

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, May 5, 1975

MR. SPEAKER: I was going to ask for Address for Papers, but since the Honourable Member for Fort Rouge isn't here, I guess we'll go on to Second Readings, and that's No. 15, and the honourable member is absent as well. No. 16 (Stand), No. 17 (Stand), No. 31 - the Honourable Minister of Labour is out. No. 34 - the Honourable Minister is absent. I'll call on the House Leader.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I move, seconded by the Honourable the Minister of Health and Social Development, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the supply to be granted to Her Majesty.

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

COMMITTEE OF SUPPLY - DEPARTMENT
OF INDUSTRY AND COMMERCE

MR. CHAIRMAN: Resolution 66(d)(2)--passed; (d)--passed; (e)(1)--passed; (e)--The Honourable Member for Morris.

MR. JORGENSON: Mr. Chairman, on the question of Information Services, and I'm not sure whether we have covered that particular item earlier. I might say at this point that if there's one suggestion that I would want to make to the Minister in the consideration of these estimates, is that the various departments be a little bit more clearly identified so that we won't have all the duplication of debates that I think is inevitable when there isn't a clear definition as to just precisely what particular item that we are on. At least the first item of the Minister's Estimates falls into that kind of category in that it's pretty difficult to isolate the various parts of that department so that we can stick to one subject when we are in the process of examination. And so for that reason, I wonder if the Minister would now identify that particular department, Information and Special Services, to give the members of the House some idea of just precisely what that involves.

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

MR. EVANS: Yes, Mr. Speaker, the main function of that particular branch of the department is to oversee the preparation of various publications, technical publications, and informational brochures and pamphlets that are put out by the department from time to time. I believe I distributed a couple of samples of departmental literature the other day when I introduced the Estimates. This particular branch has put out a series of informational pamphlets over the years. There's one, for example, on Churchill as a re-supply port, our one seaport in the prairies. There's another pamphlet for example on Manitoba's electric potential as part of our effort to promote electric-using industries into the province. Of course the magazine that the department publishes about ten times a year, nine, ten times a year, comes under this particular branch as well. This is the magazine which was of course in existence before I came on the scene, simply called "Manitoba", and it's mainly concerned, as perhaps members know, with providing information on industrial developments and business expansion, and the like, in the province.

But generally it does provide the editorial supervision and the planning of the various pieces of information that the department puts out from time to time to apprise investors of the opportunities in the province and to apprise the citizens of economic and industrial activities in the province.

MR. JORGENSON: I take it then, Mr. Chairman, that the department is more concerned about using this particular branch, as the Minister says, apprising investors and businessmen in the Province of Manitoba, rather than the kind of image polishing that we find in other Information Branches, or does that image polishing come along with the other responsibilities that the Minister has outlined? I am referring to image polishing as a result of the clipping that I read into the record this afternoon about the Federal Government spending \$200 million to improve their image. Is there any of that sort of thing contained within this estimate, or is that strictly a no-nonsense information kind of a service for investors and businessmen as the Minister has outlined?

MR. EVANS: Yes, Mr. Speaker, the budget of the department as you can see is relatively small, and as I stated, it's geared essentially to producing this informational material.

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) There's not enough money to hold a summit, a business summit conference for example, that would take the entire amount almost. There is no so-called image polishing programs in these expenditures proposed.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, I have been following this Information Service through the several departments, and personally I'm getting a little concerned. It looks to me as though we're going to be close to a million dollars for Information Services of this government. The Minister of course is part of the Cabinet that determines the outcome of these estimates, but here we have an item of \$93,000 for Salaries. I'd like him to explain that. And I would remind him too that under Corporate and Consumer Affairs, there was an item there of \$499,000. I'm just wondering, as I've asked before with the Co-ops, just what advantage does your department, Mr. Minister, take out of this established Information Office of the government that is going to be spending a half a million dollars? Is this what you're suggesting to us tonight, a separate organization entirely under your control? Is there no bringing together of departments under this Information Service with a view to economy? Possibly the Minister could show the way, or answer my questions insofar as the salary is concerned; salaries throughout this Information Service is getting abominable, and we talk about inflation. This is an avenue as I have said before, where economics could be effected to the advantage of the people.

MR. EVANS: Mr. Chairman, I would certainly assure the Honourable Member for Swan River that this item "Information and Special Services" does not provide for any funding of activities that can be carried out by the Central Information Services of the department, which I believe is located in the Department of Consumer and Corporate Affairs; that the Central Information Agency of course is the agency which puts out the various policy statements of the government, and statements on new programs, and changes of programs, or statements of concern, and these do go out in a regular course, and all of those policy statements go through - from our department - do go through that same central agency which I believe carries out a very efficient and very good service and has very good staffing.

I would indicate, Mr. Chairman, that beyond the preparation of the various pamphlets, included in this budget, in these estimates, are funds for the departmental library which is a business library, which is available not only to members of the government staff but it's open to the business community as well, and they do make use of it, particularly researchers for various business organizations and companies, and so on.

So you're asking exactly what is the breakdown of the \$93,900, I believe, the salaries; that provides you with the services of 8 people, and which includes, if I can read this correctly, a couple of library staff. It includes the person who edits the magazine "Manitoba" and it includes some of the people that help do the editing of these different booklets and pamphlets, and it includes also an illustrator, someone who does graphic work. That's a technical position, people doing various design, etc., designs of pamphlet covers, and that sort of thing. That is the breakdown of that item 93,900. I could give you each - no, I can't either - I was going to give you each salary if you want it. But it does cover the salaries of those individuals that I've mentioned.

Of the \$80,000, the Other Expenditures, over half goes to the printing of the pamphlets and the Manitoba bulletin. In other words, 50,000 or so are for the printing of these various pamphlets and the Manitoba bulletin - more specifically that particular bulletin costs \$20,000, I'm advised; a trade directory is also \$20,000. You know we put out, and have put out for many a year, what I consider to be a very valuable document and that is the Trade Directory which lists every possible business that we know of in the province and classifies it by industry group. Also included in the 80,000, of course, there are items such as postage and telephone, a small amount of money for travel, and that sort of thing.

MR. BILTON: I wonder if I could prevail upon the Minister to show the same concern that those of us on this side are showing in this Information and Special Services throughout the government. I wonder if he wouldn't look into this matter as we have tried to bring forward, from time to time, with a view to economizing and liaisoning between one department and the other in order to avoid these islands of information which are costing the people hundreds of thousands of dollars, that might be avoided if some concerted effort was made. I wonder if the Minister would - I'm sure he's listening to what I'm saying and I hope he will use

SUPPLY - INDUSTRY AND COMMERCE

(MR. BILTON cont'd) his good offices to do something about this situation which is becoming apparent. Thank you.

MR. CHAIRMAN: Resolution (e)--The Honourable Member for Fort Rouge.

MR. AXWORTHY: Well, Mr. Chairman, before we leave these two items I'd like, if I could, to come back to a certain line of questioning that was somewhat aborted last week, and I think equally applies to this portion of the Minister's department, as does that under promotion, and that is the question of the contracting and allocation of contracts for information promotion advertising work that is given out by his department explicitly. As the Minister - I conceded it in the last Session - is administered by a Cabinet Committee in terms of trying to assign the advertising work, generally, for the government, and it would seem to me, Mr. Chairman, that because of the fairly significant amounts of dollars involved in both Information Service and Promotion Service - and I take it that includes, I noticed in his last report the ads to small businessmen that appeared in different magazines, and appeared on television, and the other kinds of use of media as well as, I gather, now there's a fairly substantial printing bill that is engaged by his department - I think he says to the tune of \$50,000. What I'd like to know, and I would hope the Minister would now be in a position to answer more explicitly, the system by which those contracts for advertising promotion information and printing are determined. Whether they are presented by some form of open bid or tender, so that different advertising firms, of whatever their affiliation or interest, would have an opportunity to make some kind of bid for such work, or whether in fact, the Minister, through his Cabinet Committee, chooses specific firms based upon some criteria that may not have anything to do with the skill of their graphic artists or their copywriters, and whether, in fact, the Minister can demonstrate, or through that kind of system, that there has been an equitable distribution of advertising work amongst, particularly amongst firms which are located in the Winnipeg area because I think it is as . . . to say that the promotion and encouragement of advertising and printing work of home-grown native organizations of Manitoba is as important as doing the same thing in an industrial field, and whether in fact the utilization of this fairly significant portion of money is being used that way. I think that the Minister recognizes full well what concerns we have.

I think that the tendency by provincial governments in the past, and I suspect it may even happen at the federal level, is simply to use their power of purchase in an advertising and promotion information field as a way of capturing client agencies to do their political work for them eventually. It's probably about time that that practice came to an end, and that that kind of particular hold over the patronage area simply came to a stop. And that I would be interested to know whether in fact in the exercise or operation of this government - in fact I'd be surprised to learn that in the exercises and the operation of this government that they in fact had moved away from a system that would lend itself to a certain amount of political favouritism, and was one that was offering a fairly open and competitive system of bidding, or offering a presentation in these areas. So I would hope the Minister might be able to provide a response to that.

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

MR. EVANS: Well, actually, Mr. Chairman, the honourable member asks a very broad question that pertains to the use of advertising agencies by the government in general, and that is something that comes under the, I believe, the general purview of the Minister of Consumer and Corporate Affairs. I think this is where the Advertising Audit office is located. The Advertising Audit office, incidentally, saves us a fair amount of money, saves the taxpayers a fair amount of money because they do the placing of the actual advertising in the media. The advertising agency itself is utilized for ideas on promotion, the various ideas that are imbedded in the various advertising programs that we might engage in.

I want to assure the honourable member that our criterion for obtaining a suitable advertising agency is one that lends itself to a very fundamental question, a fundamental concern, and that is one of efficiency and ability, and we have over the years that I've been Minister, we've had three different advertising agencies. We inherited one - that was Foster Advertising Agency - and then we decided we'd like a change - that was the advertising agency used by the previous government - and then we tried Cockfield Brown, and which we had for about a couple of years anyway - four years - and then we decided it was the time for a change again because this is a business where ideas are very important and if you do get - I think it's a good idea to

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) change your advertising agency from time to time - and we went to Baker Lovick after considerable study and consideration by various people, based on presentations made by some of the advertising agencies. But having decided on that particular agency, I want to assure the honourable member that the work is essentially done in Manitoba. This particular firm has a branch here. Most firms are national firms but they do have branch offices here where the work is done. At least this is my information, the work that has been done by this particular agency has essentially been done by people employed here in the City of Winnipeg.

MR. AXWORTHY: Well, Mr. Chairman, I'd just like to - I don't think the Minister has yet really answered the question I was posing and that is, whether there can be considered to be a fairly open and competitive system so that when the time comes, let's say, for the Department of Industry and Commerce to undertake a fairly major information program, let's say that's geared directly towards to the small business emphasis that has been a pattern I guess over the past couple of years, whether an invitation is given to different firms to present proposals and ideas and concepts, which is generally the normal practice in the private sector, to ensure that the kind of efficiency and creativity that the Minister is interested in would be generated by that kind of competition, and I can understand that once a certain choice is made the Minister would want to stay with one firm for a certain period of time. But I am interested in the actual system that is employed for the choice and selection of firms, and whether in fact it is a wide-open competitive system or one which is geared to this Cabinet committee - I gather that Cabinet committee is still in existence because you mentioned it last Friday - and whether in fact they give a list of preferred firms that one would select from, or whether the department selects its own, and if so, do they say to the four or five, or six agencies in the city, here's what we want to look at in the way of a campaign, are you prepared to put a bid in, or present things to us, or is it done on a more selective basis that would close out other firms from making an offer?

MR. EVANS: Mr. Chairman, the honourable member is asking me a question that goes beyond my particular jurisdiction, and goes beyond the estimates of this particular department. I think it would have been better directed . . .

