

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, June 12, 1979

Time: 10:00 a.m.

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell):** Before we proceed, I should like to draw the honourable members' attention to the gallery, where we have fifty students of Grade 5 standing from the James Nisbet School, under the direction of Mr. Jerry Rubin. This school is in the constituency of the Honourable Member for Seven Oaks.

We also have 30 students from the McKenzie Public School at Thunder Bay, under the direction of Mr. Jim Aitkin.

And in the logo on my right, we have the former Member for Arthur, Mr. Doug Watt.

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

Presenting Petitions . . . Reading and Receiving Petitions.

## PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

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

**MR. J. WALLY McKENZIE:** Mr. Speaker, I beg to present the Second Report of the Standing Committee on Law Amendments.

**MR. CLERK:** Your Committee met on June 7 and June 11, 1979, and heard representations with respect to the various Bills referred, as follows:

Bill No. 6 — An Act to amend The Condominium Act. Hugh McDonald, J. Hugh McDonald and Co. Walter Kehler and Myron Calof, Manitoba Subsection of the Canadian Bar Association.

Bill No. 20 — The Personal Investigations Act. Frank Allen, Q.C., Credit Grantors Association of Winnipeg. Abraham Arnold, Manitoba Association of Rights and Liberties. Dale Gibson, Private Citizen. Wilf DeGraves, Dun and Bradstreet Canada Ltd. Graeme Haig, Q.C., Prairie Region, Creditel of Canada Ltd. Greg Tallon, Canadian Bankers Association. Bill Enefer, Canadian Credit Institute, Winnipeg Chapter. Jim Cartlidge, Winnipeg Chamber of Commerce.

Bill No. 27 — An Act to amend The Liquor Control Act. Dario Perfumo, Manitoba Hotel Association.

Bill No. 30 — An Act to amend The Child Welfare Act. James Dubray, Director, Childrens' Aid Society, Central Manitoba. Paul Swartz, Manitoba Association for Rights and Liberties.

Bill No. 56 — An Act to amend The Family Maintenance Act. Alice Steinbart, Coalition on Family Law.

Your Committee has considered Bills:

No. 7 — An Act to amend The Jury Act.

No. 25 — An Act to amend The Human Tissue Act.

No. 30 — An Act to amend The Child Welfare Act.

No. 36 — An Act to amend The Real Estate Brokers Act.

No. 38 — An Act to amend The Trustee Act.

No. 45 — An Act to amend The Teachers' Pensions Act.

No. 46 — An Act to amend The Civil Service Superannuation Act.

No. 47 — An Act to amend The Personal Property Security Act.

No. 48 — An Act to amend The Civil Service Act.

No. 50 — An Act to amend The Manitoba Telephone Act.

No. 51 — An Act to amend The County Courts Act.

And has agreed to report the same without amendment.

Your Committee has also considered Bills:

No. 6 — An Act to amend The Condominium Act.

No. 13 - An Act to amend The Highway Traffic Act.

No. 17 — An Act to amend The Public Printing Act.

No. 55 — An Act to amend The Insurance Act.

No. 56 — An Act to amend The Family Maintenance Act.  
And has agreed to report the same with certain amendments.

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

**MR. McKENZIE:** Mr. Speaker, I beg to move, seconded by the Honourable Member for Swan River, that the Report of the Committee be received.

**MOTION presented and carried.**

### MINISTERIAL STATEMENTS AND TABLING OF REPORTS

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

**HON. NORMA L. PRICE (Assiniboia):** Mr. Speaker, on behalf of my colleague, the Minister of Labour, I'd like to distribute the statistics for the Labour Force Survey for May, 1979.

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

### INTRODUCTION OF BILLS

**HON. DONALD W. CRAIK** introduced Bill No. 69, An Act to amend The Electoral Divisions Act.

### ORAL QUESTIONS

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

**MR. HOWARD PAWLEY (Selkirk):** Mr. Speaker, my question is to the Attorney-General. Can the Attorney-General confirm that in fact an RCMP investigation is presently under way, under direction from his department, involving the sale of alleged hamburger in various outlets in the Province of Manitoba, in which the hamburger is alleged not to, in fact, be a beef product.

**MR. SPEAKER:** The Honourable Attorney-General.

**HON. GERALD W.J. MERCIER (Osborne):** I'll take that question as notice, Mr. Speaker.

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

**MR. JAY COWAN:** Yes, thank you, Mr. Speaker. In the absence of the Minister of Labour, can the Acting Minister of Labour indicate if any further investigation in response to the explosion at Bell Foundry in the city of Winnipeg has taken place since it was last discussed in this House?

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

**MRS. PRICE:** Mr. Speaker, the Minister of Labour will probably be here before the question period is over and he can repose the question.

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

**MR. RUSSELL DOERN:** Mr. Speaker, I'd like to direct a question to the Minister of Education and ask him if he could provide any information on the tendering or final approvals of the addition or extension to Elmwood High School and Junior High? This has been apparently in the works for the last couple of years.

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

**HON. KEITH A. COSENS (Gimli):** Mr. Speaker, I'll take the question as notice and get the information for the honourable member.

**MR. DOERN:** Mr. Speaker, I would also ask the Minister if he can provide us with any information

on why the Public Schools Finance Board turned down an \$84,000 renovation to Isaac Newton School? This apparently has caused some concern on the part of Winnipeg school trustees.

**MR. COSENS:** Mr. Speaker, all building proposals are given very very careful study and consideration, and I'm sure there is a very good explanation why a particular building proposal may have been turned down. I will also take that question as notice.

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

**MR. DOERN:** Mr. Speaker, can the Minister confirm that the alterations and structural repairs to George V School have now been approved?

**MR. COSENS:** Yes, Mr. Speaker, it's my understanding that the Public Schools Finance Board Building Committee has provided an answer to the last proposal they received on this particular project.

**MR. SPEAKER:** The Honourable Member for Elmwood with a fourth question.

**MR. DOERN:** Could the Minister indicate what that last proposal was, in terms of dollar amount and/or content?

**MR. COSENS:** I would have to check the specifics, Mr. Speaker, but I will take that question as notice as well.

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

**MR. PETER FOX:** Yes, Mr. Speaker, I'd like to direct my question to the Minister responsible for the parks. I wonder if he can inform the House whether there has been any conclusion to the discussion and negotiations with Mr. Jarmoc.

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

**HON. BRIAN RANSOM (Souris-Killarney):** There have been no further developments, since I last reported to the House, Mr. Speaker.

**MR. FOX:** Can the Minister indicate when a policy will be forthcoming as to the development in the parks?

**MR. RANSOM:** Again, Mr. Speaker, I have advised the honourable members of the procedures that we are following. It will be some period of time yet before we have a satisfactory policy and plan in place, and I can assure the honourable members that they will be made aware of that as soon as it takes place.

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

**MR. PAWLEY:** Mr. Speaker, a supplementary, is the Honourable Minister then indicating to the House, that in fact, the plan is not presently completed, insofar as the Whiteshell is concerned?

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

**MR. RANSOM:** Yes, Mr. Speaker, that is what I have been advising the honourable members for some time now.

**MR. PAWLEY:** A further supplementary then, is the Minister denying that the report of the plan as displayed last night on a local television station, "24 Hours", was in fact incorrect and inaccurate as to the proposals from his department?

**MR. RANSOM:** I'm uncertain as to what was displayed on "24 Hours", Mr. Speaker, but I know that there have been many studies carried out in the past and many inventories and possible zoning schemes and that sort of thing, but there has never been a policy adopted by government.

**MR. PAWLEY:** Mr. Speaker, can the honourable minister assure this House that the proposals, once they are completed, will be unfolded to members of the Legislature first?

**MR. SPEAKER:** Order please. I believe that question is repetitive.  
The Honourable Member for St. Vital.

**MR. D. JAMES WALDING:** Mr. Speaker, my question is to the Honourable Minister of Finance. I would like to ask the Minister when it is his intention to table the Order for Return No. 55, having to do with bids on the Lord Selkirk II?

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

**MR. CRAIK:** Mr. Speaker, the same answer applies as last week. I said I would have a look into it and I'll undoubtedly table that very soon.

**MR. WALDING:** A supplementary question, Mr. Speaker. Could the Minister give me an undertaking that it will be tabled before the end of the Session?

**MR. CRAIK:** No, Mr. Speaker, Orders for Return can be tabled at any time.

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

**MR. SAUL CHERNIACK:** Thank you, Mr. Speaker. Further to a question relating to the filing of Orders for Return; I wonder if possibly the House Leader could report on each of them that are still outstanding, there being 4 from last year and 4 from this year according to my notes? I don't mean report; I mean advise what the prospects are of having the ones of last year filed this year before the Session ends.

**MR. SPEAKER:** The Honourable Government House Leader.

**HON. WARNER H. JORGENSEN (Morris):** Mr. Speaker, I will endeavour to find out just where those particular Returns are at the present time.

**MR. CHERNIACK:** Thank you, Mr. Speaker. I thank the honourable minister; I'm sure he will let us know before the Session ends. I would like to ask the Attorney-General, Mr. Speaker, whether he has anything further to inform us about the rights of criminal suspects to have access to lawyers. As I recall, he said that it was going to be referred to the Attorneys-General of Canada, but I think he was awaiting some additional meeting and I'm wondering if that was held or whether he has any brief that could be made public?

**MR. SPEAKER:** The Honourable Attorney-General.

**MR. MERCIER:** No, Mr. Speaker, I indicated to the Member for St. Johns that the advice I received from the President of the Manitoba Bar Association was that the Bar Association would be considering a resolution at their convention at the end of this week.

**MR. CHERNIACK:** Yes, Mr. Speaker, the reason I ask that is that I looked at the agenda, which I must say had about five-and-a-half hours out of four days, 5-½ hours of meetings or thereabouts, whether he has been informed as to the nature of the resolution that is being discussed since it does not appear on the agenda at all.

**MR. MERCIER:** No, I haven't, Mr. Speaker. I've been advised by the president that he would attempt to have the matter discussed at the convention.

**MR. SPEAKER:** Orders of the day. The Honourable Member for The Pas.

**MR. RONALD McBRYDE:** Yes, Mr. Speaker, I wonder if the Minister of Government Services could give us an update on the redesign of The Pas jail and/or courthouse.

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

**HON. HARRY J. ENNS (Lakeside):** Mr. Speaker, I can indicate to the Honourable Member for

The Pas that that work has been completed and will be presented to the appropriate departments for final conclusion of the matter, but the actual modifications, redesign of the facilities has been completed.

