



Third Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

33 Elizabeth II

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Hon. Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, Hon. John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Q.C., Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	IND
DOLIN, Hon. Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Hon. Gérard	Radisson	NDP
LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, Hon. John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SHERMAN, L.R. (Bud)	Fort Garry	PC
SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Hon. Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 15 June, 1984.

Time — 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. J. Walding: Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. I have a brief statement on behalf of the Minister of Natural Resources.

Mr. Speaker, we are pleased this morning to announce the release of a background report to commence the management planning program for Hecla and Grindstone Provincial Parks. The background report is the first step of a six-step process which will be followed in preparing a management plan for these parks.

The report provides information about the planning process, the resources and current uses of these parks. It also presents a variety of objectives and topics for discussion on which we are seeking public review and input.

Hecla is one of our outstanding Provincial Parks. In the recent Park Systems Plan brochure, which is available on request, Hecla is recommended for reclassification from a Provincial Natural Park to a Provincial Heritage Park to emphasize the need for protection and interpretation of its natural and cultural resources. Grindstone Provincial Recreation Park has become an important cottaging area on Lake Winnipeg. It is expected to continue to fulfill this role within Manitoba's park system.

The management plan for Hecla follows similar initiatives for Whiteshell, Grass River and Turtle Mountain Provincial Parks. We are committed to the preparation of long-range plans to guide the protection, management and development of Manitoba's key park lands.

The Parks Branch of the Department of Natural Resources will be holding public information meetings and drop-in sessions to review and discuss the background report. Meetings are scheduled to be held in: Gimli, Riverton, Hecla Park and Winnipeg.

All Manitobans with an interest in provincial parks are encouraged to participate in the planning process for Hecla and Grindstone. In this way we hope to develop a final plan that best meets the needs of all park users.

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Emerson.

MR. A. DRIEDGER: Thank you, Mr. Speaker. We welcome the announcement. I think this announcement

is a continuation of a policy that started already during the previous administration, so it is not necessarily a new initiative.

One would hope that in holding these information meetings that the results are going to be a little bit more positive in terms of taking the reaction of the people that they will be consulting with, not like they did in the case of the Whiteshell where they held meetings, listened to the people, and then continued on their route just as they please. So we hope there is going to be a bit more dialogue going on, and a bit more information taken and used of the people that are involved in these things.

Thank you.

MR. SPEAKER: I am pleased to table the Annual Report of the Ombudsman for 1983.

Notices of Motion . . .

INTRODUCTION OF BILLS

MR. SPEAKER: The Honourable Member for River East.

MR. P. EYLER introduced Bill No. 26, The Chiropractic Act; Loi sur la chiropractie.

HON. V. SCHROEDER introduced Bill No. 27, An Act to Amend The Financial Administration Act. (Recommended by Her Honour the Lieutenant-Governor).

HON. R. PENNER introduced Bill No. 28, An Act to validate an Expropriation under The Expropriation Act; Loi validant une expropriation effectuée en vertu de la Loi sur l'expropriation.

INTRODUCTION OF GUESTS

MR. SPEAKER: Prior to Oral Questions, may I direct the attention of members to the gallery where we have 85 students of Grades 3 and 4 standing from the Deloraine School. They are under the direction of Mrs. L. Lowdon and the school is in the constituency of the Honourable Member for Arthur.

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

ORAL QUESTIONS

Milk Prices

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Mr. Speaker. My question is for the Premier and it follows upon an announcement earlier this week of the decision of the Manitoba Milk Prices Review Commission having resulted in an immediate increase of 23 cents per two-litre carton of fluid milk at some retail outlets in Manitoba.

We're told today, Mr. Speaker, that some chains of small grocery stores are going to have to lay off staff and indeed perhaps be in danger of closing as a result of this decision. My question to the Premier is, will he order his Minister of Agriculture to speak to the members of the commission and have them rescind this decision to set minimum and maximum retail prices on milk in Manitoba?

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, first, I think the honourable member should be aware of the fact that the instances referred to on his part the other day are isolated events; that, in fact, much more common are reductions in smaller Winnipeg retail and convenience stores; also, of course, in rural and Northern Manitoba. So I think it is very very important, Mr. Speaker, when we rise in our place in this Chamber, that we attempt to be accurate and not attempt to mislead the public at large.

Mr. Speaker, it is also my information that currently uncontrolled provinces, those provinces that don't exercise control experience retail prices of \$1.02 to \$1.09 a litre, as rebates in those provinces do run rampant. Controlled provinces are indeed experiencing comparable product prices of around 84 cents per litre as in large Manitoba stores.

Also, Mr. Speaker, I think the honourable member should be aware that it was the Minister of Agriculture on his own initiative and, if I recall, without any plaudits from the Leader of the Opposition or honourable members across the way, rolled back the gouging of consumers in the month of February in respect to milk prices. If indeed there needs to be recognition, it is of the fact that it was this Minister of Agriculture that stepped in to prevent the gouging of consumers in the City of Winnipeg in the month of February of this year.

MR. G. FILMON: Well, Mr. Speaker, are we then to assume that he is evening up now and getting back at them, because what is happening now is a 23 cent per two litre carton increase in major retail outlets, which is a 16.5 percent increase in milk prices immediately as a result of this decision.

Mr. Speaker, further, we are told today that an Executive Assistant in the Minister's office is quoted as saying, "We are unaware small grocers are affected."

My question to the Premier is, who did the commission consult, or the Minister, and what investigations did they do in order to arrive at this policy that is detrimental to the interests of consumers?

HON. H. PAWLEY: Mr. Speaker, I again remind the Honourable Leader of the Opposition because apparently he was not listening closely a few moments ago, that uncontrolled provinces experience retail prices of \$1.02 to \$1.09 a litre, as rebates in those provinces run rampant. Secondly, controlled provinces such as the Province of Manitoba, products are approximately 84 cents per litre.

Thirdly, I remind the honourable members across the way that the situation pertaining to the example given by the Leader of the Opposition the other day is isolated. Much more common, in fact, will be reductions in Winnipeg, in rural Manitoba, in Northern Manitoba.

Fourthly, Mr. Speaker, again I remind the Leader of the Opposition, in case he did not hear my remarks, it was the Minister of Agriculture that had the initiative and the courage to roll back the gouging of consumers in respect to milk prices in the month of February without, I must say, any cries from honourable members across the way, including the Leader of the Opposition, that he undertake that action. There was barely a whisper from honourable members. The Minister of Agriculture took that action, Mr. Speaker, insofar as ensuring that there be a rollback in milk prices.

So, Mr. Speaker, insofar as the milk situation in the Province of Manitoba and consumers, this government is quite conscious, quite aware of its responsibilities and will act accordingly as will the Minister of Agriculture.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, in view of the fact that the Minister in February was merely correcting for his own board's mistake when he took that action; and in view of the fact that the information that the Premier just gave about prices in other provinces did not pertain here in Manitoba because of the system that we had put in place to control it at the wholesale level; and, in view of the fact, that there are many losers and they include the consumers, they include the small retailers, and they include the local distributors who are losing money and going to have to lay off staff; will he ask the Minister to review and rescind this policy?

MR. SPEAKER: Order please. May I remind all members that Oral Questions should seek information and be argumentative or to supply information.

The Honourable First Minister.

HON. H. PAWLEY: I assume that I have an opportunity to respond by a statement of my own to the statement that the Leader of the Opposition just presented to this House.

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: With that lead, Mr. Speaker, I would just comment to the Leader of the Opposition that there was a serious mistake, and that serious mistake dates back to 1980 when the Tory administration of this province changed the legislation, despite strenuous opposition from the members of the, then, New Democratic Party opposition. We told the then Tory administration that there would be problems in respect to milk pricing in the Province of Manitoba. The mistake was that the then government deliberately and calculatedly chose to ignore the warnings, the warnings of the then New Democratic Party opposition in 1980 that their legislation, which we opposed, and opposed strenuously at the time, and Hansard will indeed bear out what I am saying, was proceeded with.

So, if the Leader of the Opposition wants to talk about mistakes, Mr. Speaker, let him look into his own closet, let us examine the skeletons that exist within the closet of members across the way.

A MEMBER: You blew it, just like on rent controls, Gary.

MR. SPEAKER: Order please.

The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, in view of the fact that no one is benefiting from this increase in price, this fixing of the minimum and maximum retail prices that his government has done, his government has put this policy in place, will he not intercede and ask - no, order - the Minister of Agriculture to change the policy and get milk prices down again?

MR. SPEAKER: The Honourable Minister of Energy and Mines.

HON. W. PARASIUK: Yes, Mr. Speaker, I was wondering if you would peruse Hansard from today and take a look at the length of the questions and the preamble of the questions of the Leader of the Opposition and, also, Mr. Speaker, just as a reference point, take a look at the preamble of the questions of the Member for Inkster just to see whether, in fact, there was a similarity in the length of time taken to introduce their questions.

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: I, again, wish the Leader of the Opposition would attempt to be accurate and fair in his comments. I think the Leader of the Opposition surely would want to be fair and would want to be accurate as a leader of allegedly a responsible opposition in the Province of Manitoba. I would assume that to be the case because he made some comment, "nobody is benefiting," Mr. Speaker. I'm not going to, again, repeat the remarks that I made in respect to the first two questions from the Leader of the Opposition, but, Mr. Speaker, I think it's important again to record, in case my comments are left unrecorded, that in the Province of Manitoba much more common will be reductions in smaller Winnipeg retail and convenience stores, stabilization of milk prices in rural and Northern parts of this province. This is in contrast to a lack of regulation which exists under the kind of laissez-faire approach of Tory Governments in other provinces where rebates go uncontrolled with the gouging of the consumers in respect to milk prices in those jurisdictions.

Oil and aluminum ventures

MR. SPEAKER: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Speaker, I have a question for the First Minister. Yesterday the Minister of Northern Affairs tabled a beautiful, glossy Annual Report in the House announcing a \$24.7 million loss by Manfor. Yesterday in committee we discussed the \$12.3 million loss by Flyer and earlier, a \$1.8 million loss by McKenzie Seeds.

The public, in view of the history of losses such as Saunders Aircraft where \$40 million was lost, the public are becoming concerned about the magnitude of these losses and my question to the First Minister is, what assurances can he offer the taxpayers of Manitoba that the government's ventures into oil exploration and their

potential venture into an aluminum smelter will not result in losses proportionate to the size of the investment, given the record of the government's involvement in supposedly wealth-producing ventures?

HON. H. PAWLEY: I'm delighted to have received the question from the Member for Turtle Mountain and it's a good question; and I commend the Member for Turtle Mountain in asking it, but I think it's a most constructive, reasonable question that maybe we've heard this week from members of the opposition benches.