MR. AXWORTHY: The question was directly related to the issue of the advertising and promotion of this department, and I used for example the small business promotion scheme that's been undertaken on television and radio, and so on, for awhile. So I was referring directly to campaigns undertaken by this department.

MR. EVANS: Mr. Chairman, I appreciate that point and I was going on to answer that point. As I stated, we have had the experience with three different agencies and normally, not only in government but also in business, and you referred to the practice in business, when a business firm normally decides on an advertising agency, they stay with that agency until they're very dissatisfied, or until they think it's a time for change. You don't change just because you're ready to come up with a new particular advertising program, whether it be for a small business or whether it be to attract investment from abroad, or what have you. Once you've decided on an agency, you normally stay with it for the various advertising programs.

I believe, as I said, the matter of advertising done for the government generally is a matter which goes beyond my responsibility. I'd only make this comment, that there are many many advertising firms working for this government which is in contrast, I believe, to the situation that prevailed before '69 when one ad agency did all the work for this government, before July of 1969. The honourable member may not recall, but back in '69 or '70 the Premier made the announcement that we were going to utilize the services of a large cross section of advertising agencies in the Province of Manitoba, and that practice I believe has continued.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Yes, Mr. Chairman, I was wondering if this 80,000 is above this other 1,100,000 that is done by the Department of Consumer and Corporate Affairs, and they refer to government publications and reviews. Is yours completely above that? It's not a duplication at all, is it?

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

MR. EVANS: Mr. Chairman, the answer is no.

MR. CHAIRMAN: (2)(1)--passed; (2)--passed; (e)--passed; (f)(1)--pass--The Honourable Member for LaVerendrye.

SUPPLY - INDUSTRY AND COMMERCE

MR. BANMAN: Mr. Chairman, in checking the previous budgets with regard to this particular item, I notice that in the last number of years as far as the salaries, and as well as the other expenditures, they've risen quite drastically and while paging through the annual report of the Manitoba Industry and Commerce Department I notices that there are several areas that this particular branch seems to be participating in, such things as the Western Economic Opportunities Conference, the Westrack and the Bi-lateral Air negotiations. I would like to ask the Minister if this is the department that determines policy for the Department of Industry and Commerce, and in particular the government with regards to these matters. I would like to ask the Minister if this department advises the government with regard to the economy in Manitoba, the projections for whatever the economy is going to be in the future, and also what kind of research and what kind of policies does this particular department give the government, the present government? Does it deal primarily, as the report points out, with extra provincial matters such as the air agreements and Westrack and the like, or does it also deal with our economic problems that are involved within the parameters of the Manitoba boundaries. I'd just like to point out to the Minister that we've jumped from 164,000 two years ago to 249 and now up to 300,000, and I suspect that he's been adding staff and I would like to have a more detailed explanation of what these staff people are doing.

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

MR. EVANS: Yes, Mr. Speaker, first of all I want to make it clear that this branch does not set policy for the department, or, I believe you referred to the government, or for the government. It does policy research, research which assists us in formulating policy and therefore I want to make this very clear, it's not a policy determination branch, it does the necessary research which is required for policy determination. I suppose you might say that it has two focuses, one internal, on internal policy matters, and the other external policy matters and research matters, economic research matters.

The internal relate to the what I would refer to as sort of program auditing to determine the effectiveness of various programs as a follow-up to a particular expenditure, let us say regional productivity audits - I believe the honourable member may be familiar with some of these because some of this activity occurred in Eastman in his particular constituency, in his area. Having spent moneys for a period of time, this particular program, let us say, could be subject, or should be subject to some sort of critical analysis by a group within the department that is not carrying out the program but is able to sit back and to analyze the effectiveness of that program. I just use this as a hypothetical example, but it is one that is practical inasmuch as it is a program that is now presently being carried out, and I think is one that should be analyzed to determine whether we're getting sufficient return for the taxpayers' dollar. So that's the internal focus.

On the external side, the spectrum is quite broad. It does not include transportation matters, that's in the transportation branch, but it does include industrial policy research, particularly with regard to from time to time assessing those industries which likely have the greatest potential in the province. It looks at the question of industrialization in a regional context, that is, examining the question of regional potential for industrialization and increased commercial activity in the province. It has a considerable role to play in preparing our positions for the ever increasing number of interprovincial and regional and federal-provincial conferences on industry and economic related economic matters. I refer to the follow-up from WEOC, and indeed the preparation for WEOC, that is the Western Economic Opportunities Conference. There's a great deal of work that has gone into preparing for this conference, a couple of years ago, and a great deal of work has gone into following up in a very specific way various elements of our policy position laid down by the four western premiers at WEOC. One of the outcomes of that was the setting up of an industrial committee of the western ministers, and we have met from time to time and have reviewed various fundamental economic factors that affect the industrial growth of western Canada, questions such as the purchasing policies of the Federal Government, not only the Department of Supply and Services but other areas, the effect of the policies of the Department of Industry, Trade and Commerce - the Federal Department of Industry, Trade and Commerce on Western Canada. We have been very concerned that the Federal Department of Industry, Trade and Commerce has been overly concerned with promoting and enhancing the development of industry in Central Canada, namely the golden triangle of Ontario and the St. Lawrence lowlands in general including Montreal,

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) and we have been very active in promoting the idea of regional development as a major thrust of that department and I believe we've been successful.

Well the preparation for various conferences, for ministerial meetings, indeed it attempts to do some forecasting from time to time. We were asked by the Federal Government to present our views on the general agreement on tariffs on trade, that is the GATT, the GATT round of talks that are about to begin, that is the review of GATT, General Agreement of Tariffs and Trade, which involves most of the western nations including United States, such countries as the United States and Japan and so on. The whole question of the Foreign Investment Review Act, that type of research would be done in here. And I would also mention, last but certainly not least, all the energy policy research has been done in this particular branch and this is one of the major reasons for it expanding.

So to answer your question very specifically on the expansion of the expenditures, it's because we have more people doing more research on these various matters that I have raised and also because of the stepped up concerns that we have and the increasing concerns that we must have as Manitobans with the supply of various kinds of energy for us, not only for the industry sector but also for the commercial and residential users.

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SUPPLY - INDUSTRY AND COMMERCE

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I wanted to raise a specific issue with the Minister in relation to the comments that he has been making about the operation of this particular part of his department in the planning and utilization of energy in the province and its effects upon industrialization.

I think if the Minister recalls last year we exchanged several words on the issue of whether there should be established in the province a national energy board or a provincial energy board to provide for effective regulation and administration of energy policy and at that time it was the Minister's stated commitment that the existence of the Manitoba Energy Council or there's an Energy Section within the Economic Planning Division and suggested that that was sufficient machinery and sufficient organization to ensure that the energy problems and difficulties faced in this particular province would be effectively handled, and I think the Minister will recall we raised some skepticism at that time that such would be the case and I think that we can only say that events since that time fully justified our skepticism.

Because I would suggest, Mr. Chairman, that since our discussion last year, the position of Manitoba in the energy sort of sweepstakes has diminished and in fact eroded and that our ability to present some kind of effective leverage in the allocation and determination of energy policy in this country I think has become really pretty miniscule and almost at times sort of inaudible. That while many events are occurring around us, what we have seen so far, and I believe I'm accurate, is the revision of a document on energy in Manitoba, one statement by the Minister of Public Works on how we should turn out our lights and perhaps undertake some voluntary measures to conserve energy and the almost obsessive preoccupation of the First Minister in terms of trying to accent the question of renewable resources vis-a-vis anything else. And it seemed to me that while each of those positions are laudable in their own terms, they miss an awful lot of what is required in guaranteeing and protecting the interests of this province particularly as it exists in Western Canada. And I've been somewhat confused. Mr. Chairman, I guess is the only word, by the position taken by some of the Conservative spokesmen who seem to be advocating that we align ourselves very closely with the policy promoted by the Province of Alberta and that is finally the chance for Western Canadians to perhaps get even, to get their own, to use energy as a basis of reinvigorating the west or establishing an independent state or whatever other kinds of implications are raised. And while again such positions would be perfectly understandable if they were being expressed in the Legislature of the Province of Alberta, they absolutely make no sense in this Legislature, because I think that the one fact that somehow we have to recognize is that Manitoba doesn't have much in the way of energy resources of the petroleum natural gas coal variety which still will, by most estimates, require I would guess, close to well over 80 percent of our energy needs in the years ahead and that while our First Minister is hot-footing around the province to various news conferences accenting how he must become, you know, sort of depressed about the energy problems of the world, he seems to be ignoring certain areas where I think our interests are much more vital.

I would like to point out, Mr. Chairman, there is one area where I think that this question is of particular significance, and that is that if you look carefully at the very significant changes taking place in the energy equations of Canada, we'll notice that one of the by-products of that will be a shifting of economic activity into Western Canada, excluding Manitoba. That certainly the strategy of Alberta, as it's been announced by that Premier and by the Premier of Saskatchewan and also by the Premier of British Columbia, is that they intend to use the additional capital and revenue generated by the high prices being presently charged for energy to begin to develop an industrial base. I think it is fair to say that the kind of economic activity generated through the construction work, the development work, the development of a petrol chemical industry, the movement into the expansion and enlargement of coal reserves and coal producing facilities, will in fact, and undoubtedly, provide those provinces with the long sought after industrial base that has been the goal and dream of Western Canadians for a long period of time. The only thing that is missing unfortunately in that equation is I hear nothing being said by the Premier of Alberta or Saskatchewan or B. C. to say how Manitoba will come along as part of that package, and it certainly appears that for all the whistling that goes on and the very pious statements being made at the conferences of Industrial Ministers for Western Canada about common industrial policies and sort of divisions of labour and all the rest of the ideas suggesting that there's going to be integration, co-operation, co-ordination, we have seen virtually none of

SUPPLY - INDUSTRY AND COMMERCE

(MR. AXWORTHY cont'd) . . . it happen as yet. In fact what is happening is the steel mills are going to Saskatchewan and the petrol chemical industries to Alberta and the bus industries and automobile and manufacturing and so on into British Columbia, and in the meantime all that we have left, I suppose, is the somewhat less than assuring words of the Minister involved and the First Minister that it will all work out in the end somehow for Manitoba. And I'm, as I say absolutely surprised and nonplussed by the fact that certain of the gentlemen to my right would seem to go along with such a position because they seem also to align themselves with the idea that if in fact we support Alberta, somehow that they're going to, you know, give us some of the goodies along the way. Well I think that such is really only wishful thinking and while they certainly have closer communion that I do with the Premier of Alberta, I haven't seen any return on that communion, I suppose it may be as fruitful as the communion we have with our friends in Ottawa, that I wouldn't want to pursue that line.

The fact of the matter is, Mr. Chairman that I think the energy position that we now face in this country poses for Manitoba a peculiarly difficult problem, because we are going to be lumped in the eyes of other regions of this country as part of the west, and all the politicians and administrators and pundits of Ontario and Quebec who are now sort of suggesting in a somewhat snide way that Western Canada is now going to become the locus of activity and power and all the rest of it, they will forget by lumping us together with the West that we are really not part of that system because we don't have those energy resources, and that the evolution and expansion of the industrial sector in Western Canada will basically, up to this stage, bypass Manitoba and that we will, by comparison with our other Western Canadian neighbours become somewhat depressed unless there is a counterveiling strategy to go along with it.

It would seem to me, Mr. Chairman, that one of the primary requirements of this Energy Council if it was doing its job, and of the Cabinet committees that follow along with it, and even the First Minister and the Minister of Industry and Commerce, would be the very clear articulation of such a counterveiling strategy to say, okay if the revenue dollars of the windfall profits and the increased sort of taxation that will revert back into major development projects in Alberta and Saskatchewan and the revenue generated in British Columbia through the export of natural gas, if in fact that is going to occur, and there seems to be no reason to suggest it won't, how do you begin to reorient regional development policy in Canada to take account of Manitoba? Where does Manitoba fit into this blooming of the west? What is the division of labour that we assume that we will adapt as part of that, I think, very exciting potential for Western Canada?