**MR. McBRYDE:** I'd like to ask the Minister then, Mr. Speaker, whether the redesign has gone back to the original proposal wherein the new courthouse and correctional facility will be built close to each other.

**MR. ENNS:** The redesign, Mr. Speaker, has exceeded the former plans, inasmuch as that they house, or propose to house, a new courthouse, a correctional facility, as well as a juvenile facility.

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

**MR. WILSON PARASIUK:** My question is directed to the Minister of Education. I'd like to ask the Minister if he's considered asking all the school districts in Manitoba to review the athletic grounds and facilities that they have to ensure that they are all in good, safe working condition, and my question arises out of the tragedy that took place in Portage la Prairie last week.

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

**MR. COSENS:** Mr. Speaker, we don't have such a review under way. We would expect that local school authorities would constantly be reviewing that particular matter, and I would deplore as much as the Member for Transcona does the fact that this particular tragedy has taken place.

**MR. PARASIUK:** Yes, a supplementary to the Minister. I'd like to ask him if he is making it a requirement that school districts show some evidence or documentation to the Department of Education that they are indeed conducting a yearly review of facilities, such as trampolines for example, or various other facilities in gymnasiums, which I think often possibly aren't checked on a yearly basis. And I think it would be wise for the Minister to ensure that the school districts just don't do so as a matter of initiative on their own, but that there be some requirement from the Department of Education that they be assured that this is being done each year on an updating basis.

**MR. COSENS:** Mr. Speaker, I'll certainly take the member's suggestion under consideration. I think it's worthwhile.

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

**MR. PARASIUK:** Yes, my final supplementary on this topic is is directed to the Acting Minister of Labour. Presently under the Workplace Safety and Health legislation regulations the city of Winnipeg is required to establish a Workplace Safety and Health Committee. I would like the Minister to look into the possibility of requiring school districts to establish Workplace Safety and Health Committees under the regulations of the Workplace Safety and Health legislation.

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

**MRS. PRICE:** Mr. Speaker, I'll take the question as notice for the Minister of Labour.

**MR. SPEAKER:** Orders of the day. The Honourable Member for Elmwood.

**MR. DOERN:** Mr. Speaker, I'd like to direct a question to the Attorney-General, and ask him whether the Manitoba Government intends to stand shoulder-to-shoulder with the Government of Quebec in the support of Bill 101 before the Supreme Court of Canada.

**MR. SPEAKER:** The Honourable Attorney-General.

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

**MR. DOERN:** Can the minister then explain how it appears that the position of the Government of Quebec and the Province of Manitoba are identical?

**MR. MERCIER:** Misleading news reporting, Mr. Speaker.

**MR. DOERN:** Mr. Speaker, does the Attorney-General have any concern for the English-speaking minority in the Province of Quebec?

**MR. MERCIER:** Yes, Mr. Speaker.

### ORDERS OF THE DAY

**MR. SPEAKER:** The Honourable Government House Leader.

**MR. JORGENSON:** Mr. Speaker, would you call Second Reading of Bills No. 42, 59, 60 and 66.

### SECOND READINGS

#### BILL NO. 42, AN ACT TO AMEND THE HIGHWAY TRAFFIC ACT

**MR. ENNS** presented Bill No. 42, An Act to amend The Highway Traffic Act, No. 2. for second reading.

**MOTION presented.**

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

**MR. ENNS:** Mr. Speaker, I make some apologies for the late entry of this bill. The bill had been available for some time, and should have been processed at some earlier date in the session. Among the provisions provided for in the bill, there are some that are of some importance, others that will affect all the public in their travels, but perhaps are not of that substantive nature.

The Act makes particular reference to passenger cars. We have no definition for what constitutes a passenger vehicle, Mr. Speaker, in the Act, and in the last number of years, the definition between a passenger vehicle as compared to a truck and a car, which is the more traditional mode of separating the two, has become somewhat confused and the Act further defines what constitutes a passenger vehicle. There's a further provision in the Act, Mr. Speaker, that makes the use of dealer plates more compatible with the manner and way in which they are, in fact, being used.

Currently, the dealer plate has some very severe restrictions, particularly as they apply to the insurance coverage, which are simply not realistic. In other words, a dealer plate is most commonly used, I suppose, in the demonstration of vehicles during their sale, and often after that vehicle has been so demonstrated, the demonstrator car is then being driven back to the garage or the sales outlet, or indeed to the sales person's home, but technically speaking under the Act, he would have no coverage, no provision of coverage under the dealer plate that is hanging on his automobile at that particular time. There are provisions made, Mr. Speaker, in the Act that abuses of this dealer plate do not become a practice. The same applies, Mr. Speaker, to the plates that are used when automobiles are repaired — repairers' plates, they're called. Again facilitating vehicles that are under repair, and these are practices, Mr. Speaker, that have become custom in the province but simply haven't been looked after in the law.

Mr. Speaker, another section of the Act deals with the provision of allowing the Highway Traffic Board to make modified speed zones at different times of the year. The way the Act now reads, the Traffic Board sets a speed zone for the full and entire year. Now we have many areas in the province, particularly recreation areas, parks; I can think of some of the areas, for instance along Winnipeg Beach on No. 9 Highway where it makes eminent good sense to have a restricted 30 mile speed zone during the busy summer months, but it doesn't make a great deal of sense to carry them on in the winter months when you have a considerably different traffic and pedestrian population in those areas. So it gives the Traffic Board slightly more elbow room in modifying speed zones.

Mr. Speaker, for those residents who have been doing it illegally — I understand the Minister of Finance falls into this category — we are making it possible to turn on red lights, make left-hand turns on red lights on one-way streets. This, as you know, Mr. Speaker, the right-hand turn on red lights was introduced some time ago. It seems to be working out reasonably well, although I must admit, Mr. Speaker, I have some concern about introducing this this amendment. The city seems to have a propensity of immediately having passed this legislation, making it permissible

to right-hand turns on red lights, they then go around putting up signs everywhere saying you can't turn.

So I don't know whether I'm doing the city any big favour here, or whether I'm just asking for more signs to be put up. I will appeal in this gentle way to city authorities that they exercise with some caution the number of signs that seem to proliferate from this kind of an amendment, Mr. Speaker.

Mr. Speaker, I am trying, of course, to abide by the rules of second reading of bills, and not going clause by clause through the bill, touching on the main principles of the bill.

One of them, and this, Mr. Speaker, is perhaps a very important one, that is that each year literally hundreds of new chemicals, some of which are extremely hazardous are introduced to our increasingly complex society. Reports are being received from across the country of near disasters involving surface transportation hauling hazardous products. Such disasters have occurred in other countries, taking a heavy toll of life. The going concern about the potential hazard associated with the transportation of hazardous products by all modes has led the federal government to introduce legislation under which regulations would be made prescribing the manner in which such hazardous products must be transported and providing for the adoption of international code and symbols identifying the type of hazardous material being transported to assist those who may have to deal with the disaster.

Even when the federal law and regulations are in place complementary provincial legislation will be required to deal with the movement of hazardous products interprovincially.

The bill contains therefor two amendments which would enable government to deal effectively with, firstly, transportation of such products like anhydrous ammonia which, Mr. Speaker, you will recall had some interest in this House a short year ago. And, secondly, any other hazardous product by regulation. The draft regulations concerning anhydrous ammonia will be prepared in consultation with the Department of Agriculture, Labour and the farming community and of course the industry itself.

The bill also contains provisions which would prohibit any person from towing or otherwise transporting any hazardous product not consistent with the provisions contained in the regulations. We believe these measures to be necessary to ensure the safety of those involved in the distribution and transportation of anhydrous ammonia, as well as other hazardous products as far as the safety of the members of the community are concerned.

Mr. Speaker, I'd like to make it very clear, to particularly members of the rural caucus, rural members in the House, that what we are doing in this Act is simply making it possible, by inserting the principle in the bill, to draw up the necessary regulations governing or detailing the manner in which hazardous products can be handled. There are none in effect at the moment. We are anticipating federal legislation. We will try to dovetail our provincial legislation to that and we will be of course extremely concerned that any regulations passed do not in any way impede the normal agricultural activity, the normal use of these chemicals, which are so important to the modern agricultural industry.

Mr. Speaker, we also have a problem at the Manitoba Dump Truck Association, as brought to my attention on several occasions. And having, Sir, an abiding interest for those who operate the dump trucks in the City of Winnipeg, I recognize that they have a particular problem where they're hauling fill on sites where scales are not available to them, and it makes for provision to enable the judge to exercise discretionary powers with respect to loads of excavation material, providing that there are no scales available at the loading site. Where there are scales available at the loading site there is no question the law will be imposed and carried out as it now stands, but there is a difficulty with this material. It is a mixed material often containing a great variance of moisture which can very easily affect the poundage of a load. In many instances the individual truck driver is not responsible for the loading of the truck — the contractor, and very often, Mr. Speaker, I may add, the city is the contractor that is loading the truck. So the city loads the excavated material onto the dump truck and then the city sends an inspector after him and nails him and tickets him. And we feel somehow that that's not being quite fair to the truck driver in this instance, that the city in the first instance, the contractor, should have some responsibility in creating the overloads if indeed they exist, and that the judge should have some greater discretionary power in determining a case where there is no availability of scales. This applies, Mr. Speaker, principally within the city of Winnipeg. As you know we have the weigh scales situated within pretty well all of the highways leading into the city. It does not affect the normal way in which loads are scaled on our provincial trunk highway system.

Mr. Speaker, finally it also provides for some expansion, by two members to the Driver License Suspension Appeal Board. This board is a very busy board and as you know sits several times a week in different parts of the province, and we're finding it difficult to maintain the operation of that board with the existing limitations of seven members and it's been requested that, particularly

because of illness, or vacations, etc., that that board be expanded to nine members.

Mr. Speaker, these really are the amendments then that I propose to The Highway Traffic Act. I apologize, once again, Mr. Speaker, to the honourable members opposite for not having introduced these earlier in the Session. I would like to think that they could agree with me that they are not of such substantive nature that they couldn't, after perusal, be approved during the course of this Session, because there are some specific items in the bill that we are looking forward to being able to work with, particularly the ones in terms of the expanded board. I know the Manitoba Dump Truck Association is anxiously awaiting for the amendments that are pertinent to them. I don't know how many — I suppose, Mr. Speaker, having brought in the amendment that we could turn right on red turns, it would be only fair to the members opposite that I now bring in an amendment that they can turn left on red lights. It kind of evens up that inequity, Mr. Speaker, that exists in The Highway Traffic Act, politically speaking, Mr. Speaker, so I'm looking forward that the honourable members will pass, at their earliest possible convenience, this Highway Traffic Act No. 2. Thank you, Mr. Speaker.

