological Services, a decrease of one. Under 12(4)(a) - you know I made myself a promise and I'm going to break it. I'm not going to respond to the barbs of the Member for Swan River. And I just broke it.

Under Water Management an increase of six - no, a decrease of six, excuse me. Under Planning, an increase of 4.16; under the Canada-Manitoba ARDA, a decrease of two; under Manitoba Northlands .39.

So honourable members can make a quick calculation as to whether that represents a net increase or a net decrease. --(Interjection)-- A net increase of seven people in a department involving \$20 million. --(Interjection)-- Which one? (4)(a)(1). (4)(a) is Administration Water Management, a decrease of one. But there has been an increase of seven, Mr. Speaker, and I would like honourable members to be aware of that. If there is real hard criticism of the department which we are looking at it is that we have not expanded our Water Program in relation to the other programs and furthermore that the ARDA - FRED cut-offs are not replaced with additional Federal funding. They are also backing away from programs.

We have maintained our Water activities, we have maintained the expenditures. The honourable members will also realize that Manitoba has got the highest drainage and water program per capita of any province in the country. We are looking at the water

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(MR. GREEN cont'd) program. I don't think I can say that we have positively reduced it but we have kept pace with that program. But then honourable members are aware that we have been under constraints. We have an additional seven people in our department involving over 1,000 personnel so that is not a substantial increase. --(Interjection)-- 786 personnel, an increase of seven.

Well certain employees, Mr. Speaker, are hired on a term basis for certain work and there has been a decrease of twelve people in term employment. So if one took the absolute figures of how many people were working for the department it may even be a slight decrease. But there's an increase of seven SMYs for our regular programs.

MR. CHAIRMAN: 85(a)(2) Salaries--pass; Other Expenditures - \$59,900--pass; 85(b) Administrative Services (1) Salaries and Wages - \$350,500--pass; Other Expenditures - \$77,700--pass; Manitoba Water Commission (1) Salaries and Wages - \$25,700. The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): Mr. Chairman, I was wondering, was this the place to bring up local drainage problems or is it on Page 42 under Water Management.

MR. GREEN: Local drainage problems?

MR. HENDERSON: Yes.

MR. GREEN: Well it wouldn't come under Water Commission. Water Operations. Under Water Management.

MR. CHAIRMAN: 85(c).

MR. GREEN: Mr. Chairman, if nobody is going to say something about the Water Commission, I feel obliged myself to say something.

Again, Mr. Speaker, to really indicate the public indebtedness to the people who are serving on that Water Commission, save, let us say the Member for St. Rose who is an elected MLA who is entitled to whatever products he will get from his own constituency, but in particular, Mr. Chairman, the Chairman of the Water Commission, Dr. Saunderson, I think that the Water Commission at one time was a fairly high profile, and I hope I'm not being unkind, higher profile but less productive body from time to time. I think that the dispatch and the energy which Dr. Saunderson has given to the Water Commission with almost no profile is an indication of his dedication to the public of Manitoba. He served us as president of the university, he now serves as Chairman of the Water Commission. And it behooves me to stand on my feet when his Estimates come up, indicate that he's been very modest in his requests for the Water Commission and has exerted supreme effort and turned out some very very high level reports on all of the commissions which he has been given.

Last year he was given a commission with regard to flood evaluation performance. We're going to give him a similar commission this year. I'm sure that that would interest the member, particularly the Member for Arthur, whose constituency was a real problem this year; the Member for Gladstone's constituency was a real problem, was and is. And I am certain that the Water Commission will perform a useful service again in evaluating, giving us a self-evaluation, a criticism if necessary, or as they did last year there was some criticism but for the most part they indicated that our flood protection system operated at a very high level. So I want to go on record regarding our appreciation to the Chairman and other members, the Chairman in particular.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Chairman, I thank the Minister for bringing this item to my attention. I was dealing with another matter when it came up, this item. And I just wonder if the Minister can give me the benefit of the wisdom of the Water Commission when the hearings in Dauphin in the not too distant past, and I did instruct certain people from the watershed areas along the east side of the Duck Mountains to appear there that day and express some of the concerns and the problems that they're having, so I'm wondering can we expect - or maybe the Commission has already provided a report for people in that area.

The one that concerns me basically the most, and the most serious one, is the one within the town limits of the Town of Ethelbert. The Minister and I have had some

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(MR. McKENZIE cont'd) correspondence back and forth on that problem, and it's quite a serious one where there are homes there that in the next four to five years likely will end up down in the riverbed due to the high erosion factor that is evident there. But the Commission were sitting at Dauphin and I'm just wondering if the Minister, maybe not now but at a later date, can provide me or the others in the area with the benefit of the hearings that were held and if in fact they have come up with some ideas for the area.

MR. CHAIRMAN: The Honourable Minister of Mines and Natural Resources.

MR. GREEN: Mr. Chairman, I could do that at the moment. The Water Commission has issued all its reports publicly and will do so I'm certain again on any matters which it's now considering, and when it comes out I will give it to the honourable member. I note the honourable member said that there has been - he used a very mild phrase - "correspondence" between myself and the honourable member. There has been an exchange of compliments between myself and the honourable member.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Mr. Chairman, I'd just like to ask the Minister then if our water problems, and some that I have brought up in the last month or so regarding the Souris basin and the water problems in the south west area, would that come under Water Management?

MR. GREEN: There will be a specific expenditure somewhere and I'll try to forewarn the honourable member relating to the Souris river basin. --(Interjection)-- There will be a specific resolution with regard to the Souris river basin studies. It might not be headed "Souris River Basin Studies" but there will be an item in there for those studies. I can get the number for the honourable member in a moment. 12(4).

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Chairman, I would want to raise a question with the Minister concerning the erosion shoreline and banks along the area of Lake Winnipeg. There has been a study board that was looking at the problem, I realize that comes later, but I believe the question of erosion comes under the Manitoba Water Commission. It has made recommendations in this regard concerning the preventative measures. I wonder if the, considering particularly the high flooding that has occurred in the past two years, and the emergency steps that different municipalities were forced to take, particularly in the recreational areas along Lake Winnipeg, if the Minister can report to the House on any steps that have been taken to provide a more permanent system of erosion control on the southern regions of Lake Winnipeg where there is recreational sites in large numbers so that there is a fairly high degree of property interest, and if there is to be any action taken by the province in conjunction with the municipalities in this area.

MR. GREEN: Mr. Speaker, if I am to be a bit organized I would have to say that that item will come up later. The Water Commission has issued a report, a report on river bank erosion dealing essentially with what is done by various jurisdictions and recommendations for Manitoba with what to do in the event of people suffering from serious erosion problems. We have not given full consideration to that report or its recommendations as yet so I cannot give the honourable member any specific items as to how we're dealing with the recommendations on that report.

The Lake Winnipeg Regulation Program and Study also has dealt with the possible problem of erosion on Lake Winnipeg and there will be from time to time suggestions as to how they can be dealt with.