Mr. Speaker, the answer is pretty straightforward. We would not be having the problems in Manfor now if in fact we'd not been preceded by an administration that chose first, not to undertake modernization of the Manfor plant as this administration is doing in order to reduce losses, that's No. 1.

No. 2, Mr. Speaker, if we had not been preceded by an administration that allowed inventories to build up 17-1 at The Pas in November of 1981 because that administration didn't want to undertake the unpopular and tough steps that were necessary in order to reduce that inventory because there was an election on. Those are the facts, Mr. Speaker.

So what is the assurance? The assurance is that the Manitoba Oil and Gas Corporation that's been established by this government, is not being preceded by a bungling, incompetent government that we witnessed between the period 1977-1981.

A MEMBER: Howard, Howard, Howard.

A MEMBER: You're so tough once you get mad, Howie.

MR. SPEAKER: Order please, order please.

The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Speaker, was the \$40 million loss suffered by Saunders Aircraft due to a bungling and incompetent government?

HON. H. PAWLEY: Mr. Speaker, if I recall correctly - and I would like the Honourable Member for Turtle Mountain to check his own records in respect to this - the Manitoba Development Corporation established the board, established the policy pertaining to lending in respect to that. I believe that board was established during the term of office of Premier Duff Roblin, Mr. Speaker. It is for that reason, in fact, that this administration is not proceeding by way of Churchill Forest Industry kinds of transactions that were launched by previous administrations in this province; it is for that reason, Mr. Speaker, that we are not repeating any situation by which we simply pick up losers in any given situation. That may have been the case, Mr. Speaker, under a former Conservative administration with CFI.

Mr. Speaker, what we should be discussing this morning is, not the losers, is not the doom-saying by members of the opposition, but the fact that yesterday there was tabled in this Legislature an agreement that will result in the Province of Manitoba realizing \$1.7 billion profit because of competent management of the resources of this province; that's what we should be discussing.

MR. SPEAKER: Order please. May I remind honourable members that Oral Questions should contain some element of urgency about them.

The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Speaker, I would submit that when three Crown corporations in this province lost close to \$39 million last year there is a sense of urgency, especially when the government is contemplating spending hundreds of millions of dollars to get into further so-called wealth-creating ventures. Mr. Speaker, my further question to the First Minister . . .

HON. H. PAWLEY: Order, order.

MR. SPEAKER: Order please. Does the Honourable First Minister have a point of order.

HON. H. PAWLEY: I would just like your ruling, Mr. Speaker, if that was indeed a statement. I would appreciate equal opportunity to respond to the statement.

MR. SPEAKER: We are in Oral Questions. Would the Honourable Member for Turtle Mountain pose his question?

MR. B. RANSOM: Yes, Mr. Speaker. In view of the fact that during the years that the Lyon Government was responsible for the management of Manfor, two of those years the company actually showed a profit, compared to a \$24.7 million loss this year . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please. Question.

MR. B. RANSOM: Given the fact that the government promised that a \$10 million investment would turn the corporation around, when can the taxpayers of Manitoba expect to see the \$24.7 million loss incurred under this government eliminated? When can they expect to see a profit?

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, I am somewhat not surprised by the gall of honourable members across the way, because the honourable member rises in his seat without recognizing the fact that there was nothing done, 1977-81, refusing to recognize the fact, in respect to Manfor, it is this administration . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.
The Honourable First Minister.

HON. H. PAWLEY: . . . that it was this administration, Mr. Speaker, that successfully negotiated the injection of large sums of monies into modernizing the Manfor plant with the proclaimed intent that the modernization of that plant would provide the opportunity for Manfor to be a stabilized operation in seven years time, Mr. Speaker.

I would regret that such an agreement, such an injection of money did not take place in 1978, 1979, 1980, when it should have taken place, Mr. Speaker. The initiative was taken last year by this administration to put Manfor in a proper working, operating condition and we are on the way to doing that, Mr. Speaker.

No. 2, it was this administration that picked up a badly managed situation pertaining to Western Flyer has ensured . . .

A MEMBER: When is there going to be a profit?

HON. R. PENNER: You made a \$40 million profit for Kasser; that's what you people did.

MR. SPEAKER: Order please.

A MEMBER: He's living well on it in Oslo.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

Are the members prepared to proceed with Oral Questions?

The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, it was this government that is undertaking steps in order to improve the management of Western Flyer; that is, examining the operations of Western Flyer because clearly Western Flyer's management and operations of that plant, despite some warnings a few years ago, was not proceeding as it should have been.

Mr. Speaker, since this is the morning for statements, I would ask that the Minister of Northern Affairs further elaborate in respect to what is taking place pertaining to Manfor.

MR. B. RANSOM: Mr. Speaker, I have a further question to the First Minister. He says that the company of Manfor should be making a profit in seven years.

Can he advise the taxpayers of Manitoba how many tens of millions of dollars he expects that that company will lose in the intervening seven years?

HON. H. PAWLEY: Mr. Speaker, the projections, in fact, are that the investment will be paid off over a seven-year period not because of initiatives that were taken as a result of omission, but because - and I pay tribute to the Federal Government because of the injection of federal dollars and provincial dollars into modernizing a plant that, as I said before, ought to have been modernized years ago and was not modernized because of failure or neglect on the part of an administration which was the forerunner of an administration before in the 1960s, that handed the monies over to a chap by the name of Kasser, and Reiser, and signed agreements. Then, Mr. Speaker, we saw huge pictures as we recall, of Mr. Roblin welcoming this fine "plum" to the Province of Manitoba, the CFI, 1967-68.

They allowed that plant to be run down. This administration is modernizing that plant, Mr. Speaker. The gall of honourable members across the way.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Speaker. I have a question which flows from an answer the Premier just gave a few minutes ago.

I wonder if the Premier could confirm that the Manitoba Development Corporation, when Saunders had reached about the \$20 million loan mark, refused to advance any more funds to Saunders Aircraft, and that indeed it was the then Cabinet, under Part 3 of The MDC Act, that put a substantial amount of money, further funds into it, till it went into receivership.

MR. SPEAKER: Order please. The Honourable Government House Leader on a point of order.

HON. A. ANSTETT: Mr. Speaker, I rise on a point of order with regard to the historical information the member seeks, which is a matter of public record as provided in Citations 357 and 359 of Beauchesne.

MR. SPEAKER: Order please. The Honourable Member for La Verendrye to the same point of order.

MR. R. BANMAN: To the same point of order, Mr. Speaker, the First Minister left the impression that it was the board that had made the decisions. Mr. Speaker, all I want him to do is clarify that statement and inform the people of Manitoba that indeed it was his government, and his Cabinet that he was a member of, that directly put in the money under Part 2 of the act.

MR. SPEAKER: Order please, order please. Order please.

Historical matters are not proper subjects for Oral Question period.

The Honourable Minister of Northern Affairs.

Manfor Annual Report

HON. J. STORIE: Thank you, Mr. Speaker. As the Minister responsible for Manfor, I would like to provide some information to the Member for Turtle Mountain.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. We have passed that part of the Order Paper which deals with Ministerial Statements. We are in Oral Questions.

The Honourable Minister of Northern Affairs on a point of order.

HON. J. STORIE: Mr. Speaker, I did not have an opportunity to answer specific questions that were asked by the Member for Turtle Mountain. If the member is really interested in the information, I am prepared to provide it.

MR. SPEAKER: The Honourable First Minister on a point of order.

HON. H. PAWLEY: Mr. Speaker, on a point of order, I think your injunction in respect to the Minister of Northern Affairs is a reasonable one. I would ask that you peruse Hansard to ensure that your injunction

pertaining to statements applies to the other side as well as this side this morning.

Translation of Manitoba Statutes

MR. SPEAKER: The Honourable Member for Elmwood.

MR. R. DOERN: Mr. Speaker, I would like to direct a question to the Attorney-General and ask him whether he can indicate which of two conflicting public statements and positions is true regarding the translation of Manitoba statutes; a first statement that the task could be completed in 3 to 12 months; and a second that the 400 main statutes won't be ready until 1995, and that the complete task of translation won't be finished until the year 2,015.

MR. SPEAKER: Order please. I don't think that is a proper question. Would the Honourable Member for Elmwood ask a question to seek information?

The Honourable Member for Elmwood.

MR. R. DOERN: Mr. Speaker, I would ask the Attorney-General whether he accepts the position of Mr. Greg Yost of the Translation Bureau, that it may take another 20 years to complete the task of translation?

MR. SPEAKER: The Honourable Member for Elmwood should know that is an argumentative question.

The Honourable Member for Elmwood.

MR. R. DOERN: Mr. Speaker, I will try once more and simply ask the Attorney-General if he can provide information to the House as to the length of time necessary to translate Manitoba's statutes and the complete task of translation.

MR. SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: I will take as notice and be prepared to make a full statement to the House on the present estimate with respect to time and the assumptions upon which that is based. That will be forthcoming next week sometime.

North of Portage Development

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

MR. G. MERCIER: Mr. Speaker, I have a question for the Minister of Urban Affairs.

Could the Minister of Urban Affairs indicate whether she has sought or received a legal opinion or advice to the effect that the legal authority for the expropriation North of Portage Avenue is lacking, in that some remedial action will have to be taken by the province to confirm that expropriation?

MR. SPEAKER: The Honourable Government House Leader on a point of order.

HON. A. ANSTETT: Yes, Mr. Speaker, I suggest the question is out of order and that it anticipates a matter for which a time for debate has been appointed,

specifically Bill No. 28, moved for first reading this morning.

MR. G. MERCIER: Well, Mr. Speaker, not knowing what is contained in Bill 28, I would ask the Attorney-General whether he can advise the House whether he has sought or received a legal opinion or advice to the effect that the legal authority for the expropriation North of Portage Avenue is lacking and that some remedial action will have to be taken if the province wished to proceed further with that plan?

MR. SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: Yes, answering the question, in general, there's no doubt that the province has the legal authority to expropriate.

MR. G. MERCIER: Mr. Speaker, could the Attorney-General confirm that the basis upon which the province has proceeded with the expropriation north of Portage Avenue is not authorized under the act that they have proceeded under?

HON. R. PENNER: No, Mr. Speaker.

MR. G. MERCIER: Mr. Speaker, would the Attorney-General care to offer an explanation of the contents of Bill No. 28 on the Order Paper?