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

**MR. FOX:** On a point of procedure, Mr. Speaker. I wonder if the Honourable Minister would be prepared to offer us a copy of his explanatory notes to the bill.

**MR. ENNS:** Yes, Mr. Speaker, I'd be more than happy to do that. I only have the one copy here, could I have the Clerk's Office duplicate them, and if I get one set back myself then I'll be able to explain it to Law Amendments all over again.

**MR. FOX:** Mr. Speaker, I move, seconded by the Honourable Member for Logan, debate be adjourned.

**MOTION presented and carried.**

**BILL NO.59 — AN ACT TO AMEND THE MANITOBA HYDRO ACT  
AND THE PUBLIC UTILITIES BOARD ACT**

**MR. CRAIK** presented Bill No. 59, An Act to amend The Manitoba Hydro Act and The Public Utilities Board Act, for second reading.

**MOTION presented.**

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

**MR. CRAIK:** Mr. Speaker, this bill deals with the changing of the procedures to be followed by Manitoba Hydro in relation to rate setting and their relationship to the rate setting procedure vis-a-vis the input of the Public Utilities Board. It's an important Act to the extent that it does straighten out the question that came to surface in the last eighteen months or so, that had not heretofore been a question in the relationship between the utility and the Public Utilities Board, but was brought about by an appeal against the rates by an interest group that was adversely and directly affected by the proposed change in rates by Manitoba Hydro a couple of years ago, and it went to the Public Utilities Board where it was held and contested by Manitoba Hydro, and questioned whether or not the Act in fact did apply — by the Act meaning the Public Utilities Board Act — did apply to Hydro.

We asked the Tritschler Inquiry Commission to examine the question as a secondary part of their terms of reference to look at what procedures were followed in other jurisdictions, to look at the procedures as to their effectiveness historically in Manitoba and to come up with a recommendation to the government that we might use as a basis for correcting the legislation to remove the question marks and anomalies that became evident in it.

This Act reflects, primarily, the recommendations of the Inquiry Commission in their first report to the government, which was tabled in this House a month or two ago.

What it does is that it sets out a procedure where there is a rate change recommended by Hydro, the suggested rate change may be referred to the Public Utilities Board by either Hydro or by the government for review purposes. The key word, Mr. Speaker, I think here is review purposes or the word "review" is a key word.

In addition to that, any party who is directly affected by the rate change may also ask the Public Utilities Board to hear representation with regard to the proposed rate change and the Public Utilities



Board, to set up such review parameters as they may deem to be appropriate in the particular case. So it leaves open the avenue for the average citizen to, in fact, have the Public Utilities Board look at the proposed Hydro rate changes if those rate changes have an impact or a potential impact directly on a consumer, whether the consumer is a domestic consumer or industrial consumer, or whatever, but it has to be a direct change and a direct impact on the consumer.

The Public Utilities Board, having reviewed it and examined it, makes its recommendation; the recommendation is made to the Lieutenant-Governor-in-Council and the Lieutenant-Governor-in-Council then has the final authority to adopt the recommendations coming from the Public Utilities Board.

Mr. Speaker, that is different than it exists at the present time. There is no reference of a Public Utilities Board to the decision Lieutenant-Governor-in-Council for final approval as it now stands. The question that has arisen and the argument that has taken place is whether or not any decision of the Public Utilities Board has, in fact, been binding on the utility itself. This legislation says that a Public Utilities' recommendation would have to be approved by the Lieutenant-Governor-in-Council in the final analysis before being effective.

The prime reason for that, Mr. Speaker, is that the Manitoba Hydro represents a very large proportion of the total debt and debt guarantee of the Province of Manitoba. It represents some 60-some percent of the total amount of debt and debt guarantee.

There is, of course, an obligation that has to be recognized, that was pointed out by the Commission, that the government, any government, a government, must have the final democratic control over the obligations to service that debt. And that comes from the point of view of raising the capital for the large capital projects that are involved, the undertakings that investors will want to see and do want to see, whereby the government does have, if they're going to guarantee the debt, have the right, of course, to make sure that proper undertakings are entered into that will make sure that the debt is secure and to be serviced, and not under the control of a board that would be outside of either the utility or the government. And this bill does straighten that out by making sure that in the event that there is a threat of that kind contained in any recommendation from the Public Utilities Board, that in fact the final obligation and responsibility will lay with the people who are doing the debt guarantee in the first place, namely the Lieutenant-Governor-in-Council.

So, Mr. Speaker, with those background remarks, I think that this represents an optimum solution to the problem that had existed in the spelled-out relationships between the Hydro and The Public Utilities Board Act, and it also makes provision for the right of any citizen to have input into the picture if they feel they have a grievance that they want to air, if they, in effect, want their day in court, with regard to the impact of any proposed utility rate. And I think that this represents, as I say, the optimum solution on all of these things and brings about the necessary changes that have been obviously a necessity ever since the problem arose about two years ago, in the different interpretation of the Act, and had been put on over the last 10 or 20 years or so, or since the Acts were in existence.

So, with that, Mr. Speaker, I recommend Bill 59 to the House.

**MR. SPEAKER:** The Honourable Member for St. James, or St. Johns.

**MR. CHERNIACK:** I think the Member for St. James and I better get together and wear distinctive different clothing or some such distinguishing appearance.

Mr. Speaker, I'd like to ask the Honourable Minister a question, if I may. It did not come clear from what I think I heard him say, that my interpretation is that the Cabinet has the absolute right to set rates for Hydro of any kind of rates for any term, as long as it has received a report through the Utility Board. Is that a correct interpretation?

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

**MR. CRAIK:** Yes, basically, Mr. Speaker.

**MR. CHERNIACK:** Well, Mr. Speaker, I would like to speak on this matter, even though I admit freely that I have not read the bill; I've just scanned it. And until the moment that we reach that point, which I have just asked the Minister about, I felt that it was a clarification of the existing situation. As I understood the Hydro Act, there were two interpretations back in 1968 or 1969, or possibly 1970, when there was a reference to the Utility Board, under the present Act, of Hydro's proposal to raise rates and the Utility Board did a very extensive and very expensive review of the reasons for the rate and then it recommended an increase, and a fairly substantial increase, as I recall it, and then the Chairman of the Utility Board insisted that, in his opinion, Hydro was

bound to follow that, what I call a recommendation and what I guess he termed was an order.

And, as I recall it, Hydro did not consider that it was an order and it did not comply with what the Utility Board thought was an order. Well, frankly, I was under the impression that this was going to be the intent or the principle of this bill before us. But listening to the Minister — and as I say, I have not read the bill to that extent — but listening to the Minister I got the impression that this bill was confirming what I believed the present law was and therefore clarifying the present law.

But I'm not aware that the present law gives the authority to anybody other than Hydro to set rates. It does? I want to repeat my sentence because it's pretty crucial, Mr. Speaker, that the Minister and I at least agree on what the law is. I said "I don't think that the present law," — the present bill, the present Act, rather, not this bill, the present Act — "gives to anyone other than Hydro the authority to set rates." And the Minister does not agree with my recollection and indeed he should know better than I, because he's been dealing with the Act much more recently than I in dealing with this amendment.

Now, Mr. Speaker, although I am told that my opinion is not correct, I am in this position, that I was under the impression that the quarrel in the past was between Hydro and the Utility Board as to which of them had the final authority to determine the rates. I did not know that anyone else had the authority, and the only anyone else I could think of is the government, the Cabinet. Now, I still don't think Cabinet had the authority to set rates, and that's really the point I'm making. And I think the Minister agrees with me that Cabinet did not — and that's the important point.

Well then, we're okay, Mr. Speaker. I thought I was off the track and I was wasting your time and that of other members who were interested when I had the impression, which I think is now correct, and I hope the Minister will again correct me if I'm wrong. I had the impression that Hydro believed that it was the final authority; the Utility Board some time ago expressed the thought that it believed that it had the authority after a hearing, but that the Cabinet never had the power to set rates. I believe that that is a correct statement, and I hope the Minister will correct me if I'm wrong, because — he agrees with me — well, that's fine, Mr. Speaker. That's the important thing.

Now I think that this bill before us not just corrects or decides, clarifies the law as it stood as between the Utility Board and Hydro, but it goes much much much further. It makes the owners, that is the shareholders, as their authority through Cabinet, the final authority on what the rates shall be. And, Mr. Speaker, having been in government for some number of years and having been on the government side for a longer number of years and in the opposition, I am not prepared to say that the government of Manitoba should take an active role in the management of a Crown corporation, especially one as large as Hydro.

When I say that, Mr. Speaker, I do believe that government should have a decisive role in future plans of Hydro. I do believe that the Utility Board could well be involved in reviewing Hydro's future plans. I think that in the end the government, as the Minister said, the government has to raise the funds and the extent to which elaborate plans of Hydro will commit the people of Manitoba to backing very large borrowings. I can understand that large capital expenditures, large expansion of production facilities, should be something that the government should be involved in and, frankly, I don't think it is not involved, because after all the members of the Board are appointed by government and after all any responsible chairman of the Board would be consulting.

So that I can see the intervention of the Utility Board and I can see a role to be played by the Cabinet in relation to Hydro, because after all Hydro is appointed by Cabinet. But as far as rate setting is concerned, we're getting into a little dicey situation. One of the assurances I used to get from our fiscal agents, who are handling loans of Hydro, was that the lenders of bonds to Hydro were pleased to know that Hydro was bound to set rates which were sufficient to take care of the ongoing expenditures including repayment of debt and that political intervention was somewhat removed. I say somewhat, knowing the practicality of it, and the fact that the Board is appointed by government, but somewhat removed but that in law Hydro was bound to balance its expenditures and revenue. There, to me, was the additional concept in Hydro which I accepted, and that is that Hydro was not to make a profit.

Now, that doesn't apply, I believe, in Saskatchewan I think Hydro is allowed to make a profit and in the city of Winnipeg Hydro, they're allowed to make a profit and indeed have been doing that and using the surplus for reduction of taxes. That to me is still debatable, Mr. Speaker. I really, in my mind, have not yet arrived at a conclusion as to what I believe should be the rights or restrictions of Hydro relating to profit, but that's not the question before us.