I can tell the honourable member that the most recent years that he is referring to, that is, between 19, let us say, 67 to 1976, 1969 more particularly to 1976, have been years of unusually high water on Lake Winnipeg, that the Lake Winnipeg Regulation Study had indicated that there could be more serious erosion problems after Lake Winnipeg Regulation because of the higher mean level of the lake for a long period of time. They based those figures on the 80 year patterns up to 1969, or perhaps just after that. If one went to the last 20-year pattern, rather than the 80-year pattern, if one took the last 20 years, then Lake Winnipeg regulation will be a better situation because of the lower peaks that will be resulting from Lake Winnipeg. Now the scientists will be very

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(MR. GREEN cont'd) annoyed if I put that on the record without suggesting that they do not do that, they take the history over the longest possible period of time and say that this is what is happening to the lake. The only point I can make to the honourable member is that to those people who have been living on the lake for the last 20 years, or last even 25 years, Lake Winnipeg regulation will be an improvement to anything they have known, but it will be a higher mean level to those who knew what it was like many many years ago, or to those who happened to live the entire 80 years watching the levels of the lake every year as the hydrologists would do, but to people such as yourself who I would imagine have been at Victoria Beach for the last 25 years at the most, perhaps I'm wrong, I'm attributing to the honourable member a youthful existence, and Lake Winnipeg regulation will be an improvement to anything that you have known in terms of the long-range standing of the lake. I believe that that is correct. I have some water people up there who if I'm wrong I want them to hit me on the head - they are nodding yes.

MR. AXWORTHY: Thank you, Mr. Chairman. To begin with I want to assure the Minister I did have a youthful existence once, it's rapidly declining I believe the more days that we spend in here, but why should I be different from anyone else. But I did want to come back to the point that he raised about this high water level on the lake, that he indicated in his remarks that he said that the last five or six years have been unusual, and I assume that God and nature have had a fair amount to do with this. I would want to ask though whether there is any discernible consequence of the high water levels coming in because of the increased use of irrigation water systems throughout the rest of the province, that there is a much higher run-off because of our very well intentioned efforts to provide for greater irrigation control and water control, but that as a result more water is moving into the larger tributaries which drain into Lake Winnipeg, and that that will then become a more permanent stake that that even though the regulation itself will set a new mean level that that higher run-off is now becoming a permanent part of our drainage system, and that in fact that again will result not only in an erosion problem upon Lake Winnipeg, but also along the river bank itself, such as the Red and the Assiniboine, particularly the Assiniboine I believe that has experienced higher erosion levels over the last several years because of that high run-off coming from the smaller tributaries running into it.

So I would really like to know if the Water Commission, which as he said no longer has nearly as high a profile as it once had when we were dealing in the exciting days of Lake Winnipeg debate seven or eight years ago, whether in fact that part of the erosion study has been able to assess those kinds of consequences, and whether that is going to require some corrective action or some remedial action to deal with that particular problem. I believe it's almost a basic principle sign that one action sets off a reaction, I guess that's the first law of thermo-dynamics, and I'm just wondering whether we've got ourselves caught to some degree in that kind of problem and therefore the erosion difficulties along the rivers leading to further silt problems at the mouth of the river and leading into higher levels of the lake is something that has been ascertained by the Water Commission, and whether they are recommending or looking at that problem for remedial or corrective action.

MR. GREEN: Mr. Chairman, I would hope like mad that the honourable member was right, because if the honourable member was right it would be the best argument for Lake Winnipeg regulation that could ever be advanced. His argument is that the higher water levels in Lake Winnipeg are a relatively permanent thing, that they result from irrigation or drainage or other water programs on basins which drain into the lake. If that's the case then Lake Winnipeg regulation is a great thing because we have based our regulation program and reducing it to at the upper regulated limit of 715 not on that theory, which nobody in my department would ever permit me to advance and maintain the integrity of the department. If I wanted to say that type of thing, and I think Cass Booy even when I referred to the fact that if you took 30 years instead of 80 years we have a much better position, he said, "yes, but you do not take 30 years, you take 80 years."

The historical position, or the basis upon which I understand that they make

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(MR. GREEN cont'd) their analysis is that the water in the lake is not materially affected by the drainage programs, and you know I had to tell this to so many delegations who've come into my office, and I don't criticize the Member for Morris but one of the first things that I remember him saying in the House when I took over this Portfolio was that the drainage that was done further west was causing the problems closer to the Red River. There are many many people who come into the office and say that, and I'm not saying that they are 100 percent wrong, but they are perhaps .5 percent right, that there is no material difference as to the flood levels by virtue of drainage programs, and if there were it would really be a compelling argument as to conducting drainage programs, which ease somebody over here and hurt a person downstream.

So I would have to tell the honourable member, and I don't think the Water Commission has really dealt with that subject, they did with Lake Winnipeg regulation in which they would have discounted anything that the honourable member is saying, I would have to adopt - and the honourable members in the opposition will be annoyed to hear me say it - what Mr. Cass-Beggs said on one of the hearings relative to Lake Winnipeg, and he turned out to be right. He said, that there will be . . . everybody knows - the reason I remember it is because Mr. Campbell checked him up on it - Cass-Beggs said that everybody knows that there will be higher water on Lake Winnipeg than we have every had before and there will be lower water, there will be more serious droughts in the Province of Manitoba than we've ever known before, that we have not yet had the most serious drought by definition, that we have not yet had the most serious flood by definition, and that everybody knows that. He said this in 1971 or 1972 when we were making the rounds. '71 and '72, of different communities, and at that time he was being pooh poohed, that we were ever going to get higher than what we've had on Lake Winnipeg. Since then we have had 718.4 on Lake Winnipeg, so the most serious had never been had before, and I say it has not been had yet, and the most serious drought has not yet come, so the water in Lake Winnipeg will some day go below 709. I don't know when, but I am convinced that it will some day happen.

What Mr. Campbell had been complaining about is that he said that Mr. Cass-Beggs had no right to say that everybody knows that that is the case, because he, Mr. Campbell did not know it, and Mr. Cass-Beggs replied by saying that he exaggerated, that when he made the remark that everybody knows that this would happen, he did not take into account at that moment that Mr. Campbell didn't know it. That doesn't make it not so.

MR. AXWORTHY: Mr. Chairman, the Minister has turned the argument around to some degree to provide another justification for the regulation, that's not my argument with him. I'm not trying to determine whether that this is a question of Hydro management or not, that remains to be another debate. What I am trying to determine though is whether there is any definitive answer, or at least definitive in the context in which we work in this House, which means definitive at least for a week, that the Minister can offer about the problem of erosion of the major beach and recreation areas on Lake Winnipeg, that they have experienced a serious erosion, there have been many of the most popular areas, the Grand Beach Provincial Park, the east side of the river, the resorts beginning with Winnipeg Beach up on the west side have all virtually seen their beaches disappear, had their frontages moved away, sometimes as much as 10 and 15 feet, the municipalities have been called in to undertake emergency action for the past two or three years, now what I'm really trying to say to the Minister, or ask him really without making an argument or criticism, is to say, what is to be expected at this point in time? Is the regulation going to in effect not help that situation, can we now say that problem is over with, we now have the regulation, we don't have to worry anymore? If that is not the case, if the Minister is saying that we're going to expect worse floods or bigger droughts, or whatever it is, then is any remedial action being contemplated to protect what is a very vital and valuable resource which supplies summer recreation needs for I would estimate 20 - 30 - 40 thousand people in this province, and probably one of our most valuable tourist resources.

So that is the kind of statement or explanation I'm trying to reach from the Minister. We haven't really heard from the government what should be done or should be

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(MR. AXWORTHY cont'd) intended for the protection of the continued erosion, or against the continued erosion of those primary recreation areas.

MR. GREEN: Mr. Chairman, I agree that I dealt with the subject, not the way the honourable member wanted me to, but I really did not want to leave the impression, and I was trying to be helpful, I guess I wasn't that we can attribute the higher levels of Lake Winnipeg to other drainage programs. I thought that that was what the honourable member said, and I would think that he would be at least grateful that I gave him the knowledge that is available to me. I can only vouch for it as it is given to me by the department.