Mr. Chairman, I don't want to appear that I am saying that these things shouldn't happen in Alberta and Saskatchewan because I think as someone who has, as we always have a different hierarchy of loyalties, certainly a very important one to me as well is the improvement and expansion of Western Canada. I think it's only fair to recall that our former leader, the former Member for Wolseley was probably the most outspoken advocate of such a position, and I can recall in this House when he took a position that I just heard recently being expressed by other members about the need to relook at Confederation and all the rest of it, he was called a traitor, I believe by the First Minister. I've heard no such kind of epithets been thrown around these days but that shows how times change.

But the point I want to make, Mr. Chairman, is this, that it would seem to me that one of the responsibilities of the Minister of Industry and Commerce and his Energy Council if it was doing its job would be to make sure that the industrial strategy and industrial development of Manitoba as it is affected by energy is very clearly enunciated and that we are able to suggest recommend, promote, cajole, and in fact demand from other provinces and from the Federal Government the kind of assistance that we need to make sure that we're not left in the wake of this expansion in Western Canada. I would suggest, Mr. Chairman, for example, I only use it as an example, that one of the opportunities I would think that should occur in Manitoba would be to build upon the underlying commercial and management force that we have in this city. That one of the advantages that Winnipeg has had as a city in Western Canada is that over the years we have been able to attract and in fact maintain certain major financial institutions in the city and along with those financial institutions, such as Richardsons and Great West Life and Monarch and Investors and others and some of the banks, goes a fairly varied and fairly talented support group of management people, accountants, people, I guess really sort of a white collar, entrepreneurial, managerial sorts of individuals who in their right can become a

SUPPLY - INDUSTRY AND COMMERCE

(MR. AXWORTHY cont'd) . . . very important resource, a very important base of development. And it would seem to me that if there is to be any role that Manitoba is to play in this economic renaissance of Western Canada, we should be insisting that the division of labour . . . and make sure that in Winnipeg at least, that it become the commercial managerial centre of that industrial economic expansion, and that we can ensure that that occurs, Mr. Chairman, if we are able to add and develop those resources to even a higher degree.

I think one of the major ways of doing it would be to insist, for example, that in the placement of Federal Government offices which require a high sort of degree of white collar technology in terms of the use of various managerial skills, computer skills and so forth, that Winnipeg become the place for it so that we could begin developing that particular resource base, our human skill resource base and then begin to insist more and more, even with some of the companies, that whatever means, whether it's a tax incentive program or whether it's through the kind of grant system that is now available under the new Department of Regional Economic Expansion GDA agreements which I think the Minister signed last year, at least this government signed last year, that that become the first priority, and rather than sort of tip-toeing through the tulips and running around doing the kind of things that we hear about and we're not so sure produces anything, that should be the focus of our energy. So that we can in fact say that we are going to be left out of the energy wake because we don't have it, and therefore we insist that that should be our place and our role and our function in this particular very important area.

So I suggest, Mr. Chairman, that by the criteria that I use, the test of whether the Manitoba Energy Council has provided this province with the kind of leadership and description of alternative futures that we face and providing some clear cut responses to those scenarios, I don't think it has succeeded. And in fact has, I must confess, lived up to my own worst fears last year when we were debating the idea of setting up a much more high powered energy board in the province, because I just don't simply think that it has been able to acquire the kind of overall and comprehensive approach that would be able to see the energy crisis in all its dimensions, and particularly in its dimensions that affect this particular province. And I would want to insist, Mr. Chairman, again with the Minister that while whatever name it may go under, that again the energy policy of this province as it has been revealed has really been pretty Mickey Mouse and really dealing with, I guess, really a sort of a lot of pseudo religious statements about how we must be virtuous and conserve and all the rest of it, without really getting down to sort of the hard knuckle issues that we are facing, because I fear greatly that unless we are able immediately to point out the implications that we now face in this province as a result of the shift of energy power and the locus of that activity, that we are simply going to be left out in the cold and simply not be able to really do well by our own population as a result. I would only simply add to that, Mr. Chairman, that the other kind of concern that would be raised is that not only are we not anticipating and providing for future oriented policies and coming up with the kind of demands, particularly with the Federal Government, that are required, I don't think we are doing very well even by our own people in the medium range issues and we have discussed in this House several times, for example, the serious problems being faced right now with the supply of natural gas. And again if we look at the problems being posed in the housing field again we find out one of the reasons for it is simply that many commitments can't be made for large scale construction and development in the city and in the province simply because there's no guarantee or assurance of resources. I've heard it mooted that in fact we should be insisting that the pipelines that carry natural gas should simply become a utility, because it's the only way in which we will have any control over our supply, and I think that it is that kind of fairly bold sorts of stands that are required and a much tougher kind of position.

I realize that last spring and summer at the hearing before the National Energy Board this province made representations about supply of natural gas. But I'd also like to bring to the attention of the Minister that it was only through some very direct interventions primarily by the Federal Cabinet Minister in this province that such decisions were turned around. I don't think that in fact we were guaranteed those sources because if it hadn't been guaranteed at that point there'd be a number of large establishments in this province without natural gas. I really think that we were playing crisis politics again and not really again pursuing the issue with the kind of diligence and fortitude that it requires.

So I would simply want to suggest, Mr. Chairman, that on several very important facies

SUPPLY - INDUSTRY AND COMMERCE

(MR. AXWORTHY cont'd) . . . we would simply say that again this province falls sadly short when it comes to developing an effective energy policy in this province.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I rise on this particular item, and I follow the Honourable Member for Fort Rouge and I'll make some comments on what he says, but to deal with . . . really the perspective one has to place this particular branch of the department with respect to the economic affairs of this province and to the economic direction and advice that is to be given to the government.

I must say, Mr. Chairman, through you that I welcome the new Deputy Minister and wish him well. I stand here as a former Minister of Industry and Commerce, I was just reminded a few moments ago by my friend the Honourable Minister of Public Works that I have to keep repeating myself that I'm not here as the Minister of Industry and Commerce. And, Mr. Chairman, I must say I stand here not as a person saying I'm here as the Minister of Industry and Commerce but I have for a few moments tried to visualize at this time what I would want from that particular branch, what I think would be necessary at this particular time if I did have the position of First Minister.

I think that we probably face today the most serious time in Manitoba and Canadian history. I think that in very real terms we are witnessing, and we are almost helpless in what we are seeing, we are witnessing a transformation of our economy with severe consequences for the future. We are witnessing demands for wage increases because of the inflation that has ravaged our land and this province. We see people who are quite prepared to leapfrog over everyone else in their attempt to try and gain for themselves the best advantage, and one cannot question that at this time, but one has to be seriously concerned about where we're going. We see demands for increases that are justified for a number of reasons in the whole field of both public and private endeavour, yet upon analysis many of the reasons are not supportive of either the statistical data or the information that would justify it. And my concern, and I have expressed this before, is how does a government develop its economic planning within the parameters that a provincial government can act, how does a government develop its economic planning to a point to suggest to the federal government the changes that should take place or the amendments or alterations to policy, and who has that responsibility? Here I'm afraid is a failure on the part of the present government, and in welcoming the new Deputy Minister I must say to him that I think his task is a very formidable one. Because I think the time has come for a determination as to who is going to properly advise the government so that policy formations are determined on the basis of facts, statistical data and an understanding of the economic realities of our province.

I know that in the past there has always been a tendency to rely on the Department of Industry and Commerce as one branch, the Department of Finance as another branch, Planning and Priorities as third branch and the formation of policy was made after consultations with Ministers who would have as their reference material supplied by one or the other of the departments or branches, and the problem of course is that sometimes they were in conflict. They were in conflict because of both statistical data. They were in conflict because of the basic approach of ideology. They were in conflict because the overall planning had not been undertaken in the first place. And I say that at this particular time you know who is going to tell the First Minister and his Cabinet there are signals here that must be considered. There are warnings that must be understood. There is direction that must be undertaken. The game that we play is a political game but in reality we are faced with severe consequence of alternative options open to us and once we take them we put ourselves in a position of making it almost impossible to correct errors that may be made.

Now I'm now speaking in a general way, and I'm going to try and be specific if I can in a few moments, but I'm suggesting that we're reaching a point where this branch has a responsibility which I, on the basis of both what the Minister has said just a few moments ago in answer to the Honourable Member from La Verendrye and on the basis of the policy statements that have been made in the last little while, I do not believe that this branch has been listened to, I do not believe that it has been given the responsibility that it should be given with respect to the determination of policy matters.

I was struck by the fact that in the Budget presentation the economic indicators that were used by the First Minister in presentation of his Budget were interpreted to mean something

SUPPLY - INDUSTRY AND COMMERCE

(MR. SPIVAK cont'd) . . . entirely different than they really represented. I was struck by it because it meant to me one of two possibilities: either the First Minister was trying to be as political as he could in his presentation or - and I would think that this is probably the case - the severe warning signs of those economic indicators presented were not impressed upon him and the Cabinet with respect to the decisions that had to be made with respect to this present Budget.

Manitoba is going to be in a serious position within the next six month period. Canada is going to be in a serious position. We cannot continue as we are. The economic indicators of capital and repair expenditures show in real terms that there will be zero growth, and if one examines those indicators and one looks at the private sector investment you will realize that the private sector investment has gone down and that the economic climate which will . . . provide only zero growth in real terms is made up to a large extent of public investment. Now the use of public investment in terms of any recessionary period of something that's quite acceptable, but in the context of the job formation and the job retention in this province it is essential and necessary that the private sector be given every opportunity to be able to exist and to grow, to invest in efficiency, to undertake capital expenditures and repair expenditures in anticipation of being able to meet the competitive positions of competing businesses in other jurisdictions.

We now have a situation where the Canadian dollar is now losing ground to the American dollar and will have a great effect with respect to our exports, and the serious position with respect to this province for some reason appears to be ignored both by the First Minister and the others with respect to the Budget presentation and by the Minister. And notwithstanding the fact that he stands up and he makes all the generous statements that he makes about the state of the economy, notwithstanding the fact that he stands up and he indicates that you know things are going well, all one has to do is start to talk to the business community in this province to recognize that they know the honeymoon is over, they know that good times have passed them by, and they also know that they are facing serious problems in trying to be able to maintain reasonable profit margins, to be able to hold onto the employees they have and to be able to meet the essential demands of the workers who in this inflationary period are going to require and will require rises in their wages.

So it seems to me that there is an onus on this particular branch to deliver to the government a message. That message is one that I would consider serious, one that is essential at this particular time and critical, and to this extent and to the extent that the Minister has made his presentation I do not believe that that message has been given. I believe that part of the problem relates to the confusion of responsibilities that I've indicated exist between the three branches who supply economic information to the government and who assist in the direction or in the formation of policy directions. I think that this problem area, which existed I think in the past, that has been compounded because of the planning and priorities section of government and of Cabinet and of the Management Committee to a certain extent, has got to be corrected by an understanding that it's necessary for the development of the Department of Industry and Commerce into a Department of Economic Development, so that in effect it will have the force within the government to present its positions clearly, with data, and to give the direction for the kind of action that should be undertaken. No other indicator to me of this problem arose other than at the Energy Conference itself when Manitoba made its presentation, and I'm happy that the First Minister is present here as well, because I was present and listened to his presentation on behalf of Manitoba and I would assume that that presentation was prepared by the joint co-operation of the three branches that I've talked about - I think the Minister is indicating it - and I think because it is that sort of consensus reached between the three branches that its presentation lacked a great deal of the punch that was necessary to forcefully put the position that Manitoba had to put.