What is before us is the fact that henceforth the Cabinet can step in and say: "We want a rate increase. We do not want a rate increase." And Mr. Speaker, I cannot help but refer back to some

years ago when the honourable, the Member for Roblin — I know, I've raised this so many times, but I haven't done it lately so I'm going to do it again — when the Member for Roblin standing on this side of the House made a big deal accusing government about Hydro rate increases and he said something like, "Why my bill has doubled in the last short period of time", whatever it was he said. And I asked him then whether he was prepared to produce his bills and the comparison of bills because I didn't believe him, Mr. Speaker, and I thought he was exaggerating to a very great extent.

I also believed that government had not determined what the Hydro rate would be, that indeed it was Hydro that determined the rate at the time that the Member for Roblin was crying with, I believe, crocodile tears. So I asked him then, would he prove his statement that his bill had doubled and indeed, Mr. Speaker, to my regret, and I believe to his great embarrassment, he has not yet produced the bills and he has not yet admitted that he took the opportunity of license to exaggerate the situation.

Mr. Speaker, I realize of course that some newspaper pundits of great knowledge, intelligence and integrity would say that I did the wrong thing by referring to the Member for Roblin in his absence, but the fact that he's absent is his problem, not mine, and I did make the statement. I no longer believe him, Mr. Speaker, when he makes an assertion, and I won't believe him until he proves what he promised to prove some years ago, which he claimed for many years was being carried around day to day in his briefcase. Well, I mention that for the record.

Mr. Speaker, I come back to the particular about rate-setting, that I have very, very grave doubts about whether or not Cabinet, the political side of government, should be involved in rate-setting. I would rather leave it to Hydro. Failing that, if it is felt necessary that there be further review, I would say the Utility Board should do it. It has the means, I was going to say mechanical means, the means to study in depth the need for rate change, rate structure, financial needs of a very complicated financial structure such as Hydro is. And if I had to agree to some additional authority, I would opt for the Utility Board. But I don't like the government setting rates, knowing that governments unfortunately, and I refer to all governments, have a very short horizon. They think and look at election to election. And many of government's decisions, and I say that about all governments, are influenced by that very short time span, election to election. And I don't like to see something that has become as crucial to every person, as Hydro rates, to become a governmental, and therefore a political decision. I really don't like that, Mr. Speaker. If it were a question, as we had I believe in the use of the Municipal Board, on certain appeals to ministers on Third Reading of Municipal Money By-Laws, we then, I believe, had the provision that the minister could accept or reject the Municipal Board's decision, and normally he accepted the decision of the Municipal Board and confirmed his decision, but here there's not the slightest suggest that the government shall accept or reject the Report of the Utility Board Board. And bear in mind, we have Hydro arriving at a decision.

Some person, or group of people, then decide to refer it to the Utility Board. So the Utility Board reviews Hydro's decision and may confirm it or may vary it, or may completely deny it. Then it goes to the government, and the government's starting with absolute power, without need to refer to the Utility Board nor refer to Hydro but on its own, on the basis of whatever goes on in the Cabinet room, and we all know that not only is it secret but it should be secret, and what goes on there then becomes a decision affecting all the users of Hydro. And I THINK THAT'S WRONG: I really think that's wrong. I would much rather that Hydro had the responsibility of doing it, knowing that it could not get capital authority to proceed with great expansionary plans without the Legislature's approval, knowing also that its Board of Directors is subject to the control and appointment of the Cabinet, knowing also that it was not allowed to make a profit, could not make a profit, and according to the present Act, I believe, could not have more than reasonable reserves, I would rather Hydro made the decision; I really would.

But, I think there should be a forum, where people affected by Hydro's decision on rates, should have an opportunity to review the decision publicly, and that forum always was and would continue to be the Utility Board. But there we depart. There, there was a question of which of the two had the final authority, and now the minister's solution is that neither will have the final authority. It's like a plague on both your houses; we'll settle the issue. Well, I stop there; I am not prepared to have Cabinet decide rates on that basis, and no longer in a public forum. Why here many decisions of Cabinet are reviewed when they come before the Legislature in the Estimates Review and other occasions, but when we come to a decision of Cabinet setting rates, Mr. Speaker, I believe that there is no real forum to debate that decision as to forcing the Cabinet to justify it, because the Minister for Hydro or the First Minister might feel honour-bound to make an explanation — indeed, he's not bound at all. And they can say Cabinet in it's wisdom made the decision. And I really am not prepared to go that far.

There is one feature I want to mention, and that is something I think that is rather important,

and that is the trend that is . . . well, I don't think it's a trend, it's a fact over many years, that Hydro has made deals, long term contractual agreements with various industrial or other large users, to sell them power at a set rate. I don't think I like that, Mr. Speaker. I haven't explored that in depth enough to say it's wrong; I just have to say that there's something about it that I don't like too much, nevertheless I can understand it. But when it comes to rate fluctuations, other than by contract, there is a difference whether the burden of increased expenses should be put on the residential user, the small home owner, the user of small capacity, and whether that person should carry a bigger burden than does a big user. One can well understand, that if you have a big plant with one meter it's a lot cheaper to service than if you have a row of houses, five, six rooms per house, each with its own meter and each with its own connector off the main line, it's more expensive to service the smaller user. Nevertheless, that's what a Crown agency is about, and that is to make sure that the users who are indeed the owners to the large extent, not completely, are the ones who get the benefits of rate variations.

But, Mr. Speaker, I believe that this government, this Conservative government, is thinking of Hydro as an economic and political tool to carry out its intention — for example, to make the economy grow. And that's not bad, to make sure that it works for the benefit of the people of Manitoba. But I do think that the decision on rates should be one that is not taken and kept by the Cabinet in its wisdom and in its secrecy, and I say again, I have no fault to find with that, because Cabinets should meet, I believe, should meet in secret.

But in reviewing decisions of such complexity, such as Hydro had to do in the first place, such as Utility did in the second place — I don't believe a Cabinet can do it, and I've been a member of a Cabinet long enough to know, that when you come in and you sit and look at an agenda that is pages long, full of O/Cs, full of important decisions that have to be made on a great variety of subjects, that Cabinet could or should be expected to pay attention to the time and depth of search, depth of investigation, that should be a necessary adjunct to decisions of this nature.

Therefore, just off the cuff, Mr. Speaker, I started my comments by saying I have not really read the bill; I have looked at it superficially. But I did want to react immediately to this one point and indicate to you, Mr. Speaker, I can still be persuaded that I am wrong because the fact is it's not a big political issue, I think, and it's one that I have not studied in depth. I was not aware, really, of this decision and I voice my deep concern about the ramifications. However, if further debate persuades me otherwise, I will certainly listen to it. I am not taking a hard and fixed view of it yet, although I am pretty close to it, Mr. Speaker.

**MR. DEPUTY SPEAKER:** Are you ready for the question? The Honourable Member for Kildonan.

**MR. FOX:** Mr. Speaker, I move, seconded by the Honourable Member for The Pas, that debate be adjourned.

**MOTION presented and carried.**

### **BILL NO. 60, THE ENERGY RATE STABILIZATION ACT**

**MR. CRAIK** presented Bill No. 60, The Energy Rate Stabilization Act, for second reading.

**MOTION presented.**

**MR. DEPUTY SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Speaker, this bill, Bill No. 60, is the bill that provides for the transference of the foreign debt now assigned to Manitoba Hydro back to the provincial government. Mr. Speaker, technically that is the entire contents of the bill.

The proposal, Mr. Speaker, is that the various dates on which foreign debt was assigned to the utility, that in each case would have the foreign debt repatriated to the provincial government and a debt in like amount at the time of the assignment would be assigned, and at a Canadian rate of interest that would have applied at that time will replace it.

So, Mr. Speaker, those are the basic intents of the bill. There are all the individual debts that go back over the years, some 10 years, in total, to the first foreign issue. It includes the offshore debt as well as the American debt in the definition of foreign debt.

As has been indicated, Mr. Speaker, at the present rate of exchange — that is the rates that would have applied on the 1st of April of this year — the total amount of money at that time involved would have been in the order of \$370 million of transfer. It was on this basis, of course, that the

government indicated that Hydro would be able to freeze its rates for the period of five years, because over that period of five years it nets out, at the current April 1 rates of exchange, to a reassumption by the provincial government of what would currently be about a net of \$110 million of losses on the foreign currencies.

Mr. Speaker, that \$110 million over the five years is a sufficient latitude that has allowed the utility, Manitoba Hydro, to rebuild its reserves to the position where the element of doubt will be removed, whereby they will have no difficulty in living up to the undertaking of freezing the rates for the five years.

I want to point out, Mr. Speaker, that there are variables in this question. In addition to the just foreign debt there are other factors that will determine the profitability of the corporation over that period of time. Those are the variables that are associated, primarily, with any basically hydraulic utility, namely, water supply. The projections are based on averages, and it would appear that there will be no difficulty over that period of time with this removal.

The details of it. There was some discussion of this bill last Saturday at the Public Utilities meeting, Mr. Speaker, and I indicated at that time that on the specifics at committee stage, which I presume are in the House, but nevertheless we will have available the Chief Accountant for the Utility, as well as the Deputy Minister of Finance, for the specific information that may be requested by members of the Legislature at that time. And since it is quite technical I would suggest that we may best deal with it at that stage.

I want to take the opportunity, Mr. Speaker, to say at this time that I felt that the position that the Chairman of the utility was put into on Saturday by the Member for Inkster in his cross-examination, which is basically what took place, has left one very distraught Chairman of Manitoba Hydro, who was away for the two days following and who phoned me this morning and finds himself in a very difficult position because he feels that he has ended up stating — I don't know what you would call it, Mr. Speaker — I think he feels that he has been close to unwittingly perjuring himself because of the pressures put on him in the cross-examination in the Public Utilities Committee. —(Interjection)— Well, Mr. Speaker, I hear noises across the way saying that I fired so and so — Mr. Bateman. I would also point out that it may well be possible that he, too, was caught in the position, by the force of the cross-examination of the members opposite, stating facts which caused him some difficulties, as well.

Mr. Speaker, all I want to say on this is that I think that, quite apart from the Free Press report of yesterday which does not present fairly the position of the utility and do not fairly present the position or statements of the Chairman of the utility, that this matter will still, for the record, have to be straightened out. The answers that were given, under the pressure, are of some concern to him and he wants an opportunity to review it.

I think, Mr. Speaker, it's not unusual and perhaps there has to be some mechanism whereby people coming before that are not put through the position that they feel that they're in the midst of an inquisition when it comes to the accounting aspects that are involved in this.