With regard to specific programs for erosion around Lake Winnipeg, I am aware that during the Lake Winnipeg Hearings and in connection with the Nelson River-Lake Winnipeg Study Management Board that there have been studies vis-a-vis erosion, I remember that there was a university professor who was engaged in one of those studies. I am not aware as to the definite suggestions that are coming forth as to how do we deal with the erosion problems, there may be some indeed, I'm not suggesting that there isn't, but I will have to get that for my honourable friend. Maybe he could pick out a night further down in the Estimates when he could remind me of it and by then I'm sure I'll have it.

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

MR. MINAKER: Mr. Chairman, through you to the Honourable Minister. In the Manitoba Water Commission's report of December 75 on the riverbank and shoreline erosion control, on Page 60 and 61 there is reference to the southern base on Lake Winnipeg and also recommendations that the Commission made, and I particularly refer to recommendation number two, that says, planned sub-divisions adjacent to a body of water or waterway be reviewed by the Provincial Government to ensure that in any present erosion rates there is a 50-year erosion allowance, plus an additional 100-foot public reserve be implemented - well it doesn't say be implemented, but I presume that's what they're recommending. I would like to ask the Honourable Minister, through you, Mr. Chairman, has the government adopted this policy? I raise the question because of comments we've had from various people throughout the province that now sub-division plans that are coming out, and I think particularly, say, in the Thompson area, and I believe in the Winnipegosis area, show a line, a datum line normally I believe about 10 feet above the recognized level of the lake or water reservoir, and saying that no sub-division can occur beyond that point. I wonder if the Minister can advise, has the government adopted this policy?

MR. GREEN: Mr. Chairman, we haven't dealt with in detail the recommendations that have been given by the Water Commission relative to that erosion report and I indicated that to the Member for Fort Rouge. There have been in the past, previous policies with respect to building within hydro lines, etc., and those policies are in force and in being. We also go to the municipal board with our water resources people and indicate to the municipal board that there should be no sub-division or that in the . . . of our water resources people, the creation of such sub-division will cause a problem. As a matter of fact the Member for Morris two years ago was quite upset that our people did appear before the Commission and prevented, or what he thought had prevented a sub-division because of low lying land. We also introduced legislation in 1970 or '71 indicating that the province can declare a flood plan, which has a significant effect on the person whose property is affected because it says that no buildings will be permitted in the flood plain. We have not declared any flood plains, what we have done is presented evidence at the meetings where sub-divisions are requested indicating the dangers of creating a sub-division on low lying land and have made out input in that way. That hasn't always been regarded with satisfaction by the people who are affected but we feel responsible to make that kind of an input and have done so. We haven't adopted as of yet the recommendations in the report that the honourable member is referring to, so any restrictions now come as a result of pre-existing policy not as a result of the Water Commission's Report.

MR. MINAKER: Yes, Mr. Chairman, I wonder if the Honourable Minister can advise under which section we could raise questions dealing with these datum lines that

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(MR. MINAKER cont'd) appear on plans, you know, particular questions, what department we could ask that question under, that the Minister's administration or staff would work in liaison with another branch of government, say, the Planning Division or Municipal?

MR. GREEN: Yes, Mr. Chairman, the member is probably under the right department to deal with that question or Hydro, when the Minister for Hydro is here, because most of the Hydro reservations are placed there by Manitoba Hydro and I believe they are empowered to do so. But you're probably under the right department but not under the right appropriation.

In answer to a previous question, I understand that the Planning Branch of our Department, Planning Branch of the Water Resources Department has recently submitted a report regarding methods of preventing shoreline and riverbank erosion, the effectiveness of these methods and the approximate costs the various means of erosion control. I can't recall having yet seen that report, but it contains the kind of information that the Honourable Member for Fort Rouge has asked about and I'm sure it will be available in due course after it gets through the administration.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I just want to ask a couple more questions on the same topic, erosion. I would like to ask the Minister can he give us some indication, this erosion does it have something to do with the development of Hydro on controlling the lakes, as this has been going on for many years, because the way I remember some of the beaches, particularly Patricia Beach or Grand Beach 25 years ago when we were youngsters going on the railroad train to those places, and this is some of the best sand beaches you had in North America, the best there was, and if you look at them today, there is no comparison, and I don't know if the erosion was taking place during all those years or is this something that just happened in the last few years? So I think it is the most valuable resource we have, recreation resource, and even still at the present time if you take Grand Beach and some of the beaches, but if you compare Patricia Beach today to what it was say 10, 15 or 20 years ago, it's no comparison, you may say, it's not the same lake almost. So, I believe it's a very important item and a thing that we should be concerned about. Is this something that was gradually taking place through the last 20 years or 15 years, or is this something that came about in the last few years because of controlling the lakes, and so on?

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: Mr. Chairman, I tried to answer that question earlier when the Member for Fort Rouge did ask a question. I don't believe that there's any present erosion on Lake Winnipeg that has to do with man-made works. There could be in terms of the long term a problem of greater erosion on Lake Winnipeg because of the mean level that will be created when Lake Winnipeg regulation goes into effect. But the honourable member should be assured that in some years that Lake Winnipeg is going to do down to the level that it was at in the days that he spoke of, and then he will see a very long, wide sandy beach. --(Interjection)-- Well the honourable member - if Lake Winnipeg goes down to 709 again or 708, then there will be a large expanse of sand. I'm going to take a flier here, I'm not sure, but I believe that the sand itself is the erosion of something, that that sand is the effect of erosion. So it didn't start today, it started something like several million years ago, and will continue on that basis. There is an effect that is created by man-made works. The effect that is created by man-made works is that you will have a different kind of erosion than would have taken place under nature. Now I don't know whether I've been way wild out but I believe that sand is a factor of the erosion of something.

MR. CHAIRMAN: Order please. Private Members' Hour having arrived, I'm leaving the Chair.

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

IN SESSION

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

MOTION presented and carried.

PRIVATE MEMBERS' HOUR

MR. GREEN: Mr. Speaker, I need some assistance from honourable members. It may be that Private Members' Hour will not run for an hour. Is it the inclination of honourable members, as I would hope, that we go back to Estimates when Private Members' time is completed? (Agreed)

SECOND READINGPUBLIC BILL - NO. 66 - AN ACT TO AMEND THE MANITOBA HYDRO ACT

MR. SPEAKER: Order, please. The first item, is Public Bills. Bill 66. The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, I move, seconded by the Honourable Member for Arthur that Bill 66, an Act to amend the Manitoba Hydro Act be now read a second time. MOTION presented.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, the proposal in this Bill has been introduced in this House before. It has not been voted on, and I recognize the limitations of the procedures we have in the House and likely that, Mr. Speaker, once again it will not have the opportunity for being voted on. I would like to see it voted on, Mr. Speaker, for the simple reason that I think it would be important to have the New Democratic Party declare their position now in government, which is very opposite, Mr. Speaker, to the position they took in opposition.

Mr. Speaker, the fact is that --(Interjection)-- Well, Mr. Speaker, the position the New Democratic party took in opposition was that Hydro should in fact have its rates regulated or at least controlled, or request for rates controlled by the Public Utility Board, and the Honourable Minister of Urban Affairs presented on behalf of the party before the Public Utilities Board the position of the New Democratic Party, which stated, unequivocally, that Hydro rates should not be increased unless hearings are held by the Public Utilities Board - in the same way that a review is made of the Manitoba Telephone System, so should Manitoba Hydro follow the same procedure.