I make a direct comparison to that of the Ontario Government, and I'm not at this point talking in terms of one political party over another. That's not the issue at this point. But in terms of the Ontario presentation, the presentation dealt with facts and figures, significant facts and figures, as it appeared to Ontario and as it affected the Ontario people. And the Minister of Industry and Commerce is well aware of what I'm saying. In addition to the formal presentation there were specific sheets presented about what the economic impact would be about the raise of 2.50 a barrel in oil. The cost to the average homeowner, the cost to production, what it would mean in jobs, what it would mean in loss of jobs and the total impact on

SUPPLY - INDUSTRY AND COMMERCE

(MR. SPIVAK cont'd) . . . the economy. Manitoba did not have that presentation, Manitoba lacked any of that detail and I think that that presentation was weakened because of that.

Now the question then arises "Whose responsibility was that"? That's a good question, and I'm going to ask the Minister who's responsibility was that? Because if it was presented by his department and was ignored by the others then I think that there is something to say to the First Minister about responsibility of presenting the position correctly. If on the other hand it was not presented by his department then I think it is essentially because of the weakness of three branches dealing in the economic area, none of whom are taking primary responsibility for the presentation of the economic data and the economic direction that government has to undertake. I believe that the quality of the presentation is something that has to be seriously examined to understand the nature of the problem as we talk about the state of economy here.

Now it's very simple for any number of people to stand up and to basically say everything is going to be all right, inflation is something we cannot control, it is really something that impinges on Manitoba and it is affected by federal government policies and to a large extent it's affected by world conditions, by the American involvement in Vietnam. We can say all of those things and those speeches have been made, but the reality is that with respect to our economy and the limited context of the kinds of things that could be done and can be done, Manitoba's position which is a precarious one - I want to stress that again - Manitoba's position is a precarious position. It's manufacturing position is constantly in danger and more so now than ever before. It's position is threatened by the devaluation of the dollar; it is threatened as well by increasing freight rates; it is threatened by increasing wage rates - and those wage rates are understandable in the context of the inflation that we're living under now; and is threatened by increases in energy costs. And until we understand directly what is happening there is no way in which the government can respond to the kinds of things that have to be done.

A couple of suggestions that we made in the Budget Debate which were ignored was the reduction of the sales tax on production machinery, even if that reduction was to take place only during a certain period of time as an encouragement for some of the industries to invest in capital goods. And the reason for that was for job formation, for the ability to be able to become more efficient and something that would be helpful. We talked in terms of the reduction of sales tax on building supplies, housing material. Again as something that would have an impact. This is not something that is so unusual. Ontario followed through with a procedure on this which will allow, in terms of production machinery, a reduction of sales tax for I believe a period of a year or a year and a half provided an order was taken in advance before this end of the year and I think completed by the end of the next year, or something very similar to what I've said.

But the thing that struck me when we were at the Energy Conference was the lack of detail. I think that there is one other part that is very revealing - and again I don't know whether this was just an oversight, whether this was not something that was presented accurately to the First Minister when he made his presentation - and that has to do with the way in which the money realized from the raise of 3.80 to 6.50, the way in which that money found its way into the government's hands. Because you see, based on Ontario statistics, and I believe them to be correct and I don't think they were disputed - of the \$1.8 billion that was realized as a result of the increase in price of 2.70 a barrel, \$1.7 million was realized by the Government of Canada and the producing provinces and only \$100 million was realized by the oil companies. So of that figure - and I believe those figures were those of Ontario's and they stood, I don't think they were ever questioned - of that amount \$600 million was realized by the Federal Government, \$1.1 billion by the producing provinces. Which meant that the oil companies only received \$100 million of the 2.70 increase. And yet in Manitoba's position paper, the government refers, at least the Premier refers, if I can find it, refers, and I quote the following: "Despite recent tax changes the major oil companies profits are still very high." Now again there is an implication that in the pricing increase that took place that it was the major oil companies that profited. The major oil companies did not profit. I'm not suggesting that the profits were not high before, but I think it would be very clear, be understood that the increased pricing that took place did not go to the major oil companies and went to the government, and the government were the beneficiaries of it. And that in effect when we talk in terms of new oil exploration and new costs to be absorbed and the Federal Minister of Energy states, "I am

SUPPLY - INDUSTRY AND COMMERCE

(MR. SPIVAK cont'd) . . . "confident that the industry will devote new revenues from price increases to this purpose, in fact I have sought and received this assurance from the responsible leaders of the industry, that statement had to be met with reality that the oil companies themselves would be taking money, not out of the new revenues that they were going to be receiving, because that was miniscule compared to the amounts that the government were taking, but out of --(Interjection)-- what? Producing provinces and federal government. I indicated \$600 million dollars, \$1.1 billion.

The reason for mentioning this is a very simple position. The time has come for politicians in this country to stop basically fighting the old battles and still continuing to talk about the old myths and talk in terms of class wars and situations in which windfall profits are being received by companies who are not in turn investing back into Canada or back into the country. Mr. Chairman, the reality is that the windfall profits of the raise in price in this country, from 3.80 to 6.50 went to government, not to the oil companies. It's the government that took it, not the oil companies, and if that increase is to take place in this country, it is the governments of the producing province and the federal government that are going to benefit, and the people of Canada and the people of Manitoba are going to have to pay more directly for the oil and natural gas that they will be using and for increased cost of goods that they will have to buy as a result of energy costs going up. And the problem at this particular stage with the degree of inflation that we have, with all the other factors that are taking place in our economy, with all the problem areas that I've tried to indicate in which Manitoba finds itself, there is absolutely no way that we should in any way allow any increase of any significance to take place at this time. The simple reason that it will directly effect our people and the way in which that presentation has to be made is with facts. Not with generalities, not with statements, but facts. And, Mr. Chairman, based on the presentations that have been made, based on the statements made in this House, based on the answers that have been given, those facts have not been presented.

Now it may be that they are available within the particular branch in the Department of Industry and Commerce. I don't know that. And it may be that that can be furnished today, and I would be very happy if it could. But it hasn't been furnished in terms of provincial policy, and it goes back I think to a basic problem and a problem that is very real with respect to the economic planning in this province. That there are several branches that are co-ordinating it rather than one branch that is taking the responsibility. That the Premier and the Government are subject to certain influences. That a picture is presented that I do not think is complete by any means in its understanding of what is taking place is. And I say that with due respect to the First Minister because I see nothing in the policy announcements that would indicate a realization of what really is happening.

I know that there is an impression that somehow or other we're going to muddle through. I know there is a belief that somehow or other we like every other province are going to put our hands in the - well, are going to place ourselves in the hands of fate and hope that somehow or other this will work out. And it may be that this will take place. But I don't believe that the indicators at the present time give us any reason to believe that we will not go through a serious, serious position before we're able to work this situation out. You know, one has to look at what is happening in this province with the wage settlements that are taking place, to recognize you know, the treadmill that we're on now, one has to recognize the kinds of changes that will take place.

The Honourable Minister of Industry and Commerce when asked about what the price of natural gas would mean to the province indicated something like \$44 million I believe, more or less. You add that to what the increased price of oil would mean, which is another \$50 million based on the Premier's presentation, that's a \$100 million that the same people in Manitoba are going to have to pay out and that industry is going to have to absorb, and the implications of that are just phenomenal in terms of what it really means.

And the question at this point, is, you know, what can you do about it. Well, you know, I think that there is some very fundamental problems that we're not talking about. I think there are problems within our Constitution that have to be discussed. I think that there are problems with respect to our national economy that have to be discussed. I think that this Legislature and other Legislatures and the House of Commons are the places now where with some understanding with some concern, with an attempt to try and reach a national consensus, and I don't dispute

SUPPLY - INDUSTRY AND COMMERCE

(MR. SPIVAK cont'd) . . . that the politician will still try and play his own game to a certain extent, but with still the attempt to try and reach that national consensus, that we've got to start working.

And I come back again to the responsibilities of the branch, and a responsibility to the presentation that I believe is necessary. I do not believe that that has taken place. I believe that that probably comes about because of the way in which it operated over the years - this is going back again to the previous government as well. And here I speak as one who was the Minister of Industry and Commerce and I think I know the internal problem areas that arise. And I say again, and I say to the First Minister who may have been absent when I first spoke, that I don't believe that the Budget presentation properly dealt with what I believe the economic indicators to be. I believe that the budget did not address itself to the problems that we're going to face in the next 6 months to 12-month period. I believe that the failure of the budget in dealing with that isn't so much the failure of the Premier as a politician in adjusting the policy decision makings that has to be made; I think the failure comes because the presentation of that was not brought forward in a proper manner. And that comes about because of the failure of dealing in the whole economic and research policy area in a much more fundamental way than it has been dealt with both by the Minister of Industry and Commerce in his presentation tonight and through the Department of Finance and through the Planning and Priority research phases dealing with economic matters. And I must say that because the Minister of Industry and Commerce in making his presentation of what this branch did, or does, indicates very clearly that this is a branch which furnishes some information, when called upon, and may present some information that may be considered, and it seems to me that the time has come for a very clear undertaking that economic planning come under a department, and that if it is the Department of Industry and Commerce, the researchers working you know together, and with a full presentation of the direction, or a full presentation of both what the economic indicators state, and policy directions that are really geared to what our particular needs are today, I believe, and I've said this before, that the economic indicators would have indicated a number of initiatives that were not shown in the budget. And if that did not take place, without knowing this for sure it would seem to me that to a large extent it's because of the failure to draw this to the government's attention.

Those initiatives were tax reductions, significant tax reductions. Those indicators were considerations for new manpower initiatives, significant manpower initiatives that have not been undertaken. We have no evidence of that nor any evidence in the estimates, and I'm not sure necessarily that in the earliest part when the estimates were undertaken in their first stage that the clear picture of what really is happening in this country was really known. I think that's another factor that has to be considered, because we're dealing in a time where with speed governments are going to have to act, provided the information is brought forward to them. And thirdly, I think that with respect to alternative initiatives, taking into consideration our whole industrial sector, the necessity for them to be able to continue to expand, to have some, you know, undertaking to invest, to continue to invest was necessary and there is nothing in this budget that would give them any kind of incentive in this area.

I think these are weaknesses of the budget, they are weaknesses that will be felt in what I consider will be very severe conditions in months to come and will be severe conditions for our people, and it may very well be, and the honourable Member for Fort Rouge mentioned this, it may very well be that the developments that will take place in Alberta and possibly Saskatchewan may have some effect to the extent that it will draw some of the people from Manitoba for the job formation that will take place there as a result of the heavy investment . . .

MR. CHAIRMAN: Order please. The honourable member's time as expired.

MR. SPIVAK: I wonder if I can just finish my one sentence, if I have leave . . . just to simply indicate that in these major investments it may very well mean that there will be an opportunity of job formation in other provinces and our people have to leave for that. But I think that that is a bad thing for the province and that presents us with a crisis today.

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

MR. EVANS: Mr. Chairman, I've listened to two diverse and rather interesting speeches this evening from representatives of two parties, the Honourable Member for Fort Rouge and the Honourable Leader of the Official Opposition.

I couldn't help but be a bit amused, if you will forgive me, Mr. Chairman, in contrasting

SUPPLY - INDUSTRY AND COMMERCE.

(MR. EVANS cont'd) . . . the attitude of the Leader of the Opposition now - and I appreciate his concerns, they are very sincere concerns and concerns that I think many of us share in this House or all of us should share - but sort of attitude, the rather pessimistic concerns for the future as contrasted to his attitude and outlook while he was Minister of Industry and Commerce, and I don't fault him for that because I think the Minister of Industry and Commerce for this province has to be an optimist. He's got to work very hard, as the Honourable Leader of the Opposition I'm sure will have to agree with me. Stimulating industrial development in Manitoba is a very difficult challenge. It is not an easy task and it never has been. It never has been, and for many obvious reasons.