I think it should be adequate to say that there is a possibility — and this has never been said otherwise — there is a possibility that the utility may get by and be able to handle the foreign debt. There appears to be no doubt, Mr. Speaker, that there will be no difficulty in them handling the rate freeze for the five-year period with the removal of this obligation and with the fluctuations. In this year alone there is something in the order of \$30 million of relief from the utility by the action of the government in doing this. It is somewhat less, the two years following, I believe, and then there is another large one, and over the period of the five years, at the present rates, it amounts to 110.

Now I know that the members opposite are sensitive about this, they say that the currencies might shift back and therefore it's a theoretical situation. Well Mr. Speaker, since April 1 the currencies have worsened slightly, they are not any better. Mr. Speaker, they've been fluctuating up and down, in total for the government, somewhere between half a billion dollars, \$500 million, Mr. Speaker, that is the amount in paper loss in the red, up to as high as in excess of up to \$700 million at its worst, which was later summer of last year, early fall. And it is staying fairly constant since then, fluctuating slightly but staying fairly constant, and Mr. Speaker, it's a matter of speculation as to where they'll be when the repayment dates come due. But it's not very much speculation to look at the short term ahead, and it's not very much speculation to say that over the period of five years that this is going to be a substantial relief to Manitoba Hydro and take off from them a variable which makes it very difficult for them, and would have made it very difficult for them, to be able to say that they were going to be able to undertake a stable rate for a period of five years.

Mr. Speaker, I would also remind that there is one more comment that is in the Budget that says "But come what may the government will guarantee the utility in this undertaking". Preceding that statement in the Budget is the comment that, by the move of removing the foreign debt, that

the government is confident that the utility will be able to maintain its rates constant over that period of time. There is another short statement under that that says, "But come what may", Mr. Speaker, and that's the part that's getting overlooked, but come what may the government is guaranteeing that the rate will stay steady.

Mr. Speaker, I don't think any of us have anything but the best interests of the province in mind, regardless of which side of the House we sit on in relation to Manitoba Hydro. I have to say that, having listened to the debate with regard to this matter, that if the members opposite had shown half the interest, one half, one fraction of the interest in Manitoba Hydro in the years they were in government, as they seem to be showing now, I don't think we would have to be even standing here and talking about this, Mr. Speaker, I don't think for a minute. Mr. Speaker, they want to say, "Well, we built it, you're selling it".

Mr. Speaker, in 1970 Mr. Cass-Beggs, who they refer to frequently, said in the same Public Utilities Committee in answer to a question that I asked, why they weren't planning for interconnections to the United States for sale of surplus power, he said, "Surplus power for all you can get for it isn't worth it". He said, "Half a mill." He said, "We'd be lucky to get half a mill." Anybody at the time, Mr. Speaker, would have questioned that, and I did. But he was the authority and he said, "Export power isn't worth building for, it isn't worth half a mill." And Mr. Speaker, if at that time in 1970 the planning had been well under way we may have had more interconnections and we wouldn't have been spilling the energy we're now spilling on the Nelson River.

In 1974, Mr. Speaker, in March I asked a question: "What will the power rates be five years from now?" I was ruled out of order, Mr. Speaker. That's the sort of democracy that was allowed by the former government. I think they didn't have an answer. It was ruled out of order. I asked another question, trying to get at the answers, trying to get at the sort of information that we have readily supplied. Mr. Speaker, the information that was supplied to that committee on Saturday is the first time in the last ten years that I can ever remember a projection, a substantial projection, out of all the times in opposition we requested a benefit cost study. Where is your benefit cost? What is the impact on the ratepayer? We never got it, and Mr. Speaker, I don't think they had it. I really don't think they had it. When that question was asked in March of 1974, in desperation I finally said — and I can't help but think they must have known with the capital that they were plowing into a system that had a very tenuous rate base, that they must have been going to have a substantial impact on the rate base — in desperation, I asked the question, "How long do you think it will take for the power rates to double in Manitoba?" And that question was allowed.

Mr. Speaker, I think that's a reasonable question for anybody that's interested in protecting the ratepayers of Manitoba to ask. They never in eight years demonstrated anything but disdain for the ratepayer. Never at any time demonstrated anything but disdain for the ratepayer. And as a matter of fact, they laughed. They kept saying, "What about the Hydro rates?" Every time we tried to make a serious issue of it: "What about the Hydro rates?" and they'd laugh, guffawed. Do you know what the answer was when the question was asked? The answer was "15 to 20 years". And Mr. Speaker, 36 months from that date the rates had doubled — 36 months. Three years later the rates had doubled. That was the degree of management that that former government saw fit to see that was exercised by the utility. 20 years turned out to be three years.

Mr. Speaker, that is disgraceful. Mr. Speaker, we hear a lot of noise about what the government is doing about the price of bread and the price of milk and a lot of other things, the price of natural gas, the price of gasoline, all things that are out of control of the government. But the one thing, one of the very few things that is within the control and is completely owned by the government is the Hydro utility, and all they did was laugh at it and ruled as out of order questions about what the rates would be in five years. Speculative — can't answer that question. How long will it take to double? 15 to 20 years. Three years later, they've doubled.

Mr. Speaker, they have a lot of brass and gall to now be standing up and trying to create side issues about what is the effect and you know, there is something untoward going on in the removal of the foreign exchange. Mr. Speaker, this is all part of a domestic and industrial strategy that this government feels responsible for undertaking and is undertaking and it is providing a leeway, through this bill for the utility, with confidence to be able to go ahead and to be able to tell the people of Manitoba, "We see no difficulty in holding the rate stable". And the chairman of Hydro said that clearly and it did not get reported. He said, without the government guarantee the utility could not have undertaken to the people of Manitoba to hold the rate stable.

And some people have seen fit, Mr. Speaker, to in a court room atmosphere, to force, I suppose, an untrained person in court room tactics to end up saying, Mr. Speaker, answer "yes" to a question when it ought to have been a qualified "no", Mr. Speaker, that is what it boils down to.

But come what may, I want to say that, by this Act, the government is attempting to put the

ratepayer first, the undertaking is to provide confidence for the taxpayers. If the members opposite want to take some credit for it, join the bandwagon, —(Interjection)— no problem. You've built some of the structures — I say, you didn't plan it, you gave no evidence of having planned it — there's nothing in any of the Utility hearings in the past that have indicated any strategy on the part of the government, Mr. Speaker, to do anything. If you want to get in on the bandwagon, go ahead and do so. Be our guest. There's nothing here or in the Budget Statement that says that we're doing anything than providing a warranty, a guarantee program for the utility to undertake what we think is in the best interests of the people of Manitoba.

So, Mr. Speaker, let me just say, in conclusion, on this foreign debt picture the amount that is involved here, over the total period of all the debts, is at the current time somewhere in the order of \$370 million for Hydro over the total life of all of the loans. And over the next five years it represents \$110 million; it's a little more than that, Mr. Speaker, since the 1st of April because the currencies have shifted a little further away from us, and so it goes above the 110. At any rate, if you want to line up 10 of the best economists in Canada, to get your best guess as to what the figure is, we'll take the average of them and we'll see what it is, but I can tell you that the foreign currency shift, on the best information available, is going to probably be somewhere of that order over that period of time, and I think that you would find that answer from them. Their answers would all be speculative. I tell you, Mr. Speaker, that you would not find one of them that would tell you that it was going to shift back to the book value, which would be zero. And that is what the members opposite anticipated when they made those foreign loans in the mid-1970s. Three years exclusively the borrowing was foreign, without any Canadian. We're trying to temper that, Mr. Speaker, we're tempering it by providing a better mix on borrowing; we're trying to fortify the Canadian side; we have done that, and we intend to continue on doing it; we intend to repatriate the debt from the utility, from Hydro in particular at this time, in order to relieve their problems.

There were questions earlier, Mr. Speaker, as to why an Act like this would not apply to the Telephone System. It's a matter of size. The Hydro debt is of the order of \$370 million losses at this time; the Telephone System is of the order of \$90 million, which will be reduced slightly by the Data Service shift, Mr. Speaker, so it's a matter of size. It does not create the problem for the Telephone System at this point in time, that has been created for the Hydro utility.

So, Mr. Speaker, with those comments, I recommend the bill to the House. It's in the interests of the ratepayer. It brings stability as far as the utility is concerned, and I think everybody recognizes that the utility is in need of a stable operating position, in order to best serve the people of Manitoba. This bill allows the government to provide that stability to Manitoba Hydro, and if there are further specific questions we would gladly, gladly, Mr. Speaker, make the accounting people for Manitoba Hydro available in the House here to deal with the specifics.

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

**MR. McBRYDE:** Yes, Mr. Speaker. Well, Mr. Speaker, what we have before us is basically a bill, as the minister just explained, which gives some guarantee to what probably would have happened anyway, and I think, Mr. Speaker, that's basically how the minister introduced it. That is, Hydro at our meeting on Saturday and our calculations from previously, gave some indications that the rates of Manitoba Hydro would probably be stable for at least five years, and this, Mr. Speaker, this major announcement of the Conservative thrust, and what was the major item in their Budget. According to them, their key element in their Budget Address this year, Mr. Speaker, which comes forward in the form of this bill, is basically an added guarantee to something that would have taken place, that was about to take place in any case. And, Mr. Speaker, the minister would like to pretend otherwise, but in his comments today and in our discussions at the Public Utilities meeting on Saturday, that became very evident, Mr. Speaker.

So, Mr. Speaker, what we have then is the minister going back over the last number of years attempting to use the opportunity again to try and criticize or to make some political points, in terms of the past performance. Mr. Speaker, what was the situation, and what is the situation now? Mr. Speaker, when the New Democratic Party came to office in 1969 the Manitoba Hydro was basically running out of control, was basically running without direction from the elected representatives of the people from Manitoba, and was basically going off on their merry way, in fact, without consultation, calling upon the government to defend its actions and to support it, but in no way giving direction to what was happening in Manitoba in terms of Hydro policy. And, Mr. Speaker, what did take place was, in fact, the clarification that Hydro is an agency of the people of Manitoba, and that Hydro is to act in the best interests of the people of Manitoba, and, Mr. Speaker, that is what took place and has been taking place.