Mr. Speaker, the proposal today I think is even more relevant than it was a couple of years ago when it was introduced at that time. We have had three additional sessions, Mr. Speaker, and several additional meetings of the Public Utilities Committee, and one realizes that it is impossible in the procedures in this House and in the Legislative Committee, in the Public Utility Committee, to essentially protect the public interest with respect to the increasing escalation of costs of Manitoba Hydro. I suggest, Mr. Speaker, that it is in the public interest that the judgments of the management, and the judgments of the directors, be subject to scrutiny.

Mr. Speaker, in the Legislature we can discuss general policy matters, we can discuss, Mr. Speaker, the overall capital requirements that must be authorized by this Legislature, but we do not have a management audit of Manitoba Hydro, and the judgments that are made with respect to their overall management are not subject to any scrutiny, and there is no way, Mr. Speaker, that the public interest has in fact been protected. Hydro presents its annual report with its financial statement and the Chairman of Hydro appears and presents information and deals with problems of simple arithmetic with respect to costing, and though there is substantial variations in the simple arithmetic that have been brought forward year by year, but, Mr. Speaker, no one in the Legislature has the technical capacity nor is there a time capability to do the analysis that's required of the full financial statement of Hydro. And that is why, Mr. Speaker, the public's interest would be better protected if Hydro was compelled, as the Manitoba Telephone System is, to justify their rate increases before the Public Utility Board.

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(MR. SPIVAK cont'd)

Mr. Speaker, why should a public corporation, and this is a very basic question, why should a public corporation with a monopoly as utility, why should it not be subject to a review by an administrative body with semi-judicial procedures. I have not heard the answer to that. I know the First Minister on occasion has had opportunities to speak on this, but when he speaks on that, he speaks in protecting the position of the government now, that there should not be this review of Hydro rates, but he talks from one point of view and when he's questioned as Premier of the Province about rail rates, freight rates, he would be the very first one, Mr. Speaker, to declare that it is very necessary that the railways not be put in the position to be able to raise the rates without having achieved the approval of the proper transport bodies that review the rates that the rail companies themselves want to raise.

We have here a situation in which the body who are charged under the Act with the administration of responsibility for providing Hydro power to the people of Manitoba have the ability to be able to indicate the rates to be paid by the consumer with no protection other than the fact that the directors have been appointed by the government of the day and in effect are responsible, Mr. Speaker, for seeing to it that the judgments made by management are correct in the interest of the people, but it's not subject to the kind of review that takes place in a cross examination by the officials, both involved in the administration and the technical management and by the consultants that would be hired, and have been hired in the past, by the Public Utility Board, to review the utility.

Mr. Speaker, the Gas Company, the Natural Gas Company in Manitoba cannot raise its rates. Why can't it raise its rates? Surely if the Board of Directors of the Gas Company feel that it is necessary to raise the rates because their costs have gone up and because they're entitled to receive a reasonable rate of return, surely they should be able to raise their rates without having anybody approve it. Why do we have them go to the Public Utility Board? Why is it necessary for them to go through two types of hearings? One, which is to pass the actual costs through, so the public will have to pay the increased costs of their supply; and secondly, why do they have to go to the Public Utility Board to be able to approve their rate of return on the expenditures that they have to put forward? And of course the arguments that the reason for it is to protect the public, the reason to protect the public so that there is not an unfair advantage taken by a utility company supplying in a monopoly form its service. And we've accepted that. We've accepted the Taxi Cab Companies can't raise the rates of their fares without approval. Bus companies can't do it. We've established the procedure that there has to be protection for the public. So the principle then is, why should not Hydro be subject to the same thing? And the argument advanced is that Hydro is a Crown Corporation, but, so what. There is now evidence, Mr. Speaker, in the Kierans Report that has been tabled in this House and was referred to by the Members of the Liberal Party recently, that there is serious question of the competence in management of Hydro over the last period of time, and the review that should have been taken was not taken, Mr. Speaker, because there were no procedures for it, but had Hydro been obligated to have gone to the Public Utility Board for its approval of its rates, then the kind of review that Mr. Kierans made, would in fact have been analyzed by the Board in their examination, cross examination, and in the supporting evidence that they would have had to prepare for, or prepare with, to be able to justify the increase. And then, Mr. Speaker, we in the Legislature, would be in the position to at least know that there had been the independent study necessary to understand the full financial picture of Hydro. We do not understand the full financial picture of Hydro. We can assume that the people have operated the Hydro as a Public Utility in the public interest, we can assume that they have been well intentioned, but we really don't know whether their judgments have been right, and we are not in a position really to make that kind of review.

We have been involved in a controversy with respect to the Churchill River Diversion and the implications of its effect on the ecology environment in the north, the delays that have occurred, the escalations of cost, the policy decision that was made by Hydro with respect to Lake Winnipeg regulation, and we have gone through that debate

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(MR. SPIVAK cont'd)over and over again, and while we have been debating, Mr. Speaker, there have been escalation in costs because of delay, and we are now burdened with increased costs that we are told will be coming every year. And I say, Mr. Speaker, that I want someone independent of this Legislature, because we do not have the time nor the technical ability to review Hydro's position and to be able to establish, unequivocally, that the cost items have been suggested, that the manner in which the financial position has been presented, that the information that has been provided is in fact accurate and correct and that the judgments, the managerial judgments that have been made, are in fact correct.

I have here in front of me, Mr. Speaker, the kind of questions that are asked of the Gas Company when they have to ask for a rate increase, and they have to furnish information in a very exact manner. Why doesn't Hydro have to do that? Because Hydro is a Crown corporation that is free from that? Because there's a Board of Directors who meet once a month, twice a month, who listen to a Management Report and approve it? Is that why they don't have to do that? Or is there assumption because it's the Crown, that the Crown can do no wrong? Mr. Speaker, the reality is, that the review that is taken by the Legislature, the review that is taken in the Committee, while in necessity has to deal with long-term policy and is a very necessary part of legislative function, is no way capable of dealing with the immense financial problems that arise. And those problems are day to day operation problems, they're not crisis caused by certain situations or exposure of this information and that information, they're the kinds of coping with situations that Hydro itself must deal with in a normal way, but it is very necessary, Mr. Speaker, that there be a greater degree of public scrutiny of Hydro's affairs, and the proposal which would simply suggest that Hydro change its procedures so that there is an obligation, not the possibility of a request being made, but an obligation to go to the Hydro Board before increasing rates would do much to correct procedures which I think at this point are not working that effectively in the protection of the public interests. The fact that Manitoba Hydro is a Crown corporation, does not guarantee that the rates that are being charged are correct or that the policy that is being developed is correct.

I wonder, Mr. Speaker, how many members on the opposition, and by that I mean the government, have had the opportunity of reading the hearings on Manitoba Hydro that were held July 28th and 30th, 1969. I wonder how many of you had the opportunity of reading the examination of the various officials on the technical information. I wonder if you have had the opportunity of reviewing the studies done by the consultants hired by the Public Utility Board, or the judgment that was given by the Public Utility Board.

Mr. Speaker, much of what has happened in the past while was predicted, and much of the criticism that we now have was obviously thought of at that time and there were judgments made then which appear to have been correct with respect to the need that Hydro would have for new rate increases to cover its costs, its borrowing requirements and in turn the projections of what had been proposed. I say, Mr. Speaker, at this time, that the procedures of the Legislature, the procedures of the Committee, do not protect the public interest at this time. I say, as well, that as legislators we have a responsibility, but it is impossible for us to have the technical capacity or capability to do the review.