MR. SPEAKER: Order please. That question is clearly out of order and the information will be given to the member at second reading of that particular bill.
The Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, a further question to the Attorney-General. Could the Attorney-General advise whether he has now had an opportunity to confer with the Counsel for the Province of Manitoba and inform the House as to whether or not Counsel for the Province of Manitoba offered, as an alternative provincial position, to the Supreme Court in the case heard this week, that the Supreme Court be invited to impose the constitutional amendment that the government had introduced into this House as an alternative way of resolving that matter?

HON. R. PENNER: Counsel for the Province of Manitoba made no such offer to the Supreme Court and I will be meeting with Counsel for Province of Manitoba later today.

Careerstart - continuation

MR. SPEAKER: The Honourable Member for River East.

MR. P. EYLER: Thank you, Mr. Speaker, I have a question for the Minister of Employment Services and Economic Security. Given the fact that Careerstart is presently employing about 6,000 jobs, thanks to the Jobs Fund and, given the fact that about 40 percent of the unemployed are youth, I wonder if the Minister is considering setting up some sort of a program to

continue wage subsidies for youth beyond the expiry of the Careerstart Program this summer.

MR. SPEAKER: The Honourable Minister of Employment Services.

HON. L. EVANS: Thank you, Mr. Speaker. Yes, I can advise the honourable member that our department is currently looking at various options that we may wish to pursue this fall in terms of providing some kind of wage subsidy to create jobs, particularly among young people who still unfortunately make up a great percentage of the unemployed. Although our unemployment level has become the best in Canada and we are very proud of the fact that we have the lowest level of unemployment, nevertheless we believe, given the fact that we do have a severe winter period at which time there is a certain amount of seasonal unemployment, that it is incumbent upon us to look toward preparing some kind of employment program for this fall and, indeed, that is now under consideration.

MR. P. EYLER: A supplementary question, Mr. Speaker. Is the Minister prepared to consider giving this wage assistance to non-profit organizations as well as small businesses?

HON. L. EVANS: Mr. Speaker, we have in the past considered both the areas, both the commercial area and the non-commercial area, the business component of the private sector, and the non-profit area, and we believe that it would be worthwhile to consider funding jobs in both components inasmuch as both areas, both sectors, can offer some interesting employment challenges for young people of Manitoba.

MR. P. EYLER: A final supplementary, Mr. Speaker. Can the Minister give us some idea as to when he will have made a decision on this program, when the details would be announced to the public?

HON. L. EVANS: As I indicated, Mr. Speaker, the department is now working on various options and, hopefully, within the next couple of months we will have something more firm and by the end of August, perhaps early September, we will be in a position to advise the public as to what we may be able to offer in terms of providing employment opportunities for young people and not so young people.

Cost of borrowing

MR. SPEAKER: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Thank you, Mr. Speaker, a question to the Minister of Finance. Can the Minister of Finance advise the House what would be the approximate rate of borrowing today for the government to borrow, either U.S. or Canadian funds, over a 15-year period?

MR. SPEAKER: The Honourable Minister of Finance.

HON. V. SCHROEDER: For specifics on 15 years, I would have to take the question as notice. On five

years, there isn't much of a market if the Member for Sturgeon Creek were to make himself a little more familiar with the market. A 15-year issue is a very unlikely issue in the North American markets at this stage. It would be roughly in the area of 14 percent in all likelihood.

MR. B. RANSOM: Mr. Speaker, given the Minister's statement that 15-year money is almost non-existent and, given the fact that the contract entered into with Northern States Power will be running for a 12-year period beginning in 1993, was the Minister, as Minister of Finance and Minister of Crown Investments, involved in the negotiations over that power sale?

HON. V. SCHROEDER: Yes, Mr. Speaker, I've been involved throughout in the sense that I've been talking with the Minister of Energy and his Deputy Minister with respect to terms and conditions. I can assure the people of Manitoba that the arrangement is a much better arrangement than we would have been in had we gone ahead with that arrangement with Saskatchewan and Alberta which would have given us nowhere near the kind of returns this will provide to the people of Manitoba. This is a fairly good arrangement.

I can tell the member, as I indicated the other day in the Estimates for the Department of Finance, that our cost of money in other areas is considerably lower than the number I just mentioned.

In addition to that, there are other forms of financing which can reduce the cost of money. Just recently the Province of British Columbia, for example, obtained funding at about 3.5 percent below regular market in a different form of funding in the Canadian market, and that would drop our costs down to closer to 10 percent. So, there are a variety of ways of reducing costs that we are looking at.

We're looking at project financing, we're looking at a whole host of different arrangements. In addition to that, as I said, we will be getting far more for our power under this arrangement than we would have had we had that Tory deal.

MR. B. RANSOM: Mr. Speaker, a question to the Minister of Energy and Mines. I just advise the Minister of Energy and Mines that I was asking a question of the Minister of Finance as to interest rates available and the term of money available. The Minister indicated that 15-year money was really not readily available.

My question then to the Minister of Energy and Mines is what assumptions, with respect to the availability of capital and the interest rates, are built into the agreement for the sale of power to Northern States?

MR. SPEAKER: The Honourable Minister of Energy and Mines.

HON. W. PARASIUK: Yes, Mr. Speaker, we have taken into account interest rate fluctuations and, to be on the safe side, the higher levels were taken. I don't have right now before me the specific interest rate calculations. I would think that would be discussed at the Committee meetings where we could go into the detail of the contracts. Certainly our interest rate

charges to Manitoba Hydro are significantly less than those that Northern States Power has to pay. They are probably in the order of at least 4.5 percentage points less than the capital requirements of Northern States Power. That provides a pretty good cushion, Mr. Speaker. As the Minister of Finance indicated, we are very pleased with this deal; we are going to sell power, and make a profit of \$1.7 billion. That is in comparison to selling the entire output from a dam for 25 years at cost without a profit to Alberta and Saskatchewan, Mr. Speaker. What a difference - 1.7 billion versus zero.

MR. SPEAKER: The Honourable Member for Turtle Mountain.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

The Honourable Member for Turtle Mountain..

MR. B. RANSOM: Mr. Speaker, it is evident from the information tabled yesterday by the Minister of Energy and Mines that there is a great deal of supporting information in terms of the assumptions that have been made about costs and interest rates. In view of the fact, Mr. Speaker, that we expect that the committee will be meeting shortly to discuss this, would it be possible for the Minister of Energy and Mines to provide some of that background information to the House prior to the meeting of the committee, in order that we might have an opportunity to peruse it and have outside experts examine it as well, and that the people of Manitoba and, indeed, the government might be able to benefit from informed comment upon the information that they might make available to us?

HON. W. PARASIUK: Mr. Speaker, I'll look into that. The staff will be away at the beginning of next week to conduct some very important other negotiations which, I think, would mean a lot to the future of Manitoba. We had offered, Mr. Speaker, to meet this afternoon and to meet tomorrow morning to provide that information or get information, but certainly I'll see if it is possible to put together that information. I just give it that caveat that the staff will be away on very important negotiations in the early part of next week, but we certainly would undertake to try and provide background information because I think that we feel that everyone should come together on this very positive development for Manitoba.

INTRODUCTION OF GUESTS

MR. SPEAKER: May I direct the attention of honourable members to the gallery? We have 34 students of Grade 9 standing from the St. Claude School under the direction of Mr. D. Chapman. The school is in the constituency of the Honourable Member for Morris.

There are 34 students of Grade 5 standing from the Elmdale School under the direction of Mr. W. Kampen. The school is in the constituency of the Honourable Member for La Verendrye.

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

ORDERS OF THE DAY

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. I beg to move, seconded by the Minister of Finance, 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 to consider of the Supply to be granted to Her Majesty with the Honourable Member for River East in the Chair for Crown Investments; and the Member for Burrows in the Chair for the Department of Energy and Mines.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - ENERGY AND MINES

MR. CHAIRMAN, C. Santos: This section of the Committee of Supply shall be dealing with the Estimates of the Department of Energy and Mines. We shall begin with an opening statement from the Honourable Minister responsible for the department.

HON. W. PARASIUK: Thank you, Mr. Chairman. I've distributed notes for my opening statement, and I'll go through them quickly in the interests of time.

I welcome the opportunity to present my department's spending Estimates for the 1984-85 fiscal year. I would like to present a brief overview of our accomplishments over the past year, along with some insight into our plans for 1984-85.

Our approach is one of balance. We believe in a balanced approach to development. That means that small projects, medium projects and large projects and developments are all equally important, because it is the balanced approach that is most important to Manitoba's well-being and, we believe, augurs best for the long-term future of the province.

Turning to the Energy Division, we have a whole slate of conservation initiatives. We are very strongly committed to energy conservation. Most of Canada's energy resources are non-renewable, therefore the more we can save, the more secure will be our energy future. Consumers also benefit from conservation by having to pay less for energy consumed. In a sense, we're looking to try and get the best bang for the energy buck.

We have concentrated our efforts in the commercial and residential areas, because that's where we believe that we, as a province, have the greatest impact. The transportation sector is still the largest consumer of energy in the province, but we believe that those major decisions regarding transportation energy are still made by the manufacturers, and we don't have as much influence. Our strategy has been to start with the commercial and residential, get skills and experience there, with a long-term thought that maybe we might be doing more in the transportation sector in the future.

We launched two new energy conservation programs in 1984, called Business CHEC and Community CHEC

which were sponsored by the Manitoba Government Jobs Fund. CHEC stands for Cut High Energy Costs, and these two programs will provide a matching grant up to \$15,000 for materials and labour for qualifying small business and community institutions which can show that their conservation initiatives will reduce energy use by at least 20 percent. As you can see, there has been a commitment of \$3.3 million to the program to the end of fiscal year 1984-85.

My department has also been active in promoting energy conservation for Manitoba homeowners. For the past few years, under the Canada-Manitoba Conservation and Renewable Energy Demonstration Agreement (CREDA), we have been researching and demonstrating new energy conservation technology. The Federal Government has decided to make some changes in the delivery of the Conservation and Renewable Energy Demonstration Agreement and the National Energy Audit Program (NEAP) coincidental with their termination dates of March 31, 1984.

We will continue to operate the CREDA Program until March 31, 1985. During this period, a number of existing programs will be completed and some new programs undertaken. The recently announced waste heat recovery project at the Manitoba Rolling Mills in Selkirk falls into this latter group.

What we have been trying to do here is put together energy conservation projects that also have some impact on jobs. We've been trying to do this by getting people to think more about energy conservation and a good program has been the Energy Demonstration Program, introduced last year by the department. It is demonstrating how 83 Manitoba homeowners will be able to reduce energy consumption by about 40 percent.