The Member for Fort Rouge talked about all the oil and gas that Alberta has in particular and to a lesser extent Saskatchewan, and also the coal reserves and sort of what are we going to do about it sort of thing, and only say I wish I could get the ear of Mother Nature, because I'm afraid that Mother Nature has determined the pattern for this country or at least has determined the parameters for the pattern of economic development of this country and including the Province of Manitoba.

I said here last week that I was concerned about the outlook for the Province of Manitoba in 1975, I did not think we would do as well as we did in '74, '74 being one of the very best years that this province has had; no matter what statistics you take, it was a good year and I think that '75 will probably not be as good but it will not be as disastrous, and as the Honourable Leader of the Opposition led me to believe, that it might be, I don't think that our economic position will deteriorate to the position where we will achieve zero growth. I believe he referred to zero growth.

There are countries in the world that have experienced zero growth. As a matter of fact, our neighbours to the south, and I'm sorry about this, have not only experienced zero growth, they've experienced negative growth. Negative. Absolute decline. Absolute decline in their level of national income. And their unemployment rate is nearly 9 percent, you know. And we are blessed in this province with a relatively low level, a relatively low level of unemployment and we're also blessed with a certain economic situation that has enabled our manufacturing sector to hold up. Because while the Honourable Member for Fort Rouge is concerned about all revenues that are accruing to Alberta and Saskatchewan because of rising oil and gas prices, at the same time I must remind honourable members that 70 percent of those manufacturers that are sold outside of Manitoba, 70 percent of the output of our factories, that is consumed outside of the provincial boundaries, is consumed in the other two provinces. In other words, we are highly dependent on income levels that accrue to our sister provinces to the west. And I don't think we should be. While I am not happy that we in Manitoba are paying more moneys to those provinces for oil and gas, I'm not happy about that and I'm opposed to this, on the other hand, the fact that there has been a high flow of income into these resource sectors, petroleum resources and agricultural resources, this income flow has sustained our manufacturing output, and as I said the other day we did have a very significant increase last year and the year before. And I think that it's this high flow of income into the basic resource sectors that will sustain our manufacturing industry in the year ahead.

I would also refer the Honourable Leader of the Opposition to the outlook for investment in the province of Manitoba in 1975. These are figures that have been tabulated by Statistics Canada based on a survey that I think is made semi-annually, twice a year, of enterprises and government departments and agencies, so in totality - and I don't have the breakdown between public and private here, they're not available I'm advised - at least they are available for earlier period but they're not available for the 1975 outlook I'm advised. That the total investment in Manitoba is expected to be nearly \$2 billion, more precisely, it's anticipated to be \$1,976,000. Now this is an increase of 10 percent, I believe, it's a 10 percent increase over last year and I realize there's such a thing as inflation - you agree? Good. I realize there's such a thing as inflation and when you take inflation out, it's not so good, but on the other hand, it is not a decrease which has occurred in some other parts of North America. And also - and this is rather significant - as a percentage of the Canadian total, we would be approximately 4.2 percent, and that's more or less what we experienced in Manitoba the last five years. I'd like it to be larger, I'd like it to be at a higher level but, you know, that level of investment in the public and private sectors will give us a percentage which is 4.2 percentage points of the total Canadian investment picture, that is more or less as I said the pattern that we've had in

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) . . . the last few years. It has been higher than that but it's also been lower than that. In 1971, for example, it was 4.1 percent.

The point I must make again, Mr. Chairman, is that while I can appreciate the need for increasing investment in the private sector, please, I appeal to the Honourable Leader of the Opposition, do not underrate investment in the public sector. Because you know, investment in the public sector does create jobs, you know, and every economist whether he's of the left wing or the right wing or the middle will tell you that is the case, that public investment can be as valuable and in fact in some cases more valuable in creating jobs and stimulating the economy than private investment. Can be more valuable or can be certainly equally as valuable. You know, for example, the investment in Manitoba Hydro, the hydro electric investment is a very important, very basic investment for this province to make and it has some very profound ramifications for the future of the province.

The Honourable Leader of the Opposition asked for a Department of Economic Development. Well, you know, again I would say to him that in many ways this department, which is still called the former name, the Department of Industry and Commerce, in many ways has become much less of a promotional department than it was some five or six years ago, or than it was 10, 15 years ago. As I indicated in my opening remarks, we are spending something like 6 percent, less than 6 percent of our budget - last year we spent about 6 percent of our budget on advertising, we expect to spend something less than that compared to 16 percent five years ago. So the fact is that we have less than the overall general advertising thrust in general promotion and in many ways we have become more oriented towards these policy concerns that the Honourable Leader of the Opposition has referred to. In many ways we have become a department of industrial development because we are attempting to plot the course of industrial expansion for the province through this industrial research that is taking place, not only by sector but also by region. We're doing this with respect to our transportation research, there has been a large increase in activity in there. This is not academic research, this is research that is required by the province in order for us to take various positions, particularly with regard to national transportation policy. You might say, well that's only for lobbying purposes, but, you know, Mr. Chairman, this is a very very important function that I think that we must play inevitably regardless of which party is in power. It seems to me that this province, I guess as other provincial governments, should maintain a very strong transportation research group in order to appreciate what various railway rate changes may have on the province's future, to what extent various railway policies should be changed in order to effect the future of this province.

Mr. Chairman, I don't think the members of this House realize, and perhaps the members of the public don't realize, the great deal of work and effort that has gone in to this question of a national transportation policy. The research that has gone into by this province, by this department, into the shortcomings of the existing national transportation policy has been gigantic, and it's been very fundamental, it's been very important. We think that the existing philosophy of the National Transportation Act does not work in the interests of the industrialization in Manitoba and we've been working very very hard to persuade the present Minister, the Honourable Jean Marchand and his senior staff that this should take place. We have had many meetings many top level meetings, very intense meetings on this subject, and I think we are beginning to make some progress. I believe we are making some type of breakthrough. I think the Federal Minister is much more knowledgeable about the effects that the existing transportation policies have on Western Canada and Manitoba.

But I say, Mr. Chairman, that we have become that development oriented type of department because of this increase in research, We have also increased our management programs whereby we attempt to assist small, medium-size enterprises in a very positive, practical, specific way to improve their management levels and to overall improve the productivity of their enterprises. The fact that we have set up and small business service centre, a resource centre for a small businessman to come to, I think, is evidence of this as well.

The honourable member, I don't want to belabour this, so I'll pass on quickly, the honourable member also referred to the need for data and sound research and I would also therefore refer to the fact that we did set up a statistics bureau and we do have access to Statistics Canada data that we never had before - because we passed the Statistics Act, we are able to get detailed Statistics Canada breakdowns which we were not entitled apparently to before. Now

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) . . . I'm not saying we never got any at all or that the Provincial Government could not obtain special tabulations, etc., but because we do have a Statistics Act, we are able to get access to the census tapes for example. We have those, and of course the latest census is for 1971 and we can obtain all kinds of cross tabulations by programming the computer as seen fit, and therefore we do have access to more data than ever before and we do have the experts who can help us analyze this data.

The Honourable Leader of the Opposition referred to some of the changing factors at work, the varying forces at work that do influence the economic situation in the province and I share his concern about inflation, rise in prices. Again I say any province is limited by itself in what it might do about inflation. We're obviously concerned about wage rises but these are the sort of things that happen in an inflationary situation where you have prices rising and where the consumer, the average worker feels that his take home pay means less and less because he can buy fewer and fewer goods and services with his dollar, so it's understandable that you get these pressures for wage rises at this time.

The honourable member, if I heard him correctly, the Leader of the Opposition did refer to the devaluation of the Canadian dollar as some sort of bad thing or something that we should be very concerned about. I would just advise him that there are other viewpoints on this. The devaluation of the dollar may be very good because it means we're more competitive internationally. --(Interjection)-- Two sides, yes. Well I'm saying that the devaluation of the Canadian dollar. You know, we could have more difficulty in this country in terms of employment and economic prosperity if we had a dollar that was worth more than the American dollar, because it would be more difficult for us to compete in international markets, it certainly would. A dollar that is worth a little less than the American dollar may be a good thing for our exports from the manufacturing sector, for example. At any rate I would not say at this point in time that the devaluation of the dollar is necessarily a bad thing. There are problems that it does create. It's more expensive to import so therefore it causes prices to rise for the consumer, but from the producer side, it does give more protection to industry per se; if the dollar devalues it has the same effect as raising the tariff, exactly the same effect. So, you know, if you're interested in protecting Canadian industry, that occurs when devaluation of the dollar takes place.

With regard to the recent First Ministers' Conference on Energy, I would say, yes, the Honourable Leader of the Opposition is correct, there were more than one group involved, I would suggest besides our own energy research people, we had experts from the Department of Finance and people from the Planning Secretariat as well involved. But the Planning Secretariat was involved essentially in co-ordinating material, and you must remember it was a conference on energy and the economy, you know, it wasn't just the price of oil or natural gas, - at least it was stated by the Prime Minister in calling or convening the conference that the question of the economy was a very important question that would also be dealt with by that conference.

The Leader of the Opposition laments the lack of reports and brochures that we put out. I suppose we could have put out some pamphlets, some statistics and so forth. However, I don't know whether a great deal of that kind of data is required to make the case against an increase in oil and gas prices, because just in no way does an increase in oil and gas prices assist us in our economic development. As a matter of fact any increase in oil, even though a third of our consumption, a third of the amount of oil we consume in Manitoba is produced here in Manitoba and primarily in the Member from Virden's constituency, not that we necessarily use the same oil here, but I would say that the amount of, I believe this is about the appropriate amount, about a third of the total consumption of petroleum in Manitoba, about a third of it, an amount equal to a third of it is produced here. Not exactly the same oil but that's about the proportion that is produced here. The fact is though that we are net consumers of oil and it is simply not in our interest to see a rise in the price of oil, unless one would argue, as the Federal Government is arguing, that a rise in the price of oil is necessary in order to bring about self sufficiency in Canada. In order to bring about the development of Canadian petroleum resources, the Federal Government is now arguing that the domestic price of oil which is still considerably below the international price, that the domestic price should be allowed to float up in order to bring about the necessary investment, exploration in the private sector in Canada - that you will not get this investment, you will not get this exploration, you will not get this development in Canada

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) . . . unless you have this internationally competitive price available. I believe that is the Federal position. And I suppose one could argue that all of us in Canada should be prepared to pay more if that would be the result.

What complicates it, however, is that you're dealing with international oil companies, companies that have interests in many nations, in many parts of the world, and one would have to assure one's self that if the oil companies were to obtain greater revenues for their production, that they would spend those revenues, those increased revenues in developing Canadian petroleum resources. We have no guarantee of that. As an international company they could invest it in the North Sea, Venezuela or wherever they may feel fit, wherever they get - I would suspect they would want to invest it where they get the greatest return for their dollar and according to the rules of the game that is played. Still, according to the system, I guess you can't blame them. I mean you would expect this to happen. And therefore one has to get involved when you're talking about assuring self sufficiency. If that is your objective, self sufficiency, a supply of oil and gas from within Canadian boundaries in the Canadian territory that will adequately meet the needs of Canadian consumers, then I guess you could make a case for the price of these products to increase and also tying in various regulations and conditions that these additional moneys be utilized within Canada.

On the other hand, one could take the position as we did, that this industry should be regulated or developed like a public utility and that you invest the money and the investment on your money is received in future prices of oil or gas, that you should not realize a profit from the old oil, let us say, or the old gas, because you've already sunk in your investment dollars on that and if there hadn't been the oil crisis, so-called in the world, the western oil and gas producers would not have been receiving an additional amount for their particular product. Well at any rate, Mr. Chairman, what I am trying to do is point out that there are many policy options in this area of oil and gas development and you have to ask yourself what is your objective? Is it national self-sufficiency or is it simply always getting the lowest price possible. And in that case you may want to be more concerned with international developments and you may not be concerned where the petroleum companies invest their dollars providing you believe that you will be able to obtain petroleum products at the lowest possible international price. And it is not beyond the realm of possibility that the international price of oil at some time or other could come down somewhat.