We have mentioned before in the House, Mr. Speaker, that with respect to Crown corporations, and not dealing with this particular utility, that there is a need for the financial statements to be presented in terms of the audit, the actual financial audit, but there is a need as well of a management audit. The management audit being something that would at least ensure that procedurally there has been no waste, mismanagement and that the judgments themselves have been correct. In the case of Hydro I'm not asking for that management audit because I think the public interest would be protected far better, in a far more superior way, by the review of the Public Utility Board, who if they did not have the expertise at this particular time, would develop the expertise and would be in a position to do the kind of assessment work that has to be done. There's not very much time left, Mr. Speaker.

MR. SPEAKER: Five minutes.

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MR. SPIVAK: All right, Mr. Speaker. I recall very well when the question was put to Mr. Cass-Beggs as Chairman of the Manitoba Hydro when he appeared before the Committee, and at the time when the question was put to him as to why not go before the Public Utility Board, his answer was very simple - they couldn't understand the Hydro financial position as we could, they don't have the technical expertise and we're in a better position to make the judgments about, what the rates should be than they are. Mr. Speaker, that was his answer. And when we hear that answer you realize that there is a need to protect the public from that point of view. Forget about the individual, but from that point of view, there is a need to protect the public, from those who would say, that there is no technical capability or we are better or smarter or they can't understand it as well as we can. Because, Mr. Speaker, there is no one on this side who has the technical capacity to do that kind of review, and besides which, the questions that are asked, Mr. Speaker are not --(Interjection)-- I'm sorry? The consultants are very inept? . . .the Honourable Member for Radisson says. --(Interjection)--

MR. SPEAKER: Order please, order please.

MR. SPIVAK: Mr. Speaker, I thought you were talking about the consultants to the Utility Board, because one of the statements made was the consultants to the Public Utility Board were inept. But who's to say that? --(Interjection)-- Yes, the Chairman of Hydro. Who's to say that those consultants are inept? Who's to say that they don't know what they're doing? I'm simply suggesting at this point that it is in the public interest to have a Crown corporation regulated and controlled by an administrative body. It is in the public interest to have that review undertaken, it's in the public interest to have the financial management answer in detail all the technical questions; and Mr. Speaker, the procedures of this House do not allow it, and therefore, Mr. Speaker, I would ask the members of the government to be consistent with their policy in opposition and to stand up and support the Bill, as they supported this position in opposition, and to allow Manitoba Hydro, or at least compel Manitoba Hydro to go to the Public Utility Board for every rate increase so that review would have to be made and approval would have to be granted.

MR. SPEAKER: The Honourable Member for St. Matthews.

MR. WALLY JOHANNSSON (St. Matthews): Mr. Speaker, I move seconded by the Honourable Member for Radisson that debate be adjourned.

MR. SPEAKER: The Honourable Member for Fort Rouge wish to speak on the motion.

MR. AXWORTHY: Yes, Mr. Speaker. . .

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: . . . I'd like to say a few words on the Bill. I think that the Member from River Heights should be complimented on his statement-like approach to this particular measure. It falls in line with the position taken by the leader of my own party, which has been asking for a form of inquiry into the management of Hydro based upon the kind of reports and documents that have been coming forward lately which have called into question, really, the financial management and the fiscal economics upon which Hydro has been organized. And I think, Mr. Speaker, if there is to be any theme I suppose for the rationale to this Bill, it's probably struck by one of the more eminent members of this House speaking when he was in opposition in 1969. On March 20 the gentleman who now occupies the position of Minister of Mines and Natural Resources, when he was Minister of Opposition, said the following in the House. He said, "I think the Minister of Mines and Natural Resources" (who was then, I'm not sure, the Member for Lakeside I guess) "Would agree that the proper way of determining a case of this kind, whether a license should or should not be granted, as to proceed with the Churchill Diversion or development of the Nelson, would be to have technical people providing an independent tribunal with the facts, that those facts could at least be recommended in some independent form to the Legislature. That's why we have such things as Royal Commissions from time to time because it's recognized the subject matter at hand is too difficult to discuss by normal debate in the Legislature without some preliminary fact finding."

Mr. Speaker, that comment was made in slightly different context, but I think

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(MR. AXWORTHY cont'd)the wisdom of it, I think the wisdom of it certainly holds true Mr. Speaker, that there are matters that come before this Legislature of a kind and of a nature which require a high degree of professional technical competence so that the . . . I hope the Minister has an opportunity to speak at a later date, but I think the basic thesis is right, that there are matters dealt with by this Legislature which are of such a technical nature that it is important to bring about the kind of examination assessment that can only be provided by a form of hearing in which different professionals and experts and engineers can comment, where there can be a form of public interest presented from a different point of view, and then the Legislature if it feels that as a result of those particular findings wants to take some action, it's in a position to do so.

Mr. Speaker, that is certainly the kind of position that our party has taken and the agreement that we have with the Member for River Heights' Bill is in keeping with that basic theme, that government is changing, it is dealing with different kinds of issues, and in no where has that been more amply demonstrated than the issue of Hydro, that the kind of documents and the kind of assessments that are being made --(Interjection)-- Mr. Speaker, this hall has an awfully large echo, maybe because it's coming from a very big barrel. Mr. Speaker, the point that we're trying to make in this position is that it has to come before a tribunal, a body, a commission under which there can be a full assessment taken in somewhat more independent form, as the Minister of Mines and Resources suggested when he was a member of the opposition, in order that we can look at the basic financing of Hydro.

Let us for a moment put together all the debates about regulations and dam construction, all the rest of it, let us zero in on the basic issue of financial management, which comes down to the relation of rates. And I would simply quote, Mr. Speaker, from the Kierans Report, a comment that Mr. Kierans made when he was asked by the Premier to provide a commentary upon the task force report that was assessing whether there should be an acceleration in construction and export to the United States. Mr. Kierans, who I think has been used by this government in the past as someone who could provide learned examination of matters dealing with resource development, was in fact, I suppose, in some ways the author of many of the proposals put forward, the Mining legislation in particular, and I think the report was one that was used by the government in terms of its proposals, basically said in his report that the financial management of Hydro is obviously weak, he says a thorough reorganization, a strengthening of hydro management is one of his major recommendations; the corporation is obviously weak in financial management, utility economics and marketing, such as the pricing of contract industrial and export sales.

Mr. Speaker, if a consultant hired by the government itself is prepared to say that in fact the financial management of Hydro is weak, and that particular conclusion was agreed upon by the gentleman who then occupied the position of principal secretary to the Cabinet, Mr. Eliesen, then surely this House has something to worry about, and surely it has a right to ask that we be given more opportunity to assess the fiscal economic position of Hydro than we presently have. That if two of the most valued advisors to the government, Mr. Kierans and Mr. Eliesen, concur in their agreement about the liabilities of Hydro to manage fiscal matters then surely to goodness it is something that should give, not only this House, but the whole province cause for real concern and pause for re-examination, and while the Bill of amendment doesn't go far enough, we think that we should open the whole thing of Hydro, it would at least provide a continuing ongoing requirement of Hydro to defend its case and subject itself to some examination and assessment by people who are learned and knowledgeable in the field of hydro and resource economics and management.