And, Mr. Speaker, when we talk about the last number of years, as the Minister of Finance

was tendin to do or wanting to do or was doing, then we have to take a look at the Conservative position, the Conservative policy, or, Mr. Speaker, the Conservative attack. And, Mr. Speaker, that was one of the key elements in the Conservative party in terms of attempting to discredit the previous government, in terms of trying to get itself elected. And, Mr. Speaker, the statements of the members opposite, in the previous two and during the last election campaign, was basically, Mr. Speaker, that Hydro was in a terrible mess; that Hydro costs were out of control. Basically, Mr. Speaker, a picture of doom and gloom in term of Manitoba Hydro.

Now, Mr. Speaker, I think that they were able to get away with that because the public, in general, does not understand the detail, does not understand the figures, and does not understand, Mr. Speaker, some of the operational facts of life in terms of Manitoba Hydro. So, Mr. Speaker, they were able, the now-government were able at that time, to convince the people of Manitoba that something was wrong, Mr. Speaker, and the people, Mr. Speaker, bought that basic approach. But then, Mr. Speaker, the problems began, that's when the problems began.

Mr. Speaker, as with many things that were said by members opposite during the election campaign, once they became government they had to acknowledge that what they had said previously was not in fact correct, was not in fact true, and was basically, Mr. Speaker, political statements in order to get them into office, that didn't bear very much of a direct relationship to the reality. Mr. Speaker, we saw that in a number of areas, and Manitoba Hydro was one of those areas.

So was happened, Mr. Speaker? This government came into office, the Hydro situation was reviewed and, Mr. Speaker, it is rather ironic, coming from this Minister of Finance, his concern for the Chairman of Manitoba Hydro and the concern that he was cross-examined or questioned heavily before the committee. It is rather ironic, coming from this particular Minister of Finance because we have just seen, Mr. Speaker, a short time ago where a previous Minister of Manitoba Hydro got into a situation, under the pressure of an inquiry, where he made some statements or he said "yes" to questions when he should have said "no", came back the next day and said, "I made a mistake, that was not correct, what the inquiry was inferring." But, Mr. Speaker, this Minister of Finance saw fit, for his own political reasons, to fire the Chairman of Manitoba Hydro, to fire the Chairman of Manitoba Hydro and then he comes in here expressing concern, well, you shouldn't ask difficult questions to the Chairman of Manitoba Hydro.

Mr. Speaker, on Saturday the Chairman of Manitoba Hydro, the present chairman, did a very good job. He came across with sincerity and honesty to the Members of the Committee, to the public of Manitoba, and he gave honest and direct answers. I think that we congratulate him, in fact, on his presentation before the committee, and the fact that he was willing to state quite clearly to this government where he would move, where he would like to see Hydro move, what he would like to see happening. And he was able to state that very clearly to the committee and to members opposite, Mr. Speaker, basically to give them some advice in terms of what he saw was the possibility. And, Mr. Speaker, the Minister is upset with the press reports, especially with the Winnipeg Free Press report of Saturday's meeting but, Mr. Speaker, in that particular instance it was an accurate reflection of what took place at the committee meeting. It was an accurate reflection, Mr. Speaker, of exactly what took place.

So, Mr. Speaker, wha we have now is the embarrassment of this Minister and the embarrassment of this government that they have been found out. And, Mr. Speaker, I would be embarrassed if I were them too. When you run for three or four years saying that things are one way, that Hydro is a mess, and then you have to come back a year after your election to office and say things at Hydro are pretty good, well, Mr. Speaker, then the game begins. That is basically, Mr. Speaker, the game that we have seen taking place. The Minister's embarrassment, the government's embarrassment that in fact they hadn't been entirely honest with the people of Manitoba in terms of Manitoba Hydro; the realization that rates would probably more than likely be held at a constant rate for at least five years, Mr. Speaker, more than likely held at a constant rate for at least five years, was an embarrassment to the government because they would then know that they hadn't been completely truthful in terms of the situation at Manitoba Hydro.

So what did we have then, Mr. Speaker? We have the gimmick that we see before us now, the hopes that we see before us now in the form of this bill. The principle of this bill, Mr. Speaker, the basic reason for this bill is to cover up the embarrassment of this government because they haven't been telling the situation as it was to the people of Manitoba, so they had to pretend that it was somehow their action and the actions of the Minister of Finance and this government that was causing the stabilization of Hydro rates because in no way, Mr. Speaker, did they want the people of Manitoba to know that Hydro rates probably would be stable for the next number of years regardless of the action that this Minister has announced and is before us in this bill; that Hydro rates would have probably remained stable regardless of this particular bill that's before us.



Mr. Speaker, when the people of Manitoba found that out, when the people of Manitoba became aware of it, then they would begin to question whether they were told the truth or not in the last three or four years by the Conservative Party, by the Conservative representatives in the Province of Manitoba.

So, Mr. Speaker, they developed this gimmick to announce a freeze on Hydro rates. Mr. Speaker, everyone in Manitoba is in favour of a freeze on Hydro rates; everyone in Manitoba is in favour of a freeze on Hydro rates. And of course people would like to see a freeze on other costs that they face, but everyone is in favour of a freeze on Hydro rates. Mr. Speaker, even though we are all in favour of that freeze, we have to question the method that the government used and we have to question the honesty of their pronouncements over the last three or four years in terms of the situation at Manitoba Hydro. Because basically, Mr. Speaker, the Hydro rates would have been held steady and what this bill does is give a guarantee to what probably would have happened. It gives a guarantee to what more than likely would have taken place in any regards, and it does it in such a way as the Conservative government can attempt to take advantage of it, without having to acknowledge the efficiency and the effectiveness of the Hydro program over the last eight years. So they can avoid having to acknowledge that, yes, the Hydro program, the Hydro policy, was effective for the people of Manitoba, it was effective for the Hydro ratepayers in Manitoba, because, Mr. Speaker, to admit that, to acknowledge that in public, would be to acknowledge the untruths that had gone before. And, Mr. Speaker, the government couldn't leave itself in that position, to acknowledge the approach they had taken in the past, in terms of Manitoba Hydro.

So, Mr. Speaker, that's why the bill is before us. And the Minister basically, if you read his announcements and if you read the detail of the Budget Speech as opposed to the Information Services press release in terms of the Budget, but if you read the detail of the Budget that's basically what the Minister is saying. The Minister basically admits that, look, things are good at Hydro; the Hydro program will be effective in terms of holding down the rates for the ratepayers of Manitoba, however, we want to ensure this, we want to guarantee this by looking at the foreign exchange rate and taking that obligation for the fluctuation of the exchange rate off of Manitoba Hydro and put that responsibility for fluctuations in the exchange rates onto the taxpayers of Manitoba, through the government.

That, Mr. Speaker, is a fair move. That, Mr. Speaker, is a reasonable move. But it's not a move that the government pretended it was. It's not a freeze on Hydro rates that is brought about solely by the initiative of government and not by the performance and the management at Manitoba Hydro, and the effectiveness in terms of being able to keep the rates down for the next number of years.

So, Mr. Speaker, although we can agree with the principle of this bill, we are obligated to point out to the people of Manitoba the reason why we have this bill and the limited function that this bill performs. The limited function that this bill performs is to put a guarantee on something that was going to happen anyway, and the fact that it was going to happen was an embarrassment to this government and therefore they came forward with this bill and this announcement within the Budget Debate.

So, Mr. Speaker, that is what we have before us. I would ask the Minister . . . my colleague, the Member for St. Johns, asked for some detailed written information during the committee meetings on Saturday and I believe the Minister undertook to try and make that information available to us, and I'm assuming that he will do that during Second Reading or before Second Reading, perhaps even this morning, Mr. Speaker, in terms of understanding the detail of how the exchange rate is affected and how it affects Manitoba Hydro, and in terms, Mr. Speaker, of what were the likelihoods, what were the possibilities and what were the probabilities in terms of what would happen if in fact this guarantee weren't undertaken by the province.

Mr. Speaker, I think that we should thank the Minister for the information that he gave to us on Saturday because, Mr. Speaker, I don't know if the Minister realized it or not but at the time he had agreed to table that information, but that document did confirm what we on this side of the House had been saying all along. That document did confirm that the Hydro rates would have probably more than likely remained at the same level for the next five years, at least. That's what that document confirmed, and we have to thank the Minister for making that document public so that in fact our position was vindicated in terms of this particular bill.

Mr. Speaker, we are confident that the other information which the Minister has committed himself to give will do two things: It will show that Hydro rates would probably not have been increased, Mr. Speaker, and it will also give an understanding of the detail in terms of how the exchange rate affects the day-to-day operation and the operation of Manitoba Hydro over the next five years, and the relationship between those two.

So basically, Mr. Speaker, the principle that what was going to happen anyway will now be guaranteed through this bill is reasonable, but let's not pretend, Mr. Speaker, let us not pretend

to the people of Manitoba that in fact Hydro was not going to be able to do that and it was only by this big thrust in this major policy of this government that is going to keep Hydro rates constant, Mr. Speaker. All this bill does is provide a final guarantee, a final insurance, that what was probably going to happen does in fact take place.

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

**MR. PAWLEY:** Mr. Speaker, further to the discussion this morning, the nature of this bill reminds me very much of a situation in which a son pays to a father a dollar so that the father can acquire a raffle ticket on behalf of the son for a brand new car. After the father wins the car on that raffle ticket, he gifts the car to the son, pretending that it is a gift when in fact it has been the son that has provided the money for the raffle ticket.

Mr. Speaker, in a very same way, this is a pretense on the part of this government that in fact they are stabilizing Hydro rates over the next five years. This is a representation which this government has made to Manitobans that suddenly due to their management, suddenly due to their fore initiative, sight, suddenly due to their Manitobans will enjoy five years of stable Hydro rates in the province.

Mr. Speaker, what I do believe to be most unfortunate is the fact that this government underestimates the wisdom and the innate intelligence of Manitobans. Manitobans, I believe, are very very well aware that what in fact government is doing is to make legal that which was in effect in a practical way as a result of the years upon years of investment that was undertaken between 1970 and 1977 by the New Democratic Party government of those years.

And, Mr. Speaker, it is a fact that that investment and that activity would not have occurred if we had followed the advice of those members that now sit across the way. It is a fact, Mr. Speaker, that if in fact we had followed their advice we would now, as Manitobans, we damned to a situation of no progressive development insofar as meeting the Hydro needs of Manitobans, in general. It is a fact, Mr. Speaker, that if we had followed their advice then in fact we would be in a situation today where there would be gross mismanagement of Hydro resources in this province.