One of the lessons we learned from Energy Demo is that homeowners need accurate information, advice, and assistance as to what retrofit measures provide the greatest return for their investment and we've concentrated a lot of our efforts in that area.

We've also been conducting a town energy audit in two communities, Pinawa and Stonewall. We are also doing other initiatives in energy conservation geared to community groups such as the Age and Opportunity Centre, the Canadian Association for the Mentally Retarded, and Native People. That's been funded through the Jobs Fund. We've been doing a number of other projects, Arena and Recreation Centre Retrofits, Small Scale Energy Demonstrations, Enerschool, and as I said before, the Town Energy Audit Match.

All of these are done with a view to trying to get people to learn more about energy conservation, by being part of groups that have to face problems with energy conservation, they gained that knowledge and hopefully they'll apply it to their own individual or family situations.

In order to have some public input into the shaping of the Provincial Energy Policy in September, 1983, I announced the appointment of 10 members to the Manitoba Energy Council. The Energy Council was established under legislation passed by the previous administration with a mandate to assess energy policy and make recommendations to the Minister on energy matters. The Chairman of the Council is Dr. Carl Ridd of the University of Winnipeg.

The Council, which meets on a part-time basis, is reviewing some of my department's activities in energy conservation and I look forward to input from this broadly based citizens' organization.

We also have the Manitoba Energy Authority which in co-operation with officials in my department has been active in negotiating a number of energy related projects which upon fruition, will be beneficial to the economy of the province.

We can talk about the Northern States Power sale. We also have been involved in the negotiations for the Letter of Intent with the Western Area Power Administration of Golden, Colorado regarding a possible export contract of 1,200 megawatts of electricity for 35 years beginning in 1993-94. Negotiations between the MEA and other U.S. power utilities are also under way.

So we have a number of negotiations involving major exports of electricity from Manitoba which would create very significant numbers of person years of employment in the future, some 42,000, if all of these negotiations come to fruition. They would also entail an investment of some \$6.5 billion.

Right now, we're involved in delivering a \$35.6 million cost-sharing agreement with the Federal Government and Manitoba Hydro to extend the main grid electricity to Churchill. This extension of hydro-electricity to Churchill will reduce the community's energy costs and, in conjunction with \$57 million in transportation improvements, will help to make Manitoba's only seaport more viable.

It's very important that Churchill be preserved. I believe that had this overall transportation-hydro agreement not been signed that Churchill could quite easily have died. Once it had died one could not have revived it. We, as a government, went out, and my department is part of that process, and reached agreement with the Federal Government to keep Churchill alive, to keep it going, to improve the energy there, to ensure the rail bed, to ensure the rolling stock, to improve the harbour. We still have a number of other problems to deal with; namely, the ice breaking, we have the problems of insurance. But for an industrialized west it is very important to have a seaport.

We are 1,000 miles closer to Europe via Churchill than we are via Halifax. People have often in the past only looked at Churchill as an outlet for grain, but we are industrializing west, we will industrialize more in the future and having a seaport that can be more functional and more operational will, in fact, create even further industrial development in the west for all three provinces, including Manitoba.

I have been told that the season is some 90 days now, whereas 100 years ago it was 150 days. So we certainly can improve tremendously. We hope that we might even be able to match some of the northern European ports that are at a more northerly latitude than Churchill and operate 12 months of the year, or at least get an operation there for 10 to 11 months. If that happened, then I would think that, coupled with our cheap energy in Manitoba, which will be available in 10 and 15 years - and that's how long it will take to make Churchill a very viable seaport - we will be in the very enviable position where I believe very strongly that the 21st Century will certainly be Manitoba's. I think the Churchill seaport is a very important ingredient in that.

We have also been involved in negotiations with aluminum companies to locate in Manitoba. I announced a Letter of Understanding recently with the Aluminum Company of America to undertake a feasibility study for the construction of a \$700 million aluminum smelter in Manitoba, which would employ 600 people on a permanent basis and create 2,000 person years of employment over the four year construction period.

These initiatives in the fields of electricity exports, hydro development and aluminum smelting indicate that we are actively committed to developing the province's energy resources in the best interests of Manitoba. At the same time, I say that we are also interested on the energy conservation side and that's why I say we have had a balanced approach in energy development.

Now turning to the Mineral Resources Division, we have had a tough two years. We have gone through the sharpest downturn in its history, in the mineral industry, frankly, even sharper than the '30s; but now we are starting to see some modest growth in 1983. Manitoba's mineral output during 1983 increased by 20 percent over 1982 after two consecutive years of decline. We are hopeful that a greater degree of stability will be experienced this year than in the previous two years. The bright segment of the mineral resources sector is the petroleum industry where the high levels of oil and gas exploration, discovery and development of the last two years are expected to continue during 1984.

Perhaps the most positive indications of recovery in the province's metals mining industry are in the resumption of some mine developments which were suspended during the peak of the recession. Inco, for example, has resumed work on the \$90 million first phase of the new Thompson open pit mine which is scheduled to come on stream early in 1986.

A second phase, estimated to cost \$77 million (in 1981 dollars) is to commence in 1988 or 1989 and come on stream two years later. The development of this open pit will further enhance the international competitiveness of Inco's Thompson operations, already one of the world's lowest cost nickel producers.

We've also had resumption by Hudson Bay, of Rod mine at Snow Lake, and we're expecting that production will build up to 500 tonnes by 1985. Gold properties in the province continue to attract a high level of exploration and development interest and we've had a very interesting possible find near Flin Flon. Hopefully that will prove out, we'll have to wait and see what happens there.

Given the improvement in metal markets over the last two years, there's been some semblance of renewed stability to our mining communities. We are optimistic that this will be maintained and progressively strengthened, but Manitoba's copper-zinc industry, concentrated mainly in the Lynn Lake and Flin Flon regions, faces a serious threat from another quarter, namely, exhaustion of ore reserves.

Members of this House are aware of the problems facing the community of Lynn Lake when the Fox Lake mine closes sometime in the fall of next year and the current difficulties of the Ruttan mine and its dependent community of Leaf Rapids. I think it was very commendable that the Municipal Council of the Town of Lynn Lake took the initiative to promote a seminar on April 16 which was funded by the province, following

which they are undertaking positive steps to promote and develop new industries and are looking realistically at the hard future choices that people in their community have to face with the closure of Fox Lake mine. The government will provide up to \$50,000 from the Mining Community Reserve Fund to the Community of Lynn Lake to have an economic development and transition officer working with the community.

We are remaining steadfast in our commitment to these communities. Between 1975 and 1983, the Mineral Resources Division of my department and the Crown corporation Manitoba Mineral Resources have spent a large proportion of their annual budgets in programs in this area aimed at finding new ore reserves and generally stimulating exploration.

Members are also aware that the government, through the NEED Program, is participating with the Federal Government and Sherritt in a \$2.7 million exploration effort at the Agassiz gold mine located three miles east of Lynn Lake. As for the Ruttan mine, a loan of \$10 million by the government to assist Sherritt in financing a \$27 million development program has been a determining factor in the recent decision by the company to continue operations while, at the same time, proceeding with mine development, thus eliminating the need for any layoff of employees. When this mine development program is completed in the fall of 1985, this underground development will extend the life of the mine to 1992, increasing both ore reserves and grade and permitting expanded production and employment. This is important, not only for the Community of Leaf Rapids, but also it's important because Ruttan mine provides a substantial quantity of copper and zinc concentrate for Hudson's Bay's processing facilities at Flin Flon.

While the Lynn Lake-Leaf Rapids mining complex presents immediate problems which must be addressed with dispatch, it's important also to look at the long-term future at Flin Flon and we have been concentrating some of our efforts to do that.

I was also pleased to announce the undertaking of the Letter of Intent with Canamax Resources to undertake a feasibility study. That certainly augurs well for Manitoba, and I will be having discussions later on in the summer with officials from IMC.

Petroleum is very buoyant, and I have made statements in the House in that respect before so I won't repeat them now. We are proceeding to work out the final details of the 85-kilometre pipeline from Waskada to Cromer. There has, I think, been final discussions taking place with local officials there as to routing, and I would hope that some time in the near future there might be some further announcements with respect to developments on that.

Omega Hydrocarbons has recently completed its \$2.5 million natural gas liquids recovery plant in the Waskada Oil field. This is the first of its kind in Manitoba. It, I think, shows a balance again to the development of the oil industry and, hopefully, will add to further stability in the province in this respect.

In conclusion, Mr. Chairman, we have every indication of a more stable and gradually recovering mining industry during this year, and a continuing high level in the petroleum industry.

I think we have had a very active year over the last year. A lot of it was troubleshooting, frankly, at the

beginning of the year but, at the same time, we are working on longer-term developments while having to deal with crises as they arose. I am pleased that towards the end of the fiscal year, a lot of the things that we had been working on did fall into place, and I'm hoping that next year will even be a more eventful year and an even more positive one for us all.

I would like to finally just pay a strong tribute to all of my staff in all of the sections who have had to work very hard in dealing with the crisis of a two-year, very deep recession while, at the same time, keeping their eyes set forward on positive developments and working incredibly hard to bring them about.

MR. CHAIRMAN: Thank you, Mr. Minister. Consistent with customary practice, the Chairperson now calls upon the leading opposition critic to give his reply to the Minister's statement if he so desires.

The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I thank the Minister for the opening statement, and also for the provision of notes thereof so that we can, during the consideration of his Estimates, refer back to them as well as to the annual report of his department.

In commencing to deal with the Estimates I note, for instance, in the first resolution before us, little or no change with respect to the Administration, salaries and costs associated with the department, as such. In reflecting back on the statement just read, much of the department's activity, particularly its actual program delivery, whether it's CHEC or other energy-related programs, are funded out of other sources, principally the Jobs Fund and/or other agreements entered into with the Federal Government with respect to some of the mining initiatives that have been undertaken by the department.

In dealing with this first resolution, my only question really would be, there was another initiative taken at the time, or during the course of the year, that removed the safety inspection element of the Department of Mines, or what used to be the Department of Mines and Natural Resources, out of this department. This has been, I suppose it would be fair to say, a recommendation of some standing coming particularly from the miners' point of view - the Department of Labour, I understand has taken on this responsibility - can the Minister - I don't see it particularly reflected in the Estimates - I would ask the Minister simply to comment that that perhaps, is the only substantive change in terms of personnel administrative responsibilities of this department.

MR. CHAIRMAN: Before we proceed any farther, at this point in time, the Chairperson cordially invites the members of the departmental staff to finally take their respective places.

We shall defer consideration of Item No. 1.(a) relating to the Minister's Salary, to become the last item for consideration by this Committee of Supply.