Now, Mr. Speaker, let's go on to the basic question of rates itself. --(Interjection)-- That echo's still emanating from the barrel, Mr. Speaker. One of the things that was interesting in the Kierans Report, that I thought was curious, Mr. Speaker, was when you look at the mill rates that were being assigned to different users or customers of Hydro - now this was in 1972, and it could be subject to revision in 1975-'76 and when we return back to public utilities committee we'll have an opportunity to question

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(MR. AXWORTHY cont'd)the Chairman of Hydro - but they pointed out that the average bill charge for street lighting in the Province of Manitoba is 41.4 mills, compared, Mr. Speaker, to industrial use of 7.3. Now, Mr. Speaker, I find that exceedingly strange, that street lighting, something which the taxpayer has no control over, something that's a basic service that every municipality must provide for protection and safety, Hydro knows they have a captive customer, they can't, I guess unless you decide to turn off all the lights in the street, they've got no where else to go, they are being charged 41.4 mills, as compared to commercial 15.8 and industrial 7.3. Mr. Speaker, I don't pretend to know the full financing or economics of how you go about charging for Hydro rates, but that does seem, Mr. Speaker, to be a little out of line, and it would appear to me that this particular disparity has gone on now for a period of time, because I presume that the members of the Legislature either were not presented with these exact documents, because Hydro has an interesting way of presenting its case, it shows slides, it does a sort of magic lantern show, up goes a slide, down it comes, but you never see the facts and figures on paper, up goes the slide on the wall and down it comes and then it disappears from public view. Well they know it but sometimes in the hurly-burly of a committee meeting it's not always that easy Mr. Speaker, to get ahold of that information and digest it quickly.

Mr. Speaker, it would appear to me that that kind of disparity would be something that the Public Utility Board could very realistically look at and see whether that kind of rate differential is really justified. Should we really be paying five times the amount for street lighting as we're paying for industrial uses, is that really fair to municipal taxpayers who are, after all, sort of having to pay that service through their city taxes and property taxes, is that a fair return. Well, Mr. Speaker, on face value I would say no, but I would be prepared to say that if it was brought forth for consideration and Hydro would justify its economics before a board, then they would at least have the opportunity to counter amend it, and if a board commented unfavourably about the pricing practices of Hydro, then this Legislature through its public utilities committee could take some action and bring some pressure to bear. Just as, Mr. Speaker, when the Public Utilities Board commented upon the disastrous situation with Manitoba Telephone System. Now that was something that I suppose there would be some intonation on the part of elected members that the telephone system in rural Manitoba wasn't exactly as good as it should be, but wasn't able to precisely define it, wasn't able to really get down facts and figures. Well I have had an opportunity to look at the Public Utility Board hearings, and we'll get an opportunity to discuss this when we come to the capital estimates debate. But, Mr. Speaker, that's an atrocious situation, that it took some experts to discover, that the same kind of examination should be made of Manitoba Hydro, on exactly the same count, and that's why we need some alternative forums, within which the technical economic aspects of Hydro could be brought to public view and exposure.

Let's look at another issue brought forward by the Kierans report, Mr. Speaker, which also bears examination, and that is, one of the fundamental responsibility of any public utilities board is to assess the capital borrowing requirements of any public utility, because rates are related to capital borrowing, the larger the indebtedness of the public utility, obviously the more rates they're going to have to charge to pay that public debt, and that therefore public utility boards have always provided a degree of commentary, at least, upon the wisdom of certain borrowing practices of public Crown corporations providing utility services.

Now Mr. Kierans in his report points out that the net worth of Manitoba Hydro at the stage of his report was 5 percent, in other words 95 percent that was capital indebtedness. Now the basic standard of measurement that is used by most public utilities is 20 percent not 5 percent, meaning that 20 percent is reinvested to the funds and reserves of the corporation or the utility itself. We have allowed Manitoba Hydro to so expand its own borrowing and its capital investments to the point where it is only prepared to put up 5 percent of the network and in fact if members would recall, that as a result of public utility board hearings in the Province of Ontario last year, they recommended that Ontario Hydro, which at that point had a net worth of around 12 or 14 percent,

(MR. AXWORTHY cont'd) get back up to 20 percent, and as a result the Legislature in this past year through the government required Ontario Hydro to change its borrowing practices and to cut back its borrowing by something like 2 billion dollars in order to get back to a 20 percent net worth position. Now that was only determined because it came before the Utility Board of the Province of Ontario, as I understand it, they were able to make that kind of economic assessment and therefore the legislature was able to act.

Now it seemed to me, Mr. Speaker, that that was a fairly clear and blatant case of where you were able as a legislature or as a government to benefit from the kind of review and examination that could take place in a board situation, through a utility board. The Utility Board itself did not have the power to make that kind of requirement of Ontario Hydro, but they were able to provide for the public disclosure of it and therefore bring about pressure so the Ontario Government and that Legislature acted through its own public utilities committee.

Well, Mr. Speaker, what are we talking about, you say well what does that mean in terms of the individual rates being charged the Manitoba consumer. The fact of the matter is we're talking about 40 to 50 cents now of every dollar spent on utility rates is going out to pay Capital debt, 40 to 50 cents are going out to pay capital. . . we don't know what the exact figure is because Mr. Bateman didn't have the latest figures but last year he said it was 40 cents on every dollar. I expect it's gone up a little bit, and when we start looking down the track as we get into heavy expenditures on nuclear, everything else, we may even be paying more of it.

So, Mr. Speaker, this whole complicated question of net worth has a very direct relationship to how much the hydro user puts out on the table in terms of paying his Hydro bills, a very direct relationship, and that's why you have public utility boards, in order to protect you against that kind of thing, in order to provide some guidance and guidelines on capital borrowing so that there is a proper relationship and ratio between borrowing and rates. Kierans in his report says that ratio has got out of whack in Manitoba, as far as Manitoba Hydro is concerned, it's out of kilter, the ratio is far too high, it's down to 95 to 5 rather than 80 - 20 where it should be. Well, Mr. Speaker, that seems to be again an additional point of evidence to provide. Mr. Speaker, when you look at, you say, I support another argument that could be used would be the case well we do have a Manitoba Hydro Board, that is supposed to make judgments upon these kinds of issues and that it is a public board of a public corporation and therefore should have the responsibility of protecting the interest to that extent and reporting.

Well, again, Mr. Speaker, I point out, that the principle of a board makes sense, but if you look at the board, who's on the board, and I'm not speaking of an image, but what do they represent. Virtually all of the people are either hydro employees, former hydro employee, or people associated with the government. Now, Mr. Speaker, the principle of the board is that you get a range of opinions, particularly a public utility board, from the public, and I'm not saying that the members of the board themselves are not imbued with some sense of the public interest, but, Mr. Speaker, it is a failing one-dimensional point of view representing one particular bias and outlook, and the arguments that our group has made in the House before that when it comes to an important matter like energy policy you simply can't allow the kind of captivity of the government by Hydro to continue any longer, we need to open it up to wider view and wider examination. So, Mr. Speaker, in effect what I'm saying is that the Board of Hydro itself is not the kind of control mechanism that it otherwise should be in terms of providing judgment, review and assessment.

So we eliminate that, so we again come back to the basic argument, is the Public Utilities Committee of the Manitoba Legislature in itself sufficient to provide for the protection and assessment that is required? Well, Mr. Speaker, I think, to conclude, that the evidence has been displayed time and time again and that is the increasing rates, examples and demonstration of faulty management keep occurring fiscal borrowing practices that are not in line with good accounting principles or good management principles, keep occurring, and that therefore there is the development of an ever-growing case that the mechanism we presently have is not sufficient to provide for the effective review and

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(MR. AXWORTHY cont'd) open assessment, and I underline the word "open" of the practices of Manitoba Hydro which is the largest single enterprise in the Province of Manitoba, in terms of capital expenditure, in terms of employees, in terms of general impact upon the economy. And, Mr. Speaker, it's going to get bigger and more important as we move from reliance upon Hydro into a nuclear area, the complications and the technologies involved become even more difficult to comprehend and deal with, and therefore the requirement for even more of a base of expert advice and open hearing becomes required.