However, Mr. Chairman, I don't really want to belabour the point. All I'm saying is that obviously it's in our interests to oppose, at least in the short term, to oppose any oil and gas price increases because it means that the consumers in Manitoba, the people of Manitoba have to pay out more moneys, and I would agree with the Leader of the Opposition, it's not necessarily resulting in any more development of resources in Canada. It has enriched the provinces of Saskatchewan and Alberta, it has enriched their provincial treasuries but it has not necessarily caused any more production to be stimulated. And I would agree with you on that. That is the sad fact.

On the other hand, I want to point out that the - and I'm perhaps moving towards some of the remarks made by the Member from Fort Rouge - that we have made our position known to the Federal Government and to all concerned in Canada, not only at this First Minister's Conference of Energy but on many occasions, on many important occasions before the National Energy Board which has the power to decide on such matters as pricing by the Trans-Canada Pipeline for example or the Interprovincial Pipeline, it has powers of control of exportation and importation of oil and gas, and we have spent a great deal of effort trying to convince the national government that they need a truly national energy policy for Canada.

The Member for Fort Rouge criticizes our Manitoba Energy Council and says what we need is a really high powered provincial energy board, and I would ask the honourable member what could that board do that the council cannot do at this point in time. The fact is that we don't have control over the oil and gas supply necessarily and what regulation we might have, we have the apparatus already in place; we have legislation governing the public Utilities Board in Manitoba and we have under the legislation power to regulate various energy prices. We do have some direct control over the Hydro-Electric programs and policies and these are being exercised by this government, but the fact is that this Energy Council which is made up of senior officials of this government, has been very active, perhaps has not been as concerned with, as the Member for Morris referred to, image making or we haven't been as concerned

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) . . . with our polished image but we have been hard at work. The Council and the staff have been very hard at work appearing before - I think there was at least three major interventions which we've made in the past year. This required the services of economists and legal staff and I want to point out the so-called national energy policy we have now will have to be seriously changed if Manitoba is going to have an adequate supply of oil and gas in the future. And you say well what should we do, or what can we do as a Manitoba Energy Council, or call it a Manitoba Energy Board if you will. The fact of the matter is that we don't have very many cards to play in this province. We can demand, we can cajole, we can request, but ultimately we have to, I believe, work through the national government of this country, the national authorities, the National Energy Board which has, the Federal Government has more control, more power today than ever before, particularly with passing of the Petroleum Administration Act which now gives it the power to set retail prices. But I want to point out to the Honourable Member from Fort Rouge that same National Energy Board that's supposed to be looking after national interests in Canada, has permitted an excessive amount of natural gas exportation, in my opinion, is continuing to permit an excessive amount of oil exportation, in my opinion, when we are confronting with a limit to the amount of petroleum that we can easily and commercially obtain from the land.

We know that there are gas and oil deposits in the high arctic but we know these are very expensive deposits and I say it's absolutely incredible, Mr. Chairman, that the federal government call allow 40 to 45 percent of the natural gas production of this country to be exported to the United States when there are citizens here in the City of Winnipeg that can't get gas for their homes. This is just incredible, and if anything we have to make the Federal Government aware of this. We have attempted to do it, not only by writing to the Minister of Energy, by talking to him personally, on the phone, in Ottawa, at conferences, on special visitations, private visitations, and also by appealing to the National Energy Board which is the formal Board that hears the case. I had to get on the phone last year when Winnipeg Gas was telling us, "My God we've got thousands of requests, thousands of applications for gas to be put in homes in Winnipeg" - and this is not industrial heating I'm talking about, I'm talking about residential heating which has the top priority - "we've got thousands of customers or potential customers or would-be customers and we can't possibly service them." Alberta would give us the gas, we found a producer, we went to Calgary, you talk about inter-provincial co-operation, we did go to Calgary and we were well received by the Alberta people, the President of Winnipeg Gas was with me, some other officials, we ascertained that we could obtain additional supply of gas from Alberta for Winnipeg for the utility here, at a somewhat higher price, but it was reasonable, it wasn't a gigantic increase, it was a marginal increase. I'll come to a conclusion at this point --(Interjection)-- I've just got a minute, I'll finish and then I'll answer the questions.

We got the gas, but then we found that the TransCanada Pipeline was not able to bring it here to Manitoba, it had to add some facilities, a minor facility, and in the meantime we thought an application by TransCanada Pipeline before the National Energy Board would just go through very very simply without any opposition. We had our friends in Ontario, the Ontario government opposing the application by TransCanada Pipeline to put in facilities in Saskatchewan so that little additional gas could come here to Winnipeg, so that we wouldn't suffer that crisis. We didn't suffer a crisis but we didn't get the gas that we required. And the fundamental point Mr. Speaker - and with the leave of the House I'll just conclude in 30 seconds - the fundamental point is that the National Energy policy of Canada is supposed to guarantee gas for all Canadians before there be any exportation. But that policy is not being carried out. And if anything, my responsibility and the responsibility of the Energy Council must be to drive the point home very clearly to Donald Macdonald the Minister of Energy and the Federal Government that they must carry out a truly Canadian National energy policy.

SUPPLY - INDUSTRY AND COMMERCE

MR. CHAIRMAN (Mr. Walding): The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman I just have two questions of the Minister ending on that note of flourish. I would wonder first if, while he is banging the table insisting that the Federal Government cancel the export licences or not permit export licences from Alberta and British Columbia for natural gases, if as a sign of good faith he's prepared to advise the First Minister to cancel the export of hydro power to the United States at the same time so that there can be some proper trade-off, because as I understand his remarks, he's saying that energy policy is interchangeable in terms of the different sources of power and that we should be prepared therefore to indicate our own willingness to provide for some fall-off in exportation revenue in order to provide for Canadian consumption.

The second question I would ask the Minister is on the question of the composition of the Energy Council when he said that what would we want, I was wondering if the Minister has considered the advisability of broadening the membership of that council to include other than senior civil servants of the government who I suggest may be heavily dominated by Manitoba Hydro officials who have a particular perspective on energy and that by recruiting or enlisting the involvement of others in the community, to use perhaps for example people from the construction industry, involve them in conservation issues; people from the private energy industry in the province so that they would be able to provide advice and direction, and in fact aid and abet the representations that the Minister would want to have made and the kind of influence in the community that would be necessary, and we are simply wondering why in terms of trying to evolve and develop an energy policy why the group that is responsible for doing so couldn't represent a wider range of interests and outlooks and skills in the province than those simply that would be contained inside the administrative or civil service function of the government. Those would be the two questions I'd ask the Minister.

MR. CHAIRMAN: The Honourable Minister.

MR. EVANS: How much time do I have to answer, Mr. Chairman? There is no limit on the time to answer, is there?

MR. CHAIRMAN: The Honourable Minister has thirty minutes.

MR. EVANS: Thank you. No, I won't take 30 minutes. Because I really didn't answer the other questions put prior. But I'll give you a quick answer, because I know the Member for Riel wants to speak and so on. But specifically, taking the last question first, I believe you said, why aren't officials from the Manitoba Hydro not on the Manitoba Energy Council, or they should be?--(Interjection)-- From Manitoba Hydro? Oh I thought you made reference to that. The Honourable Member does know that the Chairman of Manitoba Hydro is on the Council?

MR. AXWORTHY: Mr. Chairman, I just interrupt the Minister to clarify my question, and I thought I'd made it fairly clear. I wondered if the Minister had considered the advisability of broadening the membership of the Energy Council or Board, whichever, to include representatives and individuals from the private industry, from construction groups, from the energy industry outside the government, on the basis that a council composed exclusively of senior civil servants, especially those which are heavily dominated by hydro officials, who while extremely skilled and forward looking, we must confess have a particularly vested interest in a certain source of energy supply, whether in fact the broadening of such a council and the acquisition of a wider range of outlooks on energy questions might in fact strengthen that council and give it certainly more leverage and more influence in this community.

MR. CHAIRMAN: The Honourable Minister.

MR. EVANS: Mr. Chairman, I did hear the question but it was just the part with regard to hydro that I was not certain of. But at any rate we have, I suppose we've considered the matter but we've decided to proceed as we have, but having said that, you know that is the wider, broader public involvement, having said that I want to remind the member that the Energy Council makes specific policy recommendations to the Cabinet and deals with a considerable amount of internal governmental administrative matters. There is one bill that we will be presenting here shortly which will illustrate what I'm talking about, but regardless, I would point out that we do have an advisory committee on conservation which is made up of citizen members including people from the University of Manitoba. This is

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd)the Advisory Committee on conservation policy. Also I would suggest that we have had a continuing liaison with the greater Winnipeg Gas Company and the other gas utilities in Manitoba; we've had continuing consultation with many many areas of the private sector with regard to energy supply and demand. I won't take all the time to give you all the details but I can tell you that we've had countless meetings, I haven't got the stats in front of me here but we've had many many meetings with people in industry and have had presentations that have lasted 3 and 4 hours. And we've had detailed discussions with senior officials of oil companies, we've had references made to retailers of gasoline, we've had meetings with two groups, with one of them on more than one occasion and so on.

With regard to the other question, the exportation of electricity, you're dealing with another type of resource. We in Manitoba essentially have a hydro resource, a renewable resource, and I think it's been well stated many a time before the Public Utilities Committee by the Chairman of Manitoba Hydro that the proposal to export electricity for Manitoba is strictly a proposal that relates to interim exportation of electricity, in other words, for relatively short periods of time, 2, 3,4 years, while there are excesses available to us. As the honourable member realizes, when you place a dam in a hydro facility in place you immediately create a large block of additional capability, and while you create this capability in large blocks your load growth is very smooth. There will be periods of time as we develop the Nelson where you will have this excess electricity, and rather than let the water flow into Hudson's Bay, it's far better to have somebody utilize it and it will earn, I'm led to believe, will earn very valuable dollars for Manitoba, for Canada, by exporting it to an area of the United States that needs the electricity, interestingly enough, most of all at a time when our requirement is low. In other words, the peak demand in Minneapolis, St. Paul is in the summer, high use of air conditioners, and our peak demand is in the winter and there is exchange and there should be more exchange. Incidentally, that tie up, that grid system makes a lot more sense than a national grid system at this point in time. As much as I like to see a national grid system this does make a great deal of sense. So therefore when it's taken in that sense, I'd suggest that our position on electricity does not conflict with our position on the non-renewable energy supplies.

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SUPPLY - INDUSTRY AND COMMERCE

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, this seems to be the item under which we should discuss the Manitoba energy crunch that is upon us and also the role of the Manitoba Energy Council.

Mr. Chairman, I must say at the outset that this is one area where the opposition has had some very slight degree of success, not a great deal mind you, but some slight degree of success over the last few years in trying to nudge the government along to the position of looking after the interests of the people of Manitoba. And I refer back to the resolution that was presented, for one thing, in 1972, asking the government to set up a Manitoba Energy Board. That resolution was debated at some length and was presented by the opposition and defended. We got very little response from the government at the time. But lo and behold they did in February 1973 set up a Manitoba Energy Council. And its terms of reference, according to the one and only report which it has so far produced, which are given on Page 24, actually provide all the rhetoric required to indicate to the people of Manitoba that they're going to have their best interests looked after. And I want to read to you what it says in the report. This is on Page 24, under the section on the Role of the Manitoba Energy Council. It says, "this Council, chaired by the Minister of Industry and Commerce and including representatives of Manitoba Hydro, the Public Utilities Board and certain government departments, is charged with the responsibility of developing and co-ordinating energy policy in Manitoba." Responsibility of developing and co-ordinating energy policy in Manitoba. "Among other duties the Council is charged with the responsibility of evaluating the short and long term needs for energy in the province." And I repeat that, Mr. Chairman. "The short and long term energy needs in the province; recommending policies to be pursued with respect to the supply of indigenous and imported energy sources; developing positions for federal-provincial conferences on energy, and in general insuring that the needs of Manitobans with respect to energy are met."