We shall, therefore, immediately begin with the next item which is Item 1.(b)(1) relating to Executive Support: Salaries; and 1.(b)(2) Other Expenditures - the Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I note again as I said at the outset, that there appears to be little or no change

with respect to the Administration Executive Support staff with respect to money set aside. We can proceed.

HON. W. PARASIUK: Well, I'll answer the question he raised before his introductory statement. I think that was a fair comment on the part of the Member for Lakeside regarding the transfer of mines inspectors and now is transferred to the Department of Environment. Now all of the Workplace Safety and Health inspectors are all in one place.

We have retained mines inspectors for purposes of looking at the things related specifically to mining. There's a question of mine production, there's a question of high grading, low grading. There's a question of mine plans so that we have some idea of what might take place over a 2, 3, 5, 10-year period with respect to development and we've been pushing that part fairly strenuously because it's important, I think, for government to have a full disclosure on a confidential basis from the mining companies as to what their plans are because it's the province that provides so much of the infrastructure in relation to a mining company's activities.

We have been asking the mining companies to provide us with that type of information. Our inspectors have been working very closely with the mining companies to ensure that that information is kept up-to-date, and that reflects a bit of a thrust within the remaining component of mines inspections.

In terms of the number of people that were transferred, that might have been discussed in Environmental Safety but, if we have that information I would provide it. There were 13 staff transferred to Workplace Safety and Health, 12 staff and one vacancy.

MR. H. ENNS: Well, Mr. Chairman, I appreciate that we could probably be dealing with this under the resolution more closely related to mining. I also take it, this was discussed at the Environment, Workplace Health and Safety Estimates. I think the Minister is aware that the move - I'm trying to search for the right word - perhaps caused some concern within the mining community as such. Any change always brings with it some concern. It certainly was drawn to the attention of myself and that of my Leader during a not too recent visit to some of the mining communities in the North. I think, by and large, they were certainly not opposed to the move.

There was also some concern with respect to the staffing of the personnel. For instance, in this transfer, was there a change in the Chief Inspector? That may not be the right terminology.

HON. W. PARASIUK: No, I know what your raising. In fact, the Director of Mines Inspections stayed with the Department of Mines, and there was some concern about providing good leadership on to the group that was going to be in Environment and Safety, and we have provided that person on a lend basis to the Department of Environment and Safety to make sure that there is a smooth transition.

I know there have been concerns in the past. I think we have taken into account those concerns, and made the decision to make the transfer. Even though I am the Minister of Mines, I believe that the transfer was a good thing.

It was not a matter of trying to give up something. It was a matter of trying to do something that was good from an overall governmental perspective and I think that in the past the Member for Lakeside probably has expressed the same sentiments, that it might be a good idea to put them all in one place, knowing full well that with any change that one makes, you have a number of pluses and some minuses and hopefully, the pluses will outweigh the minuses.

We think they will in this instance, but we certainly will keep close touch on the matter. I would expect that the industry association will keep close touch on it, and I would expect that the companies will, and I would expect the workers will as well.

MR. H. ENNS: Just to be absolutely clear then, Mr. Chairman, the current or existing director of this division has been seconded to the Department of Environment?

HON. W. PARASIUK: No. He is not full-time seconded. We have lent him and he does work between the two departments.

MR. CHAIRMAN: The Leader of the Opposition.

MR. G. FILMON: Thank you, Mr. Chairman. I am just seeking information from the Minister as to a time and a preference as to when I should ask various questions that primarily have to do with the Manitoba Energy Authority's recent activities with respect to Hydro power sales and major energy intensive industries locating here, are the basic questions, I suppose, that would be background to the discussion that we might enter into in the Committee on Manitoba Hydro.

Perhaps in some cases, the Minister has information that he can give immediately. In other cases, he may wish to bring it back for discussion at the Hydro Committee. So I just seek his guidance as to when he would prefer me to place those questions on the record, or enter into any of the discussions that may ensue.

HON. W. PARASIUK: Yes, there is an item called 2.(g), Manitoba Energy Authority, where I think that could best be gotten into. Secondly, Manitoba Energy Authority is also a Crown corporation under legislation and it was established in 1980, so we can go into that on 2.(g), and also Manitoba Energy Authority officials and Hydro officials will be at the Public Utilities Committee of the Legislature.

I know that a question was raised today during question period about providing some background information regarding assumptions of some of the contracts. I went and talked to the questioner after question period, indicating that I would have tried to have a private briefing, or failing that because he wanted some written information, that I would try and put together some written information.

I did so on the caveat that staff have lined up those very important meetings, and I will try and accommodate that to the best of my ability. If it means an extra day of hearings next week, I think we can be in touch with each other on Monday to try and sort that out.

MR. CHAIRMAN: 1.(b)(1)—pass; 1.(b)(2)—pass.

1.(c)(1) Communications: Salaries, 1.(c)(2) Other Expenditures - the Member for Lakeside.

MR. H. ENNS: On Communications, this I take it, is a staff person or two?

HON. W. PARASIUK: Yes. Those that are there are three staff people. This is an Information Centre that we have. Now this was an Information Centre that existed before. It's one that exists today. Right now, it's in Eaton Place. It used to be on Colony Square.

MR. G. FILMON: Mr. Chairman, so there are three staff people covered under the Salary item, (c)(1)?

HON. W. PARASIUK: Yes.

MR. G. FILMON: Mr. Chairman, what is covered under Other Expenditures?

HON. W. PARASIUK: We can get the details to hand to you. These basically are the energy publications that are at the Energy Information Centre that exists. There is a whole set of publications that are put out there dealing with energy conservation, and minerals publications as well.

MR. G. FILMON: Would that be primarily the cost of printing and publishing information that's disseminated to the public?

HON. W. PARASIUK: Yes.

MR. G. FILMON: Does that figure include contract salaries of people who are doing writing and development of public relations material on behalf of the government or this department?

HON. W. PARASIUK: No.

MR. G. FILMON: Mr. Chairman, my understanding is that there are more than just the three SMYs that were referred to in (c)(1), that is, people who are doing the development of information and public relations and news releases and so on, working for the department. Where do they appear in the Estimates?

HON. W. PARASIUK: There are more staff involved, and they would be in 2.(c). The agreements that we have signed with the Federal Government require an information component to them as part of the condition of signing the agreement, and we have five staff working there.

MR. G. FILMON: Those five staff are primarily information officers, communication specialists, public relations people?

HON. W. PARASIUK: Yes, they are and that again is part of our requirement under the agreement. Whenever an energy demonstration project is undertaken a certain percentage of the cost of that has to be allocated to dissemination and it's up to as high as 20 percent. That is the condition right across Canada for the Federal-Provincial Energy Agreement.

Again, some of this information has to be shared right across the country, because one of the reasons of getting approval federally-provincially for a demonstration project - for example, the one at the Manitoba Rolling Mills - is that it might have a utility in other parts of the country. So, that's why there is a high information component to it and this is a cost-shared program.

MR. G. FILMON: The Other Expenditures is primarily cost of printing and publishing information that has been disseminated from the department?

HON. W. PARASIUK: Yes.

MR. CHAIRMAN: 1.(c)(1)—pass; 1.(c)(2)—pass.
1.(d)(1) Financial and Administrative Services, Salaries; 1.(d)(2) Other Expenditures - the Member for Lakeside.

MR. H. ENNS: I take it from the figures presented, there's no change here.

HON. W. PARASIUK: No change.

MR. CHAIRMAN: 1.(d)(1)—pass; 1.(d)(2)—pass.
2.(a)(1) Energy, Energy Economics, Salaries; 2.(a)(2) Other Expenditures - the Member for Lakeside.

MR. H. ENNS: Could the Minister just give us a brief description of what all is entailed in this particular resolution?

HON. W. PARASIUK: The energy economics is involved in all of the analyses relating to many of the projects that have been announced. It's the straight number crunching involved to make sure that members are right. There's a number of other ones as well that have been looked at; things relating to waste disposal, possible rail electrification is an energy economics component. I can give you the strategic goals is to provide an analytical function having responsibilities to informing and advising the department on energy issues having implications for the province. We develop positions on those issues; we sometimes have to go before the National Energy Board with respect to gas price hearings; we've done that.

We have to look at particular projects, we are involved in doing that, we provide that. We are looking at the economics of some longer term, more futuristic developments that might augur well for Manitoba in something like hydrogen research. We do have our economic analysis group that provides that number crunching for all of these activities that the department carries out.

MR. H. ENNS: Your Annual Report indicates that this group was also involved during the difficulties experienced in mining communities that faced closures during the year and developed government actions in job creation programs in consideration of various policy options for dealing with these situations. Staff of this section were fully engaged in these activities and closely monitoring developments. Were they actually delivering - I don't imagine - were they developing job alternatives

in some of these instances or maybe just making the analysis?

HON. W. PARASIUK: I don't have my Annual Report with me to look. That would be under 3.(a). We do have two mine economists in the mineral resources section because the economics is a bit different between the two areas. They would have been involved in working with the communities and with the companies and providing some advice to the Federal Government because some of these were shared-cost programs, but they were not involved in the actual delivery, but they do economic and policy analysis related to the mining industry.

The intent there was to try and keep workers, who we believe had developed pretty high productivity levels, gainfully employed within those communities during the depression so that when there was an upswing in the economy, and an upswing in that mining company's activities, they would not have lost that very productive workforce. I think the programs themselves were quite successful.

MR. CHAIRMAN: The Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Chairman. The whole area of energy economics is something that I'm very much interested in. I was wondering if the Minister can give us any kind of brief summary, or if he could take the undertaking to get back to us on the cost benefit one is faced with, or one realizes, I should say, when one undertakes conservation projects. In other words, insulating the home or insulating businesses, trying to bring in microprocessors as far as in industrial applications to reduce the amount of energy consumption. Particularly, there's been advances, I understand, in electric motors and they're sort of management of electric motors; just how that sort of compares with the cost of having to develop new resources to produce the power or the heat for those.

HON. W. PARASIUK: The payback period for these investments often is quite short. We're getting paybacks of three to five years to undertake a number of the energy conservation projects. In fact, most of them have to have a savings of 20 percent per year, so you're looking at a payback within five years.

We work with the various companies or people to get them to understand what that payback is. That means that if you took all of the small, what people might think individually as small energy conservation projects, their return is very high. That's why the communication of this is so important. If we could get society as a whole to do a lot more of this, then the aggregate of these small projects which have a high payback, tremendous return on investment, tremendous multiplier effect in terms of employment, would be the equivalent of some of these larger projects that everyone's attention is focused on. So it's important to have a good communication element there and, also, to make sure that we've checked the facts carefully so that we can communicate hard facts to other people. That is done on a case-by-case basis, but generally the ones that have been proceeded with have paybacks of three to five years.