And, Mr. Speaker, I believe that if there was conviction on the other side, if there was a sense of human decency on the other side, in government, then they would acknowledge that much of that initiative was a result of the foresight of the former Premier of this province, the present Governor-General, who, Mr. Speaker, was subjected to constant abuse and a barrage of criticism by the same members who now attempt to beat their breasts and suggest that suddenly as night changes into day, a new dawn has appeared at Manitoba Hydro and they set aside all that which they have said during the period of time when there was determined on the part of the former Premier of this province, in the province.

Mr. Speaker, it is a fact that it is not, as the Minister of Finance had suggested in his Budget Address, a matter of an act of faith. It is not an act of faith but it is an act as a result of the wise investment in the Hydro resources of this province between 1970 and 1977 that we now have stable Hydro rates in Manitoba.

Mr. Speaker, I believe that we do owe a debt of gratitude to the present Chairman of Hydro, who revealed just this past Saturday that which Manitobans knew and which the Opposition knew was in fact a reality in that the Hydro freeze would have happened anyway, that it would have happened without your legislation, without the Budget Address which included this item but a few days prior to the federal election. And, Mr. Speaker, I believe that to be somewhat of a coincidence, too. What was it? Four days, five days, six days, for maximum impact prior to the federal election that announcement was made and there were brazened headlines about what this government was doing to . . . Here we are; they talk about Free Press headlines and not liking Free Press headlines of yesterday, here is one, "Tories Trim Taxes — Freeze Hydro Rates". I didn't hear any objection across the way to that very fine headline, which appeared only days prior to May 22nd. But what it did demonstrate, Mr. Speaker, is what I had indicated earlier: Manitobans have a sense of wisdom; they have a sense of intuitive recognition of that which is right and that which is wrong. They know when they are being taken, and Manitobans demonstrated, contrary to the trend throughout Canada, on May 22nd, that they were being taken on this aspect as well as other aspects, by this government across the way.

So, Mr. Speaker, we have a situation now in which . . . And I must give this government credit for one thing: They are pretty shrewd politicians, very shrewd politicians. They knew that Manitobans were going to be gifted with stable Hydro rates as a result of the construction activity over the past few years. They knew that, so what better but to take over from Hydro, take over from Manitoba Hydro, the debt, so they could say to Manitobans, "Because of our thrust, our particular initiative, we are stabilizing your Hydro rates. Therefore, Manitobans, we deserve the political benefit of what we are doing for you Manitobans." That is what they thought they could do with benefit and with

success, Mr. Speaker, and May 22nd demonstrated otherwise.

Mr. Speaker, we see that this present situation of stabilized Hydro rates are as a result of, as I mentioned earlier, the imaginative construction program that was carried on by the former Premier and his government of this province, that there was an increase, that there is now a potential for greatly increased exports of Hydro sales due to that investment which had taken place over the last number of years, and also because the announcement of the freeze took place only a short time after the announcement of the 1979 Hydro rate increase. They already had put into effect a Hydro rate increase just this past February and of little expectation of any rate increase within the next five years.

And, Mr. Speaker, despite their protestations, and the record is clear, the present Chairman of Hydro, Mr. Wedepohl, made it very clear Saturday that power rates in the province would remain constant, constant for the next five years without the government-initiated freeze. That was made clear. So why do we need this bill? It's something that's going to happen anyway. I don't know why we're fooling around with a bill. If in fact the Hydro rates are stabilized anyway, why do we need a bill, except to provide a little icing on the cake and so that the Minister of Finance and the First Minister can announce to the people of Manitoba, "Here, we're gifting to you something," and then to themselves muttering, "Well, they would have had it anyway." That's in fact what we're doing with this bill, Mr. Speaker.

And I don't doubt, Mr. Speaker, that they are somewhat distressed, because they probably nearly got away with it. Probably nearly got away with it until the statements that were issued by the chairman of Hydro this past Saturday. Their appointed chairman, not Mr. Bateman, who was fired by the Minister of Finance across the way. No. Not Mr. Cass-Beggs, and oh, we remember how Mr. Cass-Beggs was castigated across the way. What a terrible man he was. And I believe, Mr. Chairman, that when the history of this province is written some time in the future, there will be due credit to David Cass-Beggs and his contribution to Hydro development in this province. I believe that will be the case, despite the aspersions which have been cast upon him over the years from across the way. Neither of those gentlemen but their appointed chairman of Manitoba Hydro indicated very clearly on the record that Hydro rates would remain stable for the next five years despite the freeze.

Mr. Speaker, what we do find rather peculiar, however, is the statement by the former Minister of Government Services and River Heights nominating convention. He indicated that construction would be required soon on the Nelson River. The the present chairman of Hydro indicates that that construction ought to proceed. But in the process, Mr. Speaker, of cancelling the construction projects on the Nelson River this government has seen fit to dislocate the construction industry of this province. They have seen fit to generate a situation in Manitoba where upwards to 32 percent of the construction workplace, work force in this province are unemployed. That's certainly one of the reasons for it. So that they can say to Manitobans, "Look, we cut out this expensive New Democratic Party undertaking. We cut out their projected Hydro expenditures up north."

But Mr. Speaker, we know that they're not going to get wway with it very long. We know that they're going to be required to re-initiate that construction in northern Manitoba. Pretty shortly. Pretty shortly. And, Mr. Speaker, we know it's not going to be very very long when they in fact will be acknowledging and when the history of that freeze of Hydro construction in the north is written, that that freeze was unnecessary, that it was wasteful and that it was an unwarranted interference insofar as economic activity in this province, particularly in the field of construction.

Mr. Speaker, what we are faced with therefore this morning is basically a bill which announces, by way of law, that there will be a Hydro freeze in the province. We know that that freeze would have occurred anyway; the history is clearly there; the background is there; the investment was done, the stabilization would have occurred, the authorities are very clear in that respect, no less but by the chairman of Hydro itself, and Mr. Speaker, I find it but very strange that we should be asked to approve a bill doing something which in fact was a reality in any event.

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

**MR. FOX:** Mr. Speaker, I move, seconded by the Honourable Member for Rupertsland, debate be adjourned.

**MOTION presented and carried.**

**MR. SPEAKER:** Bill No. 61 — the Honourable Minister of Finance. —(Interjection)— Oh, pardon me, 66.

**BILL NO. 66 — AN ACT TO AMEND THE MOTOR FUEL TAX ACT**

Mr. Craik presented Bill No. 66, an Act to Amend the Motor Fuel Tax Act, for second reading.

**MOTION presented.**

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

**MR. CRAIK:** Mr. Speaker, Bill 66 is one of the bills parallel to the Retail Sales Tax Act that is brought in pursuant to the changes stated in the Budget Speech, and it deals with the Motor Fuel Tax Act. This is a bill that is introduced to basically reduce the amount of paper work and the red tape that has been imposed on people who have been primarily in the construction business, road building business and so on, who have been, in the past, required to purchase motor fuel for off-highway use and pay the tax of 4.6 cents per litre initially and then apply for a rebate of 2.4 cents for that part that they can prove to have been used on the construction work, not for transportation purposes but for construction purposes and for other off-highway purposes. So that the net tax would be 2.2 cents per litre.

So Mr. Speaker, the intent here is to make coloured diesel fuel, motor fuel available to these people in a similar manner as it's made available to others who have access to coloured fuel, to cut down on the red tape and to cut down on the bureaucratic requirement of paying and then rebating. Mr. Speaker, this has been received and welcomed by the people who are in the business. It's not anticipated that there will be any revenue change as a result of the move, other than the savings in administration and the savings to the people that are impacted by it.

There is a penalty of course as there is in other cases. If coloured fuel is used for transportation on highway purposes and the penalty is also contained in this bill in that event.

So Mr. Speaker, that is basically what is contained in the bill. It's longer than it would appear to be required for a move such as that, but that is the basic contents of the bill. I think will be welcomed, is welcomed already by the people that are directly affected. I think it is a saving to the government in the implementation as well, and is one of those not large items, Mr. Speaker, that are contained in the Budget but one of the welcome items that we will continue to look for as we bring in these tax changes and ferret out the tax changes. There has been an implied opposition to these changes by the members opposite because they feel that the tax base somehow gets eroded by making these changes. I would say, Mr. Speaker, that there's also been an argument saying that if it creates anything that isn't in the best interests of the current and past bureaucratic system it somehow shouldn't be entertained.

Mr. Speaker, all of the tax changes that we have brought in, and will continue to bring in, are these kinds of little ones where we'll attempt and continue to attempt to make just such similar changes, where they are impacting directly on people, whether it's children's clothing on a size basis versus an age basis or whether it's simply making coloured fuel available to people who are not travelling the highways with it and then not having to go through a double bookkeeping system in order to get a rebate for something they shouldn't have paid for in the first place.

So Mr. Speaker, with that, I recommend Bill 66 to the House.

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

**MR. FOX:** Mr. Speaker, I move, seconded by the Honourable Member for Rupertsland, that debate be adjourned.

**MOTION presented and carried.**

**MR. SPEAKER:** Do you want to start at the top of the Order Paper?

**MR. JORGENSEN:** No, Mr. Speaker. Will you call Bill No. 61?

**BILL NO. 61 — AN ACT TO AMEND THE RETAIL SALES ACT**

**MR. SPEAKER:** The Honourable Minister of Finance will be closing debate.

**MR. CRAIK:** Mr. Speaker, Bill 61 has been debated. It looks after a number of the other changes in the Retail Sales Tax Act that are contained or were contained in the Budget Address. They're relatively self-explanatory. They were replied on singly by the members of the opposition, and I think the main points that were brought out by the opposition tended to be somewhat curious in that there was very much a concern about the fact that, at a \$1 million reduction in income because

of the children's clothing change that the government may somehow have understated or overstated the amount of tax reduction.

Well, Mr. Speaker, I want to say first of all that in a sense I sympathize with the opposition in this case, and I rather hope that they're correct, that in fact that we have overstated the revenue reduction as a result of this change. And somehow some horseback arithmetic was done by the Member for St. Johns, or he came back with a cigarette package calculation that said the reduction was more likely to be \$100,000 in revenue rather than \$1 million.

Well, Mr. Speaker, I've checked this with the department and it would appear that the \$1 million is the best possible estimate and of course all of these revenue estimates are just that, they are estimates. If there's any necessity to get down to the facts of life, I could refer the member who raised the question to Table 20 of Stats Canada, Urban Family Expenditure Survey for 1974. The survey indicated that single child families reported clothing expenditures for boys in the age 4 to 13, \$226 on children's clothing, while similar families reported clothing for girls the same age group, 4 to 13, \$234, and so on, and Mr. Speaker, if you work through the escalations from that '74, the escalation in costs from that point to the present day, it calculates out by the time you do all the arithmetic, and that is the formula, that the \$1 million estimate is the best estimate that could be brought about.