So, Mr. Speaker, I think that the bill brought forward by the Member from River Heights deserves the support of members of this House because I think that it is simply in keeping with a basic principle of not denegrating or reducing the powers of this House but using the powers of this House to provide for the proper management of one of the most important government enterprises and public enterprises this province has.

MR. CHAIRMAN: The Honourable Minister of Mines.

MR. GREEN: I have been lured, Mr. Speaker, into this debate by the tribute that has been paid to me by the Honourable the Member for Fort Rouge. I can't remember his exact words but he started to refer to one of the more eminent members of the Legislature, and I wondered, well who in the Hell can he be talking about? And then he said that it's the present Minister of Mines and I was quite surprised because I usually find the Member for Fort Rouge referring to me in a rather different light. So I wondered why the sudden change, Mr. Speaker, and I soon saw the reason why, that he wanted to refer to wording in which he says I agree with him; and, therefore, if I agree with him then by definition I must at that point be something above the ordinary. And, of course, I don't fault him for this, I've often adopted the same definition myself, Mr. Speaker, I indicated it's always the intelligent people by coincidence who happen to agree with me. And therefore if the honourable member wishes to attribute something to me which he agrees with, he refers to me as one of the more eminent members of the Legislature, I am going to indicate to him quite quickly that he can go back to his former opinion and I believe that he knows it, Mr. Speaker, because I don't mind being shown to have been inconsistent on an issue in which I was inconsistent. Sometimes consistency, and I think it's the Member for Wellington who indicated that ultimate consistency merely means that you haven't got the ability to see when you are wrong and to change your mind and to be open-minded, and I guess inconsistency is not such a terrible thing, and I would readily admit to it if there was indeed an inconsistency.

For instance, I think it is probably the case, although I do not remember, the Member for River Heights just pointed out that I voted for the resolution that was put by the New Democratic Party on the question of Hydro at that time. It is probably a case. I could get out of it by actually looking at the records and sneaking away on the basis that I wasn't there. But I tell the honourable member I won't do that because I probably would have voted for the resolution and if then there was a demonstration of inconsistency I would admit to it and have to give my reasons for it. But the Honourable Member for Fort Rouge knows, knows, and therefore he must have a very weak position, Mr. Speaker, because he knows that the remarks that I made and which he read are not inconsistent with the position that I am taking now on the Hydro question.

The honourable member knows two things: First of all, that the previous Conservative administration were saying that they wanted a public hearing as to whether they should proceed with the high level diversion of South Indian Lake. The Minister of Mines then, the present member for Lakeside, said that this question was going to be decided at a hearing, which indicated that he didn't know what the answer was. In the middle of the hearing he said that he is not going to have a hearing, that whatever the answer is he is going to proceed with the diversion.

He then, Mr. Speaker, instead of proceeding with the diversion, brought in a bill asking me and the other members of the House to grant the licence, he was asking the Legislature to perform an administrative act, which we performed administratively, and which was an administrative act. And if I as a member of the Legislature am being asked to participate in the government's administration, which is what I was being asked to do, then I said I want the facts upon which that administrative decision is to be based.

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(MR. GREEN cont'd) The honourable member has refused to give us the report, indicated to us that they wanted a hearing on the question, and I said, 'In a case of that kind where the facts are in dispute, where you yourself have said there should be a hearing and you are now asking us to perform an administrative act, that sometimes it is done this way. That a commission - a Royal Commission is set up, the Commission makes a finding and presents them to the Legislature and the Legislature acts on that finding. Mr. Speaker, there's no comparable circumstance here. We're not asking the members of the opposition to participate in this administrative act, we're not asking them to vote for an order setting the Hydro rates. We will be asking them to vote for Capital Supply, in which case they will ask us on what basis and we will give it to them and they will vote for it or against it. They will have that right.

Mr. Speaker, if that is not enough to distinguish the two cases, to take away the suggestion of inconsistency, then Mr. Speaker, as I recall it, and I cannot be 100 percent sure, but in that same speech that the honourable member is reading from, I said that the previous administration said that there should be a hearing, and I qualified at that time, because I tell the honourable member that distinct from him I always expected to go to government, and I did not want to say anything that I would be very sorry for. And I said in that very speech that the Conservatives said that they would hold a hearing. I am not saying that I would hold one. But they said they were holding a hearing. And the basis of that statement that they were saying that they were going to hold a hearing that they did not have a policy and that they had to have a hearing to determine it, and then presented a bill for me to vote for administration I said, in a case of this kind we could have a Royal Commission. I didn't even propose one as the honourable member is now doing. But I'm saying that's the kind of thing that can be done.

Mr. Speaker, I see nothing inconsistent with that position or any position that I've taken vis-a-vis the Churchill River Diversion, or the position that I will take with respect to this bill. Nothing inconsistent. And the honourable member knows that it is not inconsistent and that's why, Mr. Speaker, he read this remark without referring to the other things that I said in the speech and without really distinguishing the kind of decision that is before us, because he has not distinguished it for himself. He has used the Member for River Heights' resolution and he has also praised the Member for River Heights which means that for some reason he suddenly finds that he is in the same ship. And they're not in the same ship.

The Member for Fort Rouge says there should be a public enquiry into the operation of Hydro; the Member for River Heights says that the Hydro rates should go to the Public Utility Board. There is a gulf between them bigger than the Grand Canyon. There is a gulf between them bigger than the Grand Canyon. And the honourable member knows that but the honourable member chooses to make an analogy between things that are not the same because it happens to help his particular position at a particular time. And you know, that's what's happening with the Kierans Report, or the so-called Kierans Report.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Yes, I just rise on a point of privilege. The Minister indicated that I was not supporting the position taken in this bill. That is not true, I think Hansard will show that I indicated very clearly that I support the idea that Manitoba Hydro have to present its rate increases to the Public Utilities Board, and that's what the honourable minister is talking about.

MR. SPEAKER: Order please. The Honourable Minister of Mines.

MR. GREEN: Well, Mr. Speaker, I am glad that the honourable member made that distinction, that the only trouble is that that's not what I said. I said that the position of the honourable member with respect to what Hydro should be doing and the position of the Member for River Heights have a Grand Canyon between them, despite the fact that he will be voting for the bill. Because the position that the Honourable Member for Fort Rouge took and which is taken by the leader of his party is not that Hydro rates should go before the utility but that there should be a public enquiry into the management of Hydro. --(Interjection)-- Pardon me? Well I have only referred to those two different-

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(MR. GREEN cont'd). . . .that is not the motion that is being made by the Member for River Heights. The Member for River Heights has not yet adopted, although I'm not sure that he will, the suggestion that the management of Hydro is incompetent, inept, that there is a requirement for an enquiry into the competence of the management of Manitoba Hydro. I think that if anything, if anything . . .

MR. SPEAKER: Order please.

MR. GREEN: Mr. Speaker, who am I to relate to? I thought you wanted to know what the Member for River Heights said. You want me to tell you what Kierans said? I will then go on to the Kierans Report. I was talking about what the Member for River Heights said.

The members of the official opposition have stayed a little bit clear of that position. They have said that there should be an enquiry into what the former manager of Hydro, Cass-Beggs, did or the influence of the government on Hydro's decision. They have not called into question the competence of the management of Manitoba Hydro --(Interjection)-- you know the honourable member has indicated that he heard the Warren Show today. I presume that that is probably his daily fare, which is an explanation of some of the things that he says in this House, because you know, I don't listen to the Warren Show, I think that the Warren Show is a bit of a waste of time. And hearing from the honourable member, and if that's where he gets the basis of his position, then I understand why I find such little validity in his position. Mr. Chairman, the honourable member and the members of the House - you know I don't think that there was really anything said that prompted me getting involved in this debate, I probably got involved, as I say I was lured, I was not into it on the basis that the Member for Fort Rouge tried to demonstrate some type of inconsistency, which he himself knows to be false, the falsity of which is contained in the very remarks that he said, and by virtue of the very nature of what is going on here.