MR. D. SCOTT: That's something I've suspected for a long time, and I'm very heartened that the Minister has taken prompting, not just from myself, I know that he believes very strongly in the alternative energy and the use of conservation as a supply of energy by replacing wasted energy with the more efficient use of that energy.

I had an elderly constituent, who spent quite a bit of time in the North and was an electrician involved with some of the early installations in the mining communities in the North, tell me of a dam that I believe is on the God's Lake River. It's an old dam that was built for a gold-mining community on God's Lake years ago - back during the Depression, I think - closed up fairly shortly thereafter and my understanding is, it's only about 12 miles from Gods Lake Narrows. Instead of stringing and running power lines miles and miles through the bush towards these communities, I was wondering if it is possible to restore - or first, who owns this plant? Is it the province? I have a feeling it is still owned by some private individuals. Are there any negotiations going on to try and acquire this to be able to produce power?

When one considers the cost of generating power through diesel generators that most of these stations use and the implications of that with the oil pollution around the sites where the diesel generating stations are, the cost of moving the oil in on the winter roads in the wintertime, the cost of trying to get rid of all the old containers afterwards, at least I would like to know if this group in particular has done any study whatsoever on this potential alternative for supplying power, both to the communities of Gods Lake Narrows, possibly even some of Island Lake, although I am not sure of the proximity to Island Lake - I think it's much closer to God's Lake - and possibly God's Lake River as well, which could be potentially strung underwater connecting the various communities.

Has there been anything done in that area, or would they be interested even in looking at that as a possible alternative, Mr. Chairman?

HON. W. PARASIUK: We have been looking at small-scale Hydro developments, ones that would be in closer proximity to remote Northern communities, because that has been looked at from a departmental perspective and also from a Hydro perspective.

One of the reasons why we are looking at it from a departmental perspective is that a number of these communities are Reserves. To the extent that we can get the Federal Government involved, we want to. We have been looking, and there is a study that is being undertaken by federal Energy, Mines and Resources regarding small scale Hydro development, primarily in the northeastern part of Manitoba. We have not received a copy of that study. I think it is just nearing completion, and we certainly are interested in looking at it and determining whether, in fact, a small-scale Hydro project would be viable in one community or possible a few of them.

I do know the facility that the member talks about. I think it is at Kanuchuan Rapids . . .

MR. D. SCOTT: That's right.

HON. W. PARASIUK: . . . and we certainly have looked at it. In my understanding, it is privately owned at present, but I don't think it is being used at all.

So it would be a matter of looking at the reliability of that type of facility, taking into account the construction costs of the transmission lines to the nearest community, looking at reliability. That is one of the things that, I understand, is being done in the study. Hopefully, we will get some answers to that to make a decision as to whether we should do something more in the next six months or so.

MR. D. SCOTT: Thanks very much, Mr. Chairman. I am glad the Minister is looking at these various alternatives, because it shows that all of our energies are not just being put into massive power developments and stringing power lines across. It's a very balanced approach. It's an approach that benefits the consumer in the long run, because the consumers themselves will benefit through lower energy costs in the home.

I would hope that in the future, we start to look more at the energy sector in transportation. It is a sector that I studied quite extensively a couple of years ago. I know we are using much less energy than we did a couple of years ago. You just have to look at the consumption of fuel in Manitoba; it's down substantially. I think there is still a lot of additional room to save there. One thing, when we are talking about non-renewable resources which are mostly imported into Manitoba, they are also a substantial drain on our economy by sending money out of Manitoba to the other provinces to pay for those natural resources, be it natural gas, coal or oil. In the transportation sector, virtually everything is imported.

Even the oil we produce in Manitoba goes to Saskatchewan first, I understand, for processing. So the savings are quite substantial. The less fuel that we consume as a society to maintain our quality and standard of living, I think the better our quality of life will be and the standard of living, and the better it augurs for us in the future. A mean machine is much better to be able to take advantage of recoveries, and not to suffer so much during the recessions.

MR. CHAIRMAN: Thank you. 2.(a)(1)—pass; 2.(a)(2)—pass.

2.(b)(1) Provincial Energy Programs: Salaries, 2.(b)(2) Other Expenditures - the Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I ask the Minister's indulgence whether or not he would consider allowing us to move to Item (g) of the same resolution to facilitate some questions that I would like to put on the record. Due to the two committees running, my leader can't be in two places at one time.

HON. W. PARASIUK: Yes, that's valid. In fact, I think that is very fair. If you want to go beyond 12:30, fine on that. I am quite open on that as well to facilitate the questions.

MR. H. ENNS: Okay, I would like to just understand. We would want to come back to the Canada-Manitoba Energy Agreement as well, under which I think we can discuss the CHEC programs and the various other programs.

HON. W. PARASIUK: You want to go to 2.(g) right now?

MR. H. ENNS: But I would appreciate to deal, as the Minister indicated earlier, that under Item (g) we could perhaps discuss some of the issues that Mr. Filmon would like to raise at this time.

HON. W. PARASIUK: Certainly.

MR. CHAIRMAN: I just called (b). Do you want to pass it, or hold it in abeyance?

HON. W. PARASIUK: We could hold it.

MR. H. ENNS: Hold it.

MR. CHAIRMAN: Okay. Holding (b) in abeyance, I am now calling 2.(g), which relates to Manitoba Energy Authority - the Leader of the Opposition.

MR. G. FILMON: Mr. Chairman, I wonder if I could just ask the Minister to indicate who are the members of the Manitoba Energy Authority.

HON. W. PARASIUK: The members of the MEA are Mr. Eliesen, who is the Chairman; Mr. Cherniack, who is the Vice-Chairman; Mr. Arnason; Mr. Puttee, who is an Assistant Deputy Minister in the Energy Division; and Ms. Patty Park, who is my special assistant.

MR. G. FILMON: Mr. Chairman, is it my understanding that this is the negotiating team on behalf of the Province of Manitoba for the various agreements that have been entered into, or are being currently discussed with respect to Letters of Intent and so on?

HON. W. PARASIUK: This is the team, but it is assisted by and augmented by staff from the department or from Hydro, or by consultants that are hired to provide assistance.

MR. G. FILMON: Specifically, Mr. Chairman, with respect to the Northern States Power Agreement, I wonder if the Minister could indicate what staff or consultants have been hired to assist him in negotiations on that?

HON. W. PARASIUK: There were staff from Manitoba Hydro who were involved in that, staff who had been involved in some energy discussions beforehand, and they were the Hydro people who have been involved. We had the staff from the Department of Energy.

In terms of consultants, we have consultants involved. There were, I think, the consultants who had experience with U.S. co-pricing patterns. We had consultants who had knowledge of the economics of U.S. electrical utilities. They were specialists in that particular area. We didn't have specialists in that area, so we hired consultants from the United States to provide us information there.

MR. G. FILMON: I wonder if the Minister could be a little more specific as to which staffpersons primarily were involved, and which consultants were involved?

HON. W. PARASIUK: John Arnason, Art Dary and Paul Thompson from Hydro.

MR. G. FILMON: Art Dary and Paul Thompson?

HON. W. PARASIUK: Mark Eliesen, Alan Puttee and Charles Kang from the department, plus a person who had been employed by the department before, Richard Eckert. We use a consulting company from the United States called Black and Veitch.

MR. G. FILMON: Any other consultants?

HON. W. PARASIUK: We have other work that was done, general background work and that relates to the \$250,000.00. There was work done of a general background nature in a number of areas - American utilities, utility pricing practices, what's happening in the rest of Canada, what might be happening in the way of any type of Intertie patterns, Intertie work, keeping abreast of what's happening in Wisconsin. In Minnesota we have a number of small utilities because often it's not a matter of just dealing with one utility; you might have to deal with seven or eight.

Sorry, I've just been told we have Price Waterhouse, who has done specific work with respect to this particular contract. But that background work is done with respect to utilities and with respect to energy-intensive industries as well, including aluminum, and sometimes that background information is then particularly useful with respect to a particular project. This is something that the department picks up. In a sense, this is the type of R & D required for market development and there are costs of a more major nature that are in the capital side of MEA, because those are costs that can be capitalized against a particular project.

MR. G. FILMON: I wonder if the Minister could indicate what the current estimated cost of construction of Limestone is, and on what time frame of construction that would be based.

HON. W. PARASIUK: The \$3 billion estimate is a Manitoba Hydro estimate, with respect to a plant built for Manitoba Hydro needs, which would be a 1992 start-up date, beginning in 1986 - construction. There is the impact of this sale, with respect to the whole question of reliability on the overall system that accelerates the start-up date for Limestone and that's being looked at in a very detailed manner by Hydro. We expect to get a recommendation from them in the summer and we would then be making a decision on Limestone public. That would mean that if the construction date was moved ahead that would have a reduction in the cost of Limestone and we would, of course, get that information following Hydro studies that are being conducted right now, and that's in as-pent dollars.

MR. G. FILMON: Does it include all the interim financing and capitalization of studies and all that?

HON. W. PARASIUK: Yes, it does.

MR. G. FILMON: The second thing is, from recollection, Limestone is over 1,000 megawatts. What's the size of Limestone?

HON. W. PARASIUK: 1,275.

MR. G. FILMON: I wonder if the Minister could indicate the size and the general cost projections of Conawapa?

HON. W. PARASIUK: The megawatts of Conawapa are in the 1,300-1,400 range and I think the specifics of that would best be derived from Hydro at the meeting because the megawattage changes a bit, depending upon the exact location of the dam downstream and what the impacts of the forebays are. The estimated cost is \$3.5 billion, if it was brought in service in 1994.

MR. G. FILMON: Assuming about a six-year construction time?

HON. W. PARASIUK: About a six-year construction. It might be a bit longer. It would be a bit longer because there would have to be some preliminary work done.

MR. G. FILMON: What other capital costs might be required in order to be able to satisfy the Northern States Power Agreement? I believe that the transmission lines are in place, but are any other adjustments to the system required or to the transmission facilities?

HON. W. PARASIUK: No, there aren't any.

MR. G. FILMON: With respect to the Manitoba Energy Authority, they are responsible, as I understand it, for all of the negotiations, whether they be with energy-intensive industries or with the various utilities in the United States, all of the potential, major resource development projects that are under consideration today in Manitoba are coming under the Manitoba Energy Authority?