Well, first of all, Mr. Chairman, the most important thing here is developing the short and long term needs. Now this report is put out in 1974, Winnipeg, Canada 1974. The report is presumably less than a year old. There is not one place in this report that mentions the shortage of natural gas in the Province of Manitoba. But we have the Minister standing up here and berating the Federal Government and National Energy Board for their exports and so on, about their role and position, and within a year their long-term outlook, in a report that is less than a year old, was not even able to spot a problem that was well upon us in November of 1974. Bang. How can you stand and criticize another government or another agency when your own report in the same year it's produced has a crisis on its hands in natural gas. Let's show you the accuracy of the work that's in this report. It also shows here on Page 12 the dependence on natural gas in the Province of Manitoba, and here's what it says, "It is estimated the demand for residential space heating in the province amounted to 53.8 trillion BTUs, 67 percent of all residential commercial energy requirements." 67 percent of all our residential commercial requirements for heating in the Province of Manitoba are natural gas. Go on to the next page, Page 13, it says, "Energy demand by sector in Manitoba and Canada 1971 by percent, natural gas 45 percent." Same year, two different statistics. One says 67 percent, the other says 45 percent. Now I don't know what . . . they appear to refer to the identical requirements the two same years. This report is you know . . . first of all whether it's 45 or 67, it's an awful chunk of the energy requirements to heat the homes of Manitoba.

The same report mentions no crisis, no problem, it refers to requirement to shift over to electricity. But they say that this is difficult. They give a total of about two paragraphs to natural gas here and make absolutely no reference to the impending crisis that was upon us within a matter of months of this report coming out.

Let's also refer to the same page, that's Page 12. Number of households that's on natural gas - 153,375 households out of the total of 287. You know the number on electricity? 19,000. Those burning wood, 11,200. You've almost as many households in Manitoba burning wood as you've got electricity. Now, what is the policy? We're not here to find out what the policy of the Federal Government is on the export of natural gas to the United States. We're here to find out what the policy of the Provincial Government is for a comprehensive energy policy for Manitoba.

Manitoba Hydro told us at the Public Utilities hearings that they were planning for a

SUPPLY - INDUSTRY AND COMMERCE

(MR. CRAIK cont'd). . . . growth rate of somewhere around 7 percent in the foreseeable future. We asked them specifically what about the conversion of homes over to electrical heat because of the impending problem on natural gas, a freeze on new home connections, all connections for the next two years on natural gas, no new connections allowed. They said it doesn't, as far as they know, make any appreciable difference to their demand picture.

Well with this sort of a picture and with the glowing statements by the government about the development of hydro energy in the Province of Manitoba, the fact that there's no accommodation for Manitoba Hydro in its predictions for increased loads because of a shift out of these other areas of energy shortages, what is the government's policy, what are they going to tell the people of Manitoba that they think that they should do? Are they going to tell them to go from electricity to wood so that the wood comes up to the electricity, or are they going to tell them that they should be going the other direction; are they going to suggest to them that their predictions are for energy costs in the year, three from now - let's add say 1978 - or four from now - 79, where they think the prices are going to be of these commodities? Where they think they should be headed for in terms of their home heating? We saw the government two years ago just before the election, they banned all the advertising of Manitoba Hydro on home heating, all the ads were cancelled, they haven't been put back on yet. Still we've had a whole picture completely reverse itself in 12 months, we've seen no change in the government's advice to the people of Manitoba. We are completely lacking in a comprehensive energy policy for Manitoba.

We have the First Minister you know waxing wisely about the world problems of energy. Sort of, you know, hoping and wishing that he might become sort of involved in a United Nations program to look at the energy problems of the world. We have glowing reports now from him about the greatness of the renewable resource of hydro. But we don't have a comprehensive energy policy, a recommendation to the people of this province as to where the government thinks we're going in the next few years. We have a refusal, no comment, position by the government in the way of suggestions that they might think about getting involved in the Syncrude project in Alberta. This has been brought up and discussed. The invitation by the Province of Alberta for the provinces to become involved. The Province of Ontario takes a very major position in relation to the other provinces. No participation by the Provinces of western Canada.

Does this mean that the Minister of Industry and Commerce and the First Minister thinks that we are sufficiently in a position with regards to oil that we don't have to participate in this western Canada project? What is the comprehensive policy of the government with regard to energy? We've seen during the period it's been talking about these matters, the cut-off of interruptible gas supply, a freeze on - if you'll pardon the expression - a freeze on all new connections to natural gas over the next two years, a silent position with regard to the invitation of Alberta to become involved in the Syncrude project which has the largest potential reserves of oil, larger reserves even though they're more complicated, than the whole Saudi Arabia, and still the Manitoba Government takes a silent position on this. You know even the Premier of British Columbia had a position on it. He said, "Yes, we would be involved if there weren't any private companies involved. But we won't get involved because our philosophical beliefs, we will not get involved with the private companies in this development." He believes in the oil but he doesn't believe in the private companies. What is this Government's position? Does it believe we're going to need oil and that this is a pretty good Ace in the hole, or does this government too believe that they should not get involved with private companies to try and provide some energy insurance in the coming years?

So, Mr. Chairman, what we want from this government is some indication of a more substantive staff effort than what shows up in this energy report that we've received from the government in the last year. We want more substantive information or more documentation that they in fact do have a capability to be able to plan, to tell us as a province, tell the people of Manitoba where we're headed for in the way of providing for our future energy supplies. And stop trying to tell the people that electricity's going to look after us, because it isn't and they know it. It's great and it's good, it's a renewable resource and we're all happy for it. But as this report shows here less than 20 percent, or around 20 percent of our supply comes from electricity and it's very difficult to shift over the other ones to electricity. Possible in the residential heating field, but even there the people of Manitoba are not being told, "you

SUPPLY - INDUSTRY AND COMMERCE

(MR. CRAIK cont'd) should shift over". They've still stopped the mass advertising that was done two years ago to try and get new home connections and home heating to go onto electricity. We are devoid of a comprehensive energy policy for the people of Manitoba for them to plan ahead for their needs.

I couldn't help but also note with a grain of irony the Minister's reference to a national transportation policy. It was at the time of the Finance Ministers' meeting in Ottawa which was held in I think January, early in 1975, just about three months ago, when the Minister of Finance went to Ottawa when the Finance Ministers were meeting, and the fight at that time was over the allowance or disallowance of royalty taxes with regards to Federal Income Tax. The Finance Minister went down and felt presumably, must have felt, that his real role at that meeting was to act as arbitrator between the west and the east on this important matter, because that same week was the week that the railway companies took off their subsidy on transportation of goods to western Canada. And not one word of any substance was stated for a position of Manitoba with regards to that important issue at that time, not one important word was stated, not one strong position was stated. Neither was a strong position taken for Manitoba to defend its position with regards to the disallowance of the royalty on Federal Income Tax. But that's another issue. What we did get, was the Minister of Finance got glowing reports from eastern Canada about playing his arbitrator's role in trying to acquiesce the differences between Alberta and the Federal Government, and at the same time we didn't get a strong position taken on transportation, on the subsidy of railway rates to western Canada, and a week after that the railways upped their rates which had a tremendous impact, particularly on northern Manitoba. I think it was stayed, the execution was stayed at the last moment for another short period of time. But anyway a strong position has not been put forward with regards to this transportation crisis that struck us at that time. But that's not the issue. The Minister has raised it and I think it's worth replying, that at that particular time there was an opportunity by the Minister of Finance for the Province of Manitoba, because that was the week that the critical decision was being made on whether the subsidy was going to be continued or not. And it wasn't. It received a stay of execution for a short time but didn't actually go on for very long.

Finally, let me finish, Mr. Chairman, on Page 23 of this amazing little report that we have here from the Manitoba Energy Council. Incidentally, I endorse this idea that the board should be beefed up. The board is made up of the Chairman of the Manitoba Hydro, the Deputy Minister, who's a hydro man, and more power to him, the Deputy Minister of Mines and Resources who I understand is a mining man, primarily a mining expert, mineral mines not so much the others; the Chairman of the Public Utilities Board who's a lawyer, and the Deputy Minister of the Department of Industry and Commerce who is the second in command to the Minister or was at the time this report was brought out. So I have to add that you may have depth in your staff but there's not sufficient breadth in this group to cover all those important fields which are most critical - the fossil fuel areas, the natural gas and the oil. There's no representation on here of any substantial background in either gas or oil, and that of course is where we're most critical. And we have these important issues right now of an Arctic Islands Pipeline, one which everybody in Manitoba hopes, the Government and the Opposition hopes will come down through Manitoba. But again one where we only get a statement out of the government when we - it's like pulling teeth to get the government to make a statement. We keep pushing and prodding and lo and behold a few months later we get a statement. We right now have, for instance, an editorial in the Free Press today on the battle on where the gas from the McKenzie Delta area goes, and Alaska. Is it going to come through Canada or is it going to . . . the gas from up there going to go across Alaska from the Prudhoe area and go over there and we wait until the reserves build up in the McKenzie area to some indefinite date in the future when we can get it?

Now are we looking at these, because you can't help but look at the statistics and say Manitoba has a dependence on those important energy sources that probably exceeds any other province, any other province with a comparable climate. Let me add that, any other province with a comparable climate. B.C. has got their own, and they've got a climate in the interior that's difficult. Alberta has their own. Saskatchewan has their own. We have next to nothing. We have next to nothing. You know we're more vulnerable in this climactic belt of North America than any other province in Canada. Ontario? Ontario's way ahead in nuclear compared to us. They of course are extremely dependent, their climate of course is not as nearly

SUPPLY - INDUSTRY AND COMMERCE

(MR. CRAIK cont'd) as severe but it's still a very demanding one. But there is no province that is more vulnerable in all of Canada than Manitoba. No province - to energy supplied, energy required.

I'm going to repeat, we've had to pull teeth for the last six years to get action out of this government on a scene that is changing so fast that even their report which is one year old doesn't make reference to the most critical issue, the shortage of natural gas, that has hit this province in the last 20 years. And every issue that comes up we have to keep pulling, prodding and pushing. I don't even know that we're having any effect on you. You may be just doing it because all of a sudden you've got a problem and you solve it. But what we're trying to tell you is that we'd like to see a comprehensive energy policy for Manitoba that shows far more depth and understanding of the problem than the report that you've put out here.

MR. CHAIRMAN: The Honourable Member for Radisson.

COMMITTEE SUBSTITUTION

MR. HARRY SHAFRANSKY (Radisson): Mr. Chairman, before the Minister responds, I'd like to, by leave, make a substitution on the Public Utilities Committee for tomorrow morning. Substitute Johansson for Green on the Public Utilities Committee.

MR. CHAIRMAN: The Honourable Minister.

SUPPLY - INDUSTRY AND COMMERCE Cont'd

MR. EVANS: Well, Mr. Chairman, one thing I want to make clear about that little booklet, which incidentally I'm very pleased that the Honourable Member from Riel has read and has taken a great interest in. I'm very pleased, because I often wonder who reads some of the publications that governments of all stripes of various jurisdictions turn out.