The members of the Conservative Party believe that the government has misdirected Hydro policy but I think that they blame us for it. Mr. Kierans believes that the Hydro has a misdirected policy but I believe Mr. Kierans blames the management of Hydro for it. There is a gulf of difference between those two positions.

The other feature of the two positions, Mr. Speaker, is that the members of the Conservative Party, by and large - I don't know where the Member for River Heights stands - but by and large the members of the Conservative Party believe that we should have moved quicker and faster with the Churchill River Diversion. I cannot be 100 per cent sure, but I believe that Eric Kierans believes that we should not be proceeding with Churchill River Diversion at all. That we are being attacked on these two positions on both sides of the question, as has been the case all along. We are being criticized on the one hand by people who feel that we should be engaged in more Capital expenditure, and quicker, on the Churchill River Diversion, and we have been criticized on the other hand by people who believe that the Churchill should not be diverted into the Nelson at all. That is the two positions. And the government, Mr. Speaker, in spite of the fact that they will be criticized from both these sides, have proceeded with what they consider to be a plan presented by competent Manitoba Hydro people, which is the best plan resulting in the least expenditure to people of the Province of Manitoba for their hydro rate.

The Member for Riel had a problem the other day, because he says that the Liberal Party has now come to his position on Manitoba Hydro. I assure you, and this is being a subjective opinion, I am not directly acquainted with the report that the honourable member is reading from, but from what I have heard of it, a logical following of that report would be that you should not go ahead with the Churchill River Diversion. That's the report that the Liberals are relying on.

The Conservative position, on the other hand, is that we did not go straight to the Churchill River Diversion. Those positions are miles apart. They are not the same. They are the same positions that we have been fighting since 1969. Like the pro-diversion people and the anti-diversion people, both of them criticizing the government on its Hydro policy. Now who has the Honourable Member for Fort Rouge chosen as his oracle? Marc Eliesen, Eric Kierans. I happen to have respect for both gentlemen, but

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(MR. GREEN cont'd)the last thing that I will say, Mr. Speaker, is that I will follow slavishly the suggestions of a consultant's report. A consultant's report is supposed to be a report which one can look at and then decide as to how one proceeds. The consultant does not then accept responsibility for the implementation of what he does. And I believe that the Premier will be dealing with the Eric Kierans Report when he rises to speak on this question. Perhaps in this debate, perhaps when we are dealing with Capital Supply. But why, Mr. Speaker? If Eric Kierans is the authority, and you know, I like a great many of the things Eric Kierans said, why was he not the authority for the Liberal Party on mining policy? Why did not the Member for Fort Rouge come in and say: you hired a consultant, he's a former Liberal Cabinet Minister, he's a former Cabinet Minister in Quebec, you hired him he paid you, he told you what to do with mining policy and you didn't do it. Didn't he reserve the right to say that we disagree with Mr. Kierans?

If he reserved it in that instance, is it less inconsistent or more inconsistent for the government to say yes, we read this and we are dealing with the Hydro program on the basis of all the material we have before us and on the basis of what we have come to the conclusion is the best Hydro program as determined by our hydro electric authority.

Mr. Speaker, I don't think, you know, I don't think that the Tories are going to dive headlong into endorsing the Eric Kierans Report, I don't think that they are going to say that their policy is the same as the Liberal policy. I think that this would constitute too great a danger for them. First of all, they cannot hold Kierans up as an oracle, as a man who has to be listened to, on mining programs as well. And secondly, I think that the Kierans Report leads to conclusions that are different from those of the Tory party, that they lead to conclusions which really are based on, and in this I offer no criticism, but Eric Kierans is one of the most prominent economic nationalists in Canada, and there are many economic nationalists, and there would be a subjectivity about the export of power to the United States. I have never had that problem, I have never had an inking of so-called economic nationalism in me, and I am a great fan of Eric Kierans. It's possible to believe in a man and not believe in everything that he says. You know, some people agree with me but don't agree with what I happen to think about abolition of capital punishment. But, Eric Kierans is one of the most prominent economic nationalists in the country. Now, the Member for Riel can't agree that we should not be exporting power and using the export value of power to lessen the rates for Manitobans, so he's not going to be able to adopt that position. I think that people are free to adopt the position or not to adopt the position, and there are certain things about what Mr. Kierans says that are important, certain things that are not important.

But let's get to the more fundamental question - the rates before the Utility Board. Mr. Speaker, the basic reason that I say that the Manitoba Hydro is not a proper subject for Utility Board regulations, is because the Manitoba Hydro has got the same objectives as the Utility Board is supposed to have. It is not the same as Winnipeg and Central Gas. Winnipeg and Central Gas is supposed to try to make as much money for their shareholders as they can, and I respect that. But that is their main objective. They are then supposed to get consent from the Utility Board as to the rates that they charge. The Manitoba Hydro is supposed to try to provide power to the citizens of Manitoba at the lowest possible cost. That's what the Utility Board is supposed to do. And the real problem that is going to result if you have Manitoba Hydro go through the Utility Board, is the kind of things that the honourable member is suggesting. Let us suppose that they go to the Utility Board and the Utility Board says U, X, Y and Z, and then Hydro has to implement that program, and then Hydro runs a deficit. Who is responsible for covering of that deficit on the basis that they did X, Y and Z, instead of A, B and C which is what the Hydro Board suggested. Who do you go to? And if you take it to its logical conclusion, Mr. Speaker, what you have is a group, a body sitting there telling Manitoba Hydro the best way to run its affairs and Manitoba Hydro then running its affairs, not in accordance with what they consider is their judgment and what they are then responsible to answer for, but that they have to go and run their affairs and be answerable for something which they had no input in the first place, which was

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(MR. GREEN cont'd)really decided by the Public Utility Board.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: I wonder if the Honourable Minister then can reconcile his position with the Canadian National Railways, would he believe that the Canadian National Railway should be able to raise its freight rates as it sees fit without. . .

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Well, Mr Speaker. . .

MR. SPEAKER: You've got two minutes.

MR. GREEN: . . .you see the Canadian National Railway runs a huge deficit. The Canadian National Railways probably has to have its freight rates set by the regulatory authority because it is a railway and that there are several railways and they all have to have rates which are designed in accordance with that authority. What happens then is that they run their railway in accordance with that authority and the public pays for the deficit of the Canadian National Railway. The same is true of Air Canada. And I would say that if Air Canada, and by the way, to me this would be no problem, if Air Canada ran all of the air services in this country and was the sole agency for transport through the air, all lines, and had to report to the Parliament of Canada, then I would say that it should not then have to have its rates set by a separate board. And the Canadian National Railway is not a very good example of how to keep a Utility out of trouble, the Canadian National Railway has been in big trouble, and if what you are saying, Mr. Speaker, if what you are saying - I say this advisedly to the Member for River Heights - is that the Public Utility Board sets the rates, Hydro is then not responsible for what happens and every year, no matter what happens, the public will make up the difference. So what have we achieved? Well, the honourable member has not dealt with the dilemma, the honourable member has not dealt with the dilemma that the Public Utility Board can set rates, that those rates could run a deficit, and that the utility would still be there, the public would have to make up the deficit.

MR. SPEAKER: The Honourable Minister's time is up, and it's also 5:30 p.m. The House is now adjourned and stands adjourned until 2:30 p.m. tomorrow afternoon.