I suppose the legitimate side of the argument against the reduction or the change in the children's clothing exemption is the fact that it brings about an opportunity for some abuse and some added administrative concern as to whether there is and might be abuse. But Mr. Speaker, of course in all taxes there is a measure of that, I guess it takes place; it's human nature for a certain segment to try and probably beat every tax law that's ever written, and with the exclusion of the 54 members that sit in this House, Mr. Speaker, of course. No aspersions being cast on any member of the House, but what is on the positive side, the important move is, children's clothing on a size basis has in the past imposed a very unfair burden on families where the children tend to be, on average, of larger structure than those on the average. That has been a thorny problem for many years, every member of the Legislature must have run into it. There was even, in fact a resolution passed in this House in 1970 that was voted on unanimously —(Interjection)— and Mr. Speaker, the members who were on the government side even at that time voted for it. The Member for St. Johns gets up and says, yes, but he amended it and kind of softened it a bit and then changed it. Well, he got a little upset and said that I was making snide remarks and I said that his amendment was a McKenzie King amendment, it was sort of a conscription, if necessary, but not necessarily conscription. It was one of those amendments, Mr. Speaker.

But it basically and very fundamentally had the traditionally time-honoured provision in there that the government would consider the advisability of changing the children's clothing to an age basis rather than a size basis; and traditionally, Mr. Speaker, when a government supports that, you do it. But they didn't do it. They never did it, and now, Mr. Speaker, they're against it. They're against the change in children's clothing, change to the age system rather than size system, and they finally are bringing out their true colours and it just showed their sort of Machiavellian approach they have to these things. They'll talk one way and sometimes vote another and that's the position they're in here, Mr. Speaker. And with those comments, I say that Bill 61 is a good Act, it contains a number of not large dollar items, but important items again just like The Motive Fuel Tax Act in terms of the interests of the people that are impacted by taxes and that includes everybody in Manitoba, and this is good for all of the people of Manitoba, Mr. Speaker.

**QUESTION put, MOTION carried.**

**MR. CRAIK:** Yeas and Nays, Mr. Speaker.

**MR. SPEAKER:** Call in the members.

The question before the House, Bill 61, An Act to amend The Retail Sales Act be now read a second time.

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

**YEAS:** Messrs. Banman, Blake, Bostrom, Boyce, Brown, Cosens, Cowan, Craik, Downey, Driedger, Einarson, Enns, Evans, Ferguson, Fox, Gourlay, Hanuschak, Hyde, Jenkins, Johnston, Jorgenson, Kovnats, Lyon, MacMaster, McBryde, McGill, McGregor, Malinowski, Mercier, Miller, Minaker, Orchard, Pawley, Mrs. Price, Messrs. Ransom, Sherman, Steen, Uskiw, Walding, Wilson.

**MR. CLERK:** Yeas 40, Nays 0.

**MR. SPEAKER:** I declare the motion carried.  
The Honourable Government House Leader.

**MR. JORGENSEN:** Would you call Bill No. 57, Mr. Speaker.

**BILL NO. 57 — AN ACT TO AMEND THE METALLIC MINERALS ROYALTY ACT**

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

**MR. GEORGE MINAKER:** Thank you, Mr. Speaker. My comments will be very brief. I rise to voice my support for the bill before us. I believe it is a bill that will be good for the industry of mining, and good for people of Manitoba, particularly in a time when the people of Manitoba and the people of Canada want to see less government spending and involvement in industries that can be well handled by private initiative, and I support the bill for this very reason.

It seems interesting, Mr. Speaker. The other reason I rose to make brief comments is that in this particular bill there seems to be a competition on the other side for the leadership of the party in that the Honourable Member for Inkster stood up and hurled allegations across the floor at the Honourable Minister of Mines and then the Honourable Leader of the Opposition stood up and fired wild and false allegations across the floor about our party being controlled by strings of big corporations and our leader was supposedly controlled. And it almost seems in the leadership race how one is tested or how one is rated is by how many wild allegations that the person can throw across the floor. And it would appear from this particular debate on Bill 57 that the Honourable Member for Inkster and the Honourable Member for Selkirk are neck and neck in the leadership race over there, so Mr. Speaker, with those few comments, I support the bill and hope that it will be passed through this House.

**MR. SPEAKER:** The Honourable Minister of Mines and Resources will be closing debate. The Honourable Member for Rupertsland.

**MR. HARVEY BOSTROM:** Mr. Speaker, I didn't intend to speak on the Bill, but following the Member for St. James' comments, I think a few comments would be in order. I believe, Mr. Speaker, that this bill does indicate to this side of the House and the people of Manitoba that the Conservative Party is in the hands of big business. This is not unlike the agreement which the Progressive Conservative government signed with the Abitibi Paper Company of Manitoba, whereby they reduced the royalty payable by that company by almost \$1 million a year, and if one calculates that over the 20-year term of that agreement, at a compounded interest rate of say, 12 percent, it is well over an \$80 million gift to the Abitibi Paper Company. And as I indicated in the House earlier, Mr. Speaker, the Abitibi Paper Company wasn't threatening to pull out at the old rate.

**MR. SPEAKER:** Order please. May I suggest to the honourable member he stay to the subject matter of the bill. The Honourable Member for Inkster.

**MR. SIDNEY GREEN:** Mr. Speaker, on a point of order. Questions of relevance are perhaps one time in a hundred considered on a debate on second reading, and in this case, the member was clearly relevant, and if we are going to be interrupted on that kind of point, Mr. Speaker, then I wish to advise you that we are going to continue to make them, appeal the ruling of the Speaker every time he tries to stop us, and see just how the business of this House can be transpired if the Speaker insists in stopping people from engaging in legitimate debate. —(Interjection)— That's right, that's what we're going to do. That's what we're going to do.

**MR. SPEAKER:** Order please. Order please. I want to inform all members of the Chamber that I do not make the rules, I just attempt to enforce the rules. Order please. May I again, once more refer members to Citation 739 of Beauchesne. On the second reading of an amending bill, it is the principle of the amending bill, not the principle of the Act which is the business under consideration. Debate and proposed amendments must therefore relate exclusively to the principle of the amending bill. The Honourable Member for Inkster on a point of order.

**MR. GREEN:** Yes, Mr. Speaker. I wish to speak to the point of order. The bill amends a previous piece of legislation by reducing taxes to mining companies. The Member for Rupertsland said that this demonstrates the character of a government, it is similar to what they are doing to forestry

products. That is a perfectly legitimate debate that goes directly to the amending bill and is clearly in order.

**MR. SPEAKER:** I thank the honourable member for his comments. The Honourable Member for Rupertsland may continue.

**MR. BOSTROM:** Thank you, Mr. Speaker. I was just simply attempting to point out, Mr. Speaker, the similarity between the bill which is before us in reducing the royalties to the mining companies in Manitoba, none of whom are attempting to move out of the province, obviously they cannot move the minerals that they're mining out of this province. Mr. Speaker, the base of their operation is in Manitoba, as the base of the Abitibi Paper Company is in Manitoba, and the two cases are very similar in the way in which the Progressive Conservative government is treating major corporations that are operating in Manitoba. And I simply want to point out that relationship that exists. It seems to be a special relationship that exists between the Progressive Conservative government and major corporations, whether they be in the forest industry or in the mining industry.

I pointed out that in the forest industry the Progressive Conservative government has reduced the income to the people of Manitoba, to the taxpayers of Manitoba, some \$80 million plus over the 20-year period of the agreement which they signed with the Abitibi Paper Company. If one takes into account the compounded interest that is available on the lost income it's approximately \$1 million a year, over a 20 year period, compounded at 12 percent is over \$80 million dollars gift to the Abitibi Paper Company.

And, Mr. Speaker, the bill which is before us with the mining companies is similar in nature, what the Progressive Conservative government is doing with this bill, through this bill, is reducing the income to the people of Manitoba from their resources, their resources; the mining resources belong to all the people of Manitoba and, Mr. Speaker, I believe they're entitled to a fair return from those resources.

The New Democratic Government passed legislation which attempted to receive a fair return for the people of Manitoba from the resources that were being mined and, in the case of the mining industry, Mr. Speaker, it's even more serious than in the forest industry because those minerals, once they're taken out of the Province of Manitoba are gone forever.

At least in the forest industry, we're dealing with a renewable resource; we're dealing with one that will continue. But Mr. Speaker, in the case of the mining industry, once those resources are gone, they're gone forever, and if the people of Manitoba do not get a fair return on each ton of ore that's mined out of the ground in Manitoba, that money is lost forever to the people of Manitoba.

And a Progressive Conservative Government, through its policy of coddling the corporations, catering to the corporations, bowing to the corporations, are giving away the resources of Manitoba to the corporations; giving away potential income to the people of Manitoba by giving tax concessions and, Mr. Speaker, in both cases, in both the forestry case and the mining case, these concessions are not necessary, the companies are operating here now, they're not increasing their activity as a result of these concessions, they are simply gifts to these corporations.

The mining companies were as active in Manitoba as during the years that the New Democratic Party was in government; in fact, more active in some cases because, Mr. Speaker, there are mining companies which admitted, and I brought to the minister's attention in the House here, a case of one that had admitted they would not have even come to Manitoba to explore if it had not been for the participation of the New Democratic Government of the day in assisting them in that exploration.

And as a result of that exploration, Mr. Speaker, there is a potential uranium find in the extreme northwest corner of this province and, as far as I know, Mr. Speaker, this activity would not have taken place without the participation of the government.

And many mining companies are interested in that kind of participation. Naturally they are interested in gifts — who would not be interested in a gift? As the Progressive Conservative Government is prepared to give them a gift, I'm sure they will return something in kind to the Conservative Government and to the Conservative Party.

And, Mr. Speaker, that is the taste that's left in the mouths of the people of Manitoba when they see this kind of thing happening. Just what is happening behind the scenes that motivates the Conservative Government to give these gifts to these major corporations? Just what is happening, Mr. Speaker? That is something that I believe will be in the minds of the people of Manitoba when they judge this government.

**MR. SPEAKER:** Are you ready for the question? The Honourable Member for Churchill. Before I allow the honourable member to continue, the hour is 12.30 p.m., the House is accordingly

**Tuesday, June 12, 1979**

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and stands adjourned until 2.30 pm this afternoon.