HON. W. PARASIUK: Yes, the government of the day, I think in 1980, passed the legislation giving the Manitoba Energy Authority that mandate. That act came into effect July 2, 1980 and the first board of directors was appointed on March 18, 1981, and was chaired by Paul Jarvis, the then Deputy Minister of Energy and Mines.

MR. G. FILMON: Is there any difference in the personnel or consultants who would have been utilized, for instance, for the Northern area or Western Area Power Authority negotiations, the WAPA group?

HON. W. PARASIUK: It is basically the same team of departmental and hydro people with some probable changes in the consultants used, because of the different geographical area of the Western Area Power Administration. So we would be getting consultants specifically geared to that particular area.

MR. G. FILMON: You have consultants who are specifically geared to that area, or is it still in the stage of seeking out consultants who might be able to have the expertise you're looking for?

HON. W. PARASIUK: We don't have consultants right now.

MR. G. FILMON: That comes later.

HON. W. PARASIUK: I don't know about this. I don't know if I will be around 12 years from now actually in any capacity.

No, we don't have consultants on contract right now with respect to WAPA.

MR. CHAIRMAN: Life is like a wheel.
The Leader of the Opposition.

MR. G. FILMON: Before the Chairman gets into his philosophy, we'll ask the question as to who are the specific staff and consultants who are doing the negotiations and investigations on the Alcoa arrangement.

HON. W. PARASIUK: The Project Co-ordinator for Manitoba is Mr. Eliesen, and the Project Co-ordinator for Alcoa is Dale Cockerill. Working with Mr. Eliesen are Alan Puttee, Charles Kong, Murray Fraser, Executive Vice-President of Hydro and the staff that he might bring with him, Woods Gordon Consulting Company, and outside legal counsel within the City of Winnipeg.

MR. G. FILMON: Is there any reason why the outside legal counsel can't be named?

HON. W. PARASIUK: No, not at all, Buchwald Asper. The firm of Buchwald Asper is providing legal counsel.

MR. G. FILMON: Which of the legal counsels?

HON. W. PARASIUK: Richard Shead and Yale Lerner.

MR. G. FILMON: Who would be the specific staff that Mr. Fraser would bring with him from Hydro on this?

HON. W. PARASIUK: I can't give you the exact names. It is people who deal in the area of energy economics within Hydro and financing. They have a staff, I think, in the order of about 10 there, and I'm not sure which ones he'd . . .

MR. G. FILMON: That's fine. I wonder if the Minister could just bring those names to committee then next year.

HON. W. PARASIUK: Certainly.

MR. CHAIRMAN: 2.(g) - the Member for Lakeside.

MR. H. ENNS: Mr. Chairman, just getting back to the NSP Agreement. It includes in Article 6 a provision for adverse water provisions. Reading from the contract: "During the contract period, in the event of adverse water conditions in our water, said NSP shall deliver to Manitoba upon request the maximum of 1.5 million megawatts of energy in any 12-month period to allow Manitoba to fulfill its obligations under this agreement."

I asked the Minister a question on this a few days ago in the House. This clause should not and cannot be interpreted as a diversity agreement. Is that correct, Mr. Minister?

HON. W. PARASIUK: That is not a diversity clause.

MR. H. ENNS: So it's just a safety clause . . .

HON. W. PARASIUK: It's a safety clause.

MR. H. ENNS: . . . that recognizes the vagaries of hydro generation of power.

My question to the Minister is anticipatory. In the WAPA contract which we have yet to conclude or may conclude, is a similar clause being talked about, or are we looking at diversity agreements in those negotiations?

HON. W. PARASIUK: We would be looking for the same type of safety clause. We are not looking at diversity in that there are other avenues available to us to conclude diversity arrangements in different markets. It's a matter of trying to pick the best market for firm sales and the best market for diversity exchanges.

MR. CHAIRMAN: The Leader of the Opposition.

MR. G. FILMON: Will the government be required by the National Energy Board or Manitoba Hydro, specifically, to indicate availability of diversity arrangements in order to gain approval for this sale?

HON. W. PARASIUK: No. It has to indicate that there is sufficient capacity and sufficient surplus.

MR. CHAIRMAN: 2.(g)—pass.
The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, the question of diversity has always been attracted to Manitoba in the sense that it maximizes the efficiency of our generation plants. It also enables our system to cope more easily and, quite frankly, with less capital outlay the very diverse energy demands in our climate and in our part of the country.

Is the Minister telling me that he has foregone any advantages to be gained for writing in or negotiating diversity clauses in the NSP contract, and I take his answers to also include the WAPA proposed agreement, because he believes that that diversity arrangement is still available to him under other arrangements such as the proposed MANDAN Program?

HON. W. PARASIUK: Those options have not been closed. We are pursuing the MANDAN option with respect to diversity, but a diversity arrangement could be possible that one could pursue a diversity arrangement with NSP as a backup to the MANDAN discussions and how things are proceeding there.

I did meet with NSP recently and we certainly talked about the contingency of diversity discussions. We wanted to make sure we had a good firm sale. We do have presently a process under way for a fairly significant diversity exchange with MANDAN that is being slowed up in the courts in the United States over which we have no control, but we certainly would pursue that and we certainly have the opportunity of pursuing a diversity exchange with NSP. We certainly would look at that contingency, as well, with respect to longer-term discussions with WAPA; but there are trade-offs that one makes between firm and diversity and, frankly,

we would like to make sure that we get the best dollar return for Manitoba. So it's part of negotiating strategy that one uses.

MR. H. ENNS: I suppose, Mr. Chairman, what I'm just trying to get at with the Minister is that the question of negotiating the best possible diversity arrangements would, of course, impact very substantially on the need and the decision for capital construction in Manitoba.

I don't have it with me, but I have noted that the present Chairman of the Energy Authority, Mr. Eliesen, had some very specific comments to make on this subject matter when dealing with a report provided to another administration, I believe Mr. Kierans, back in '73 that dealt rather specifically with this issue, in view of the very massive capital requirements involved in the construction of our major dams. I just want to put this firmly on the record, Mr. Chairman, through you to the Minister, that this I take it was not a consideration in the negotiations that have proceeded thus far with NSP and are not a consideration with the negotiations that are ongoing with the WAPA group?

HON. W. PARASIUK: Well, one has to take this all in context, Mr. Chairman. There is a MANDAN diversity that exists as part of the overall export-import strategy that is proceeding, we hope. There are some caveats because it was taking place in the United States. Mr. Eliesen, as undoubtedly the member might remember, was commenting on adequate pricing and adequate return. I believe that he was commended for those comments and his perceptions by a number of people at the time, possibly of all stripes. Certainly, he would have wanted to take those things into account and these particular sales that are being negotiated right now. I will check, because I don't have it right in front of me, to determine whether, in fact, there was any diversity exchange being planned in the proposed Western Grid sale, but I'll check that as well. There are instances where it might be better to go with the firm sale, use another vehicle for diversity, but I'll certainly check those.

MR. H. ENNS: Just a little further information if the Minister will, Mr. Chairman, on the question of transmission line capacity. I know our Leader asked a general question on that just a little while ago.

Where do we stand at the moment? The Minister indicated that current transmission lines are capable of handling Limestone should it come on stream without any extension to those facilities, does that then fill up the current capacity looking ahead to Conawapa, where do we stand with transmission line capacity coming from the North?

HON. W. PARASIUK: I can give you just a general answer on that. I think those are the type of detailed technical questions I think would be best dealt with directly by the Manitoba Hydro people at the committee.

We do have sufficient capacity to provide for the NSP sale, existing capacity, and that's the capacity for Manitoba to Minneapolis. We have — (Interjection) — Pardon? Yes, it's a 500 KV line, and again it would be better, I think, to have the officials in to the specifics of the technicalities. If Conawapa is brought on stream, then another major transmission line is required.

MR. CHAIRMAN: 2.(g) - the Member for Lakeside.

MR. H. ENNS: Mr. Chairman, the Minister in his various statements and reports has used specific dollars in description of the sale. It's my understanding, of course, and I think most Manitobans' understanding, that we have, of course, been doing business with NSP for a goodly number of years selling interruptible power. The figures that the Minister indicates when referring to the current NSP contract, I assume they are exclusive. We will now be selling firm power under this arrangement displacing the poorer-priced but, nonetheless, fairly significant amounts of power that have flowed south.

Can the Minister give me some indication? What I'm after is I'm trying to recall, and I appreciate again the Minister may well choose, and it's appropriate that we should be directing these questions to Manitoba Hydro officials when they appear before us, but I would like ballpark figures if I can as to what were we selling per annum in the last several years of interruptible power that is being displaced by this firm contract?

HON. W. PARASIUK: I can give you the details in terms of aggregate sale can be provided to the committee. We had a contract for diversity with NSP that ends in 1992. That was for a smaller amount in the summertime, 200 megawatts for a summer period, and that was firm, I think, for a very short period of time in the summer, and 300 diversity. They can call on us, we can call on them. The specifics about what the aggregate sales were can be provided at the Hydro meetings. By having a firm sale that doesn't preclude having interruptible sales if it's to our benefit to either other Minnesota utilities or NSP itself or to other parties that have interties or some type of hookups with us. The line has a capacity of more than double the 500 megawatts so one has the flexibility in there.

MR. H. GRAHAM: Mr. Chairman, just to recoup. The Minister indicated that the line has that capacity to add the 500, in addition to the diversity.

HON. W. PARASIUK: The Diversity Agreement ends in 1992. There's a firm power sale that comes on stream in 1993. That line has the capacity to carry the firm power sale from Manitoba to Minneapolis, but it also has within it, capacity for other types of sales.

MR. H. GRAHAM: The Minister also indicated that that line was from the Manitoba border to Minneapolis. Is that right?

HON. W. PARASIUK: Yes. It starts actually at Dorsey. It goes to the Manitoba border - that's the Manitoba section - and from the Manitoba border to Minneapolis is Northern States Power section.

MR. H. GRAHAM: Mr. Chairman, does the existing line from the Nelson to Dorsey have the capacity to carry another 500?

HON. W. PARASIUK: Yes, it does. It has the capacity to carry the entire output of Limestone.

MR. CHAIRMAN: 2.(g) - the Member for Lakeside.

MR. H. ENNS: Just before we leave, I appreciate the Minister's response that the line has the capacity and there is nothing inherent in the agreement that we're considering that precludes ongoing sales of other types of power, providing the mutual benefit to buyer and seller. Would it be a reasonable comment to say that it likely precludes those sales of power, with a firm contract in place?