But I want to point out something very fundamental. That is, the honourable member looks for policy direction in that report and one never suggests, I did not suggest, I don't believe anyone on the government side ever suggested that that particular report that we published was to be a policy document. It was just what it says it is, and that is a discussion of the general supply and demand situation in the province up to the date of the figures that were available. It is not a policy document. But having said that, I agree the honourable member I think has put a legitimate question to us - what is our policy on energy? I suppose one could be very simplistic and say one should have as his policy or this province should have as its policy the maintenance, the assurance of an adequate supply of the various energy forms that are required at the lowest possible price. It might sound like sort of the obvious, but think about it for a moment and you'll agree that that has to be, and indeed, Mr. Chairman, is our policy that you can't look at energy supply in a homogeneous fashion because certain types of energy have limitations; various types of energy are good for one purpose, other types of energy are good for another purpose. For example, natural gas obviously, I believe has a role to play for residential and commercial industrial heating per se. It certainly doesn't play a role in motive power; natural gas is not commercially viable as a source of energy for motive power, whether it be rail or automobile or truck, or what have you. But I think we have to have, and we do have, as an objective the requisition, the obtaining of all energy sources at the lowest possible price for Manitobans, and to assure that we obtain these supplies.

Now you referred to the utilization of hydro electricity and the promotion of hydro electricity. I think that it has been well stated that there are some very valid and practical uses for hydro electricity; one of them is residential heating, and to some large degree people have shifted to electricity as a form of heating of buildings. So I say our policy therefore:

No. 1, is to obtain adequate supplies of energy sources at the lowest possible price for Manitobans.

No. 2, use hydro electricity wherever feasible, wherever practical.

No. 3, attempt to instill a conservation ethic in the consumers in Manitoba, and we have established a conservation office; it has done a great deal of work in disseminating the many many booklets and pamphlets on conservation that are now pouring out of Ottawa, out of the United States, out of Washington, and so on, and rather than duplicate some of these booklets we are doing our best to disseminate this information. A number of articles have been written, disseminated to magazines and newspapers, and so on. So number three, therefore the

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) third element in this provincial energy policy, is to promote the conservation ethic in the province, particularly with respect to non-renewable resources.

No. 4, the fourth element of the Provincial Energy policy, is to explore the implementation of new energy-providing techniques. And I'll refer to a couple of examples.

One, exploring the possibility of using solar heating for homes. Now, solar heating is not new, but I think it's incumbent upon us to see to what extent solar heating may be practical in at least providing some of the heat, if not all of the heat, of a typical home in the province of Manitoba. --(Interjection)--You know that. Well I wonder how much we know. --(Interjection)-- Well I only wish I had the confidence of and the great knowledge that the Honourable Member from Charleswood has. Sorry. Sturgeon Creek. In spite of all the information that the Member from Sturgeon Creek has, we are hoping within the next year to set up one building in the Winnipeg area that might be heated by solar heat. The problem with solar heat is that it requires a large amount of water storage capacity. I think the average home would have to have a capacity to store water equivalent to two average-sized back yard swimming pools, and that's a lot of water to store under the ground, but the idea is that it would be heated during the hot summer months and stored for utilization in the colder winter months. Nevertheless we are proceeding with an experiment on solar heating, a practical experiment within the next year.

The other technique that I would refer to, and if honourable members are interested I would certainly be pleased to disseminate information on this, but it's something that is going to become very important to us in the future, and that is the concept of district heating. The Honourable Member from Riel was asking me about this, or my interests in going to Sweden and I was telling him about . . . I explained the interests we have in district heating. We have one particular problem facing Winnipeg now, it's a multi-faceted problem but it's a problem of adequate disposal of its garbage and industrial wastes, so we believe that from everything we've read and heard and seen that it looks as though it could be feasible to set up a modern incineration plant in Winnipeg that would burn all the garbage and industrial waste material and instead of this heat going into the atmosphere it could be captured for the production of hot water that could be utilized in serving parts of the city, and this city has had experience incidentally in central heating plants and we have an old facility now on Amy Street which is feeding the downtown core. It looks to be practical to send this hot water as many as 50 miles, and indeed further. Therefore instead of having problems of waste disposal, burial of garbage and so on, I think we could utilize all of this garbage, produce enough energy, which would be equivalent to the present cost of collecting garbage in the City of Winnipeg now. This is one estimate that was given to us. The cost of garbage collection now in the City of Winnipeg could pretty well be covered - this is a very rough estimate - could very well be covered by the value of energy that is produced in a district heating system. Tied into this of course would also be the production of some thermal electricity. It has to be a dual purpose type of facility because in the summertime you may not need this heat and therefore you would use it to generate electricity. But instead of wasting, we would be putting this material, this garbage, which is giving us a pollution and landfill problem, into practical use. And what has made it practical has been this very increase in oil and gas prices that we all lament and are concerned about. The fact of the matter is that garbage has become a valuable source of energy. This was well demonstrated to us in Stockholm, and furthermore, I would point out that you not only get the energy but you also get some recycling of metallic materials. The plant that we saw in Stockholm, they did recoup from it various metals, etc., from the ashes, and this could be used of course in Selkirk at the Rolling Mills, or what have you.

The other point I want to make on the concept of district heating, going beyond the utilization of garbage, it may become practical, considering the rising costs of natural gas, and the potential of a dwindling supply of natural gas, for our utility here in the future, for new subdivisions, to start utilizing the gas in a central heating plant and disseminate hot water to the subdivision rather than natural gas to each household. And to perhaps over-simplify it, by doing, by utilizing natural gas in this way, in a central heating plant, with the district heating system, instead of let us say getting a hundred units of energy by creating a central heating plant, you could get something like let us say 140 units of energy, something in the order of 35 or 40 percent greater efficiency, both in terms of electricity energy and hot water energy for heating. So in other words we will get more mileage per BTU of gas that comes into this city, or into any city or area of the province that uses it.

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd)

So this is the fourth element of a provincial energy policy, that is to promote and enhance the use of new techniques that give us a greater efficiency for the ever-becoming scarce supply and increasing costs of natural gas.--(Interjection)--I'm not quite finished but . . .

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: I wonder if the Minister would mind if I interrupted him here with regard to, I think, his second point. Is the government stating in clear terms to the people of Manitoba that they are wholeheartedly recommending that people go to electric heat for home heating? Are they fully endorsing this without reservation and advising them in the long-term picture that they would be well advised to go to electric heat now?

MR. EVANS: Well I believe the electric utility of course is promoting this, and people are being forced to go to it by necessity, but the fact is that, you know, you talk about freedom of choice, I think we could encourage people but at the same time I would point out that at least still at this time, natural gas heating, I believe, is still cheaper than electricity heating at this point in time. Now it may change, but the point I'm trying to make, Mr. Chairman, is that, you know, people should be given the opportunity to utilize the lowest cost form of energy that's available. Now there are other features of course. I think the honourable member would argue that well if you hook up to electricity than you're assured of supply forever, whereas with natural gas you may have to change your furnace subsequently, and you may have to suffer greater increases in the future, so you are taking a chance. But at any rate I simply say that where practical and feasible, the use of hydro electricity should be encouraged.

The fifth element - it's getting late, Mr. Speaker, and I think some members want to adjourn, so I'll try to wind this up - the fifth element of the Provincial Energy Policy is to do everything we can to assure supply by dealing with the Federal Government and our sister provinces. I refer to our many presentations to the National Energy Board and our pleas to the Federal Government to implement a truly Canadian national energy policy. Also part and parcel of assuring supply in our interest in polar gas. I'm more confident now than I was a month or two ago that the polar gas pipeline venture will come, not only through Manitoba, that is through the northern neck of Manitoba on its way to Ontario, but will come down in the Interlake Region to hook up to the Trans-Canada Pipeline at Winnipeg, because it is conceivable that some time in the future Alberta may be finding that the Trans-Canada Pipeline will be shipping gas from the North via Manitoba westward into Saskatchewan and into Alberta, and that is a possibility. However, that's perhaps speculation. But at any rate our interests in this matter are great and we've met with the polar gas people and we are in communication with them.

The matter of Syncrude. I am not as enthusiastic about the Province of Manitoba . . . the government is spending taxpayers' money to put into the Syncrude project, as the Honourable Member for Riel apparently is. I don't think that that investment would necessarily assure us any more supply of petroleum than we would get otherwise. I believe that the Federal Government and the Alberta Government, both levels which have received a great amount of additional revenue from the recent increases in oil prices, those two levels of government have far greater capacity than the Province of Manitoba to help with the investment and the development in Syncrude, and I think it's within Alberta so Alberta has got (a) the resources are within its provincial boundaries; and (b) it's got all this oil money that it doesn't quite know what to do with it at this point. If you talk about the embarrassment of riches, I think you might have a case to make in the Province of Alberta. It's going into a heritage fund or something, and I submit that a lot of it could go into the Syncrude project, and also repeat the Federal Government has a greater fiscal and financial capacity, and of course it too has collected additional revenues from the higher oil prices.

Well, Mr. Chairman, those are five elements in a Provincial Energy Policy. I would like to conclude by making a brief reference to railway rates because the honourable member asked about these, or at least asked where were we when the freeze was lifted, in so many words. If I heard him correctly he referred to the lifting of the freeze on rail rates that occurred on December 31, 1974. I want to assure the honourable member that we not only wrote letters, sent wires, but we had several meetings with the Honourable Marchand about this very question. As a matter of fact he consulted with the western Ministers on transportation policy - I think it was when we met in Calgary - about six, seven weeks before the lifting of the freeze. In consultation we uniformly, unanimously, said we were dead against the

SUPPLY - INDUSTRY AND COMMERCE

(MR. EVANS cont'd) lifting of the freeze at this time for many reasons. One of the big reasons, I mean apart from the inflationary effects and all the rest of it, the one very specific reason was the fact that the Federal Government at WEOC in Calgary two years ago, the Western Economic Opportunities Conference, said it would maintain the freeze until these railway rate anomalies were dealt with. Well, Mr. Chairman, we reminded the federal Minister where was the correction of the railway rate anomalies. Those had not been dealt with. They had been looked at but they had not been dealt with, and until such time as those anomalies were corrected, we would not even consider supporting him in a lifting of the railway rate freeze. And that was our unanimous position that was firmly stated in person to the Minister of Transportation with all his senior staff - I think he had 25 staff members with him, a great big army of public officials, and some very senior policy people. And having been unsuccessful in persuading the Minister not to lift the freeze, or the Federal Government not to lift the freeze, we then went to work before the CTC and did everything possible we could to prevent the freeze from coming into place, or to prevent the railway rate increase from coming into effect, and if it did come into effect to keep that rate increase as low as possible. I think we were quite successful in a very small way but nevertheless quite successful with our legal counsel in appearing before the CTC and having it change its mind on the matter, and we did get some delay, albeit for a short period of time, but all I can say, Mr. Chairman, is that we have fought this issue right down the line as much as we possibly could. We could not do - by we, I mean not only Manitoba but our two prairie provinces as well - but Manitoba took the lead, and that I'm very proud of, but I don't think we could have done anything more than we possibly did. I mean we don't control the railway rate making in this country, we don't control the policy, all we can do is persuade, using reasoned arguments, all we can do is persuade the Federal Government, and fortunately although our persuasive powers were, I think, quite adequate - I don't talk about myself alone, I talk about my colleagues in the west, Alberta and Saskatchewan, and their very competent staff - nevertheless our pleas I'm afraid fell on deaf ears and we weren't able to forestall it any longer. Mr. Chairman, I'm quite prepared, I'm sorry.

MR. USKIW: Mr. Chairman, I'm wondering whether this wouldn't be an appropriate time to adjourn the house. I so move.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

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

IN SESSION

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

MR. WALDING: Mr. Speaker, I beg to move seconded by the Honourable Member for Thompson, that the report of the committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable Member for Radisson.

COMMITTEE SUBSTITUTIONS

MR. SHAFRANSKY: Mr. Speaker, I understand that I have to make the motion of substitution with you in the Chair before I move that the Honourable Member for St. Vital be substituted for that of the Honourable Minister of Mines and Resources in the Committee on Public Utilities.--(Interjection)--St. Matthews. Pardon me.

MR. DEPUTY SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Industry, that the House do now adjourn.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The House is accordingly adjourned and will stand adjourned until 2:30 tomorrow afternoon (Tuesday).