HON. W. PARASIUK: No, not at all. Five hundred megawatts is just a small portion of a utility that probably has in the order of 8,000 megawatts. The Minnesota economy has been doing quite well and I would expect that they will have certain types of requirements on them. From 1993 on, we certainly have the opportunity of selling through other forms of sales, either spot sales or interruptible sales or looking at diversity and we certainly talked about that as an option for future discussions. Those options are all open and before us, but we also have a number of other discussions taking place with other utilities and it's a matter of trying to, in a sense, maximize the returns on the basis of all the discussions and that's the process that we're following right now.

MR. H. ENNS: I won't attempt to fully appreciate the details of the various formulas arrived at that were included in the material tabled by the Minister the other day in the House. But the one specific item that is perhaps a little easier to deal with at this stage is the fact that, in terms of costing and pricing, the figure of 80 percent is used relative to American alternative sources of power, thermal coal-fired agreements. I take it that was a major part of the negotiations that took place, as to whether it should be 70 or 80 or 90 or 50?

HON. W. PARASIUK: Yes, the percentage is something that people look at, tying a contract, if you're the producer of hydro-electricity, to someone else's costs that have been escalating and are going to escalate tremendously. Every piece of material indicates that the Americans just don't have too many options for the production of electricity. There's nuclear power, which is causing them tremendous headaches. The States of Minnesota and Wisconsin aren't allowing nuclear to be built, so that even if one wanted to do so, there's a whole very long planning process involved with nuclear.

The Supreme Court has ruled that the states have the power to prevent a nuclear plant from being started unless people can prove satisfactorily that they can dispose of the wastes. That was challenged all the way up to the Supreme Court and the states were given that power. Thermal plants are costing a lot because of the pollution control equipment and there is the whole problem of, again, demands on coal.

Indeed, the acid rain question was one that was debated at the Governors' Conference that the Premier and I attended. There was a debate between two of the governors regarding acid rain, with the Governor for Wisconsin saying, "I wish we could all buy Manitoba power, but we can't, i.e., it's limited." So I think we're in a very good bargaining position to get a very good price for Manitoba, while at the same time, ensuring that we are meeting our own needs and our future

needs in the most economical way. One then looks at what these percentages are and one works them up and that's part of the negotiating process.

I'll check through the records to see whether, in fact, there were attempts to try and do this with respect to the Grid negotiations, but I know that the cost differentials for Alberta and Saskatchewan coal are so low in comparison to Manitoba's pricing that it might not have been a practical way to proceed; but there the cost differentials are pretty significant between ourselves and utilities to the south of us and it is a more practical way of looking at this.

MR. H. ENNS: Mr. Chairman, I appreciate that of course many of these questions relate to the same Minister at Public Utilities Committee meeting at Hydro when Hydro appears before us, but it was of interest for us to ask some of these questions at this time and also to have the benefit of the time between now and the Public Utilities Committee meets to research some of the answers that are being provided.

In the system today - and this perhaps is one of those questions that is more properly related to Hydro - what is your current average surplus available to us, in megawatts?

HON. W. PARASIUK: The surplus - and again, I'm going to use ball parks because I think the specifics would be best left to the Manitoba Hydro discussion at the Public Utilities Committee. We aren't spilling water. We are selling all that is produced on interruptible basis and it's in the order, I think, of 1,100-1,200 megawatts.

MR. H. ENNS: 1,100 to 1,200 megawatts could be described as a surplus today?

HON. W. PARASIUK: Yes, depending upon water flows, taking in the whole question of reliability. That's why you start getting into a fairly technical discussion when one starts looking at questions of reliability for a hydro system. I think it would be best to have that type of discussion take place at the committee.

MR. H. ENNS: Just appreciating what the Minister has said in terms of fluctuations with respect to plans, the Minister earlier indicated to the committee that, say, the capacity of Limestone is in the order of 1,150, 1,200, what does the Energy Authority, who is doing the negotiating, count on firm coming out of a plant of that size? Is it 700, is it 800 megawatts, if the Minister understands my question?

HON. W. PARASIUK: Yes.

MR. H. ENNS: We rate these plants at 1,000 megawatts or 1,200 megawatts, but if we are making firm contractual agreements, surely we have to more realistically take in account adverse water conditions. So a plant like Limestone's actual or firm production may be scaled down to 700 or 800 megawatts? That's my question.

HON. W. PARASIUK: I think this is again a question that would at best be asked in Public Utilities Committee. But I think Manitoba Hydro's experience has been in the order of about 60 to 65 percent capacity.

MR. CHAIRMAN: The Member for Virden.

MR. H. GRAHAM: Mr. Chairman, I believe that the thinking of Manitoba Hydro has probably become a little more conservative with regard to capacity of their plants because of maybe some unprecedented low water levels in the last two or three years. Is that correct?

HON. W. PARASIUKE: I think again that we could deal with that when the Manitoba Hydro comes before the Public Utilities Committee. I know that they have taken into account the last two years of experience, the last year of experience, certainly the last three years of experience, and again, they've got averages going back for quite some long time in terms of water flows.

MR. CHAIRMAN: Would the members want to pass 2.(g) before we break up?

The time being 12:30, committee rise.

SUPPLY - CROWN INVESTMENTS

MR. CHAIRMAN, P. EYLER: Committee come to order. We are considering the Estimates of the Department of Crown Investments. Does the Minister have an opening statement?

The Honourable Minister.

HON. V. SCHROEDER: Crown Investments is one of the newer departments in the structure of the government. It was created to enhance the government's administration of the commercial Crown corporations, and to provide a focal point for the analysis of issues and opportunities pertaining to the Crown corporation sector.

It should be noted that when we refer to the Crown corporate sector we are speaking of 19 Crown corporations with assets in excess of \$4 billion, annual revenue in excess of \$1.5 billion, and that sector employs over 12,000 people.

Our government recognizes the enormous responsibility which the citizens of Manitoba have entrusted to us, and we have acted to ensure that we are doing everything possible to safeguard and enhance those investments. The establishment of this department is but one step we have taken to strengthen financial and operational accountability of our corporations to government.

Manitoba has been a front runner in this area of public administration of taxpayers' investments. As you are aware, the Federal Government has only within the past two months introduced legislation to create a departmental structure to assist in the overview and administration of its Crown corporations. Once again the west is leading the way.

In the past year my department has undertaken a number of major initiatives. These include the establishment of a conflict of interest policy and guidelines for directors - the corporations were directed to implement these policies last fall; and to establish guidelines which respect these same principles for the officers and employees of the Crown corporations.

The preparation of guidelines of business conduct which, among other things, say that Crown corporations

must operate in obedience to the laws of Manitoba, of Canada and the laws of the jurisdiction in which they are operating, even if that jurisdiction is a foreign country.

The completion of the review of alternatives to optimize the long-term viability of the Manfor complex is the third area, third initiative. This successfully completed work resulted in a \$40 million investment at The Pas — (Interjection) — It may well be a boring speech, Mr. Chairman, but it is a very important speech. This is the one speech a year I get to make opening the Estimates of the Department of Crown Investments, the only time I get to explain in public what we are doing in this department which is a department not very many people are even aware exists, but it is fundamental to the operations of those 19 Crown corporations.

That review of the alternatives at Manfor resulted in, as people in the Legislature know, a \$40 million investment at The Pas. We believe that is a very important investment for that particular area of the province. We expect to do quite well with that investment to modernize that operation and to turn it around.

No. 4 are the continuing efforts to encourage an investor to come forward to undertake a major development in potash; No. 5, the creation of the Manitoba Oil and Gas Corporation and the staffing of its senior management, an important achievement; No. 6, the improvement in budgeting procedures and an intensive review of Crown corporations' plans.

As you know, the department has a very small staff complement, and the work that I have mentioned represents, I believe, a major accomplishment for that staff.

In the 1984-85 fiscal year our Estimates call for the expenditure of \$650,000 with a permanent staffing complement of seven staff years, in addition to the Deputy Minister's position. This compares to last year's approved expenditures of \$632,500, a proposed increase of 1.03 percent — (Interjection) — I'm not sure about that. I don't believe there were any new staff years approved, but I'll get onto that.

I think it bears repeating this year that the focus for Crown corporation activities is the Economic and Resource Investment Committee of Cabinet and it is this body which determines what are the appropriate and applicable policies and strategies for the government to institute with respect to the Crown sector. As in the past, individual Ministers have been assigned responsibility for individual Crown corporations and they ensure that the corporations operate efficiently and effectively.

In addition, the Minister responsible is accountable to the public through the Legislature for the operations of their assigned corporation. These Ministers also represent the corporations at the Public Utilities Committee or the Committee of Economic Development.

In the next year, my department has several major activities and I will touch on these briefly:

(1) Assisting the government to clarify its expectations with respect to the missions, functions and performances of these publicly owned enterprises. These matters should be periodically reviewed to ensure that they are consistent with the time and environment

in which we live. Departmental and corporate officials are working together and assisting the government to update and de-mystify the missions which may have been left over from previous administrations. We are endeavouring to identify expectations that are desirable, realistic and achievable.

(2) We believe that the public has a right to keep informed about important developments in the Crown corporations. Once again, staff and corporate officials are working on ways to improve communications to the public.

(3) Streamlining and improving the information flow which is essential to timely decision-making. As we all appreciate opportunity knocks once and softly, and when opportunities arise time is needed to deal effectively with them. Consequently, we recognize information that flows to decision makers at all levels must be timely and complete in order to avoid time consuming redundancy of effort. Here again, improvements in information flows are being worked out in a joint effort by departmental corporate officials.

(4) Our department is also involved in assisting corporate officials to rectify problems which have been brought about by economic conditions and adverse circumstances. Our work at Manfor and Flyer are examples of that, and even McKenzie.

While some of the Crown corporations are very large and employ sophisticated planning techniques, others are less able to attract and retain the expertise necessary to gain the benefits which may be derived from good, long-range planning. Officials of Crown investments are working with corporate staff to propagate these techniques and to encourage a sharing of ideas and methods throughout these Crown owned enterprises. As we all know, some of those enterprises are very small indeed and need outside assistance.

Protection of the taxpayers assets in the corporate sector requires good administration at all levels. The government has been assisting in this task by competent managers, public-spirited directors, chairpersons and department staff and I would like, at this time, to express my government's thanks to these people for the job they have done and are continuing to do.

In the year ahead the department will assist in ascertaining the strategies which will permit Flyer Industries to make a positive economic contribution to the province. We'll work in co-operation with management to assure that A.E. McKenzie Co. Ltd. returns to profitability and will assist in the appointment of further worker representatives to the Board of Directors of several more corporations.

Crown Investments will continue to develop guidelines and processes which will permit a close monitoring of all corporate development activities of the corporations and will continue to facilitate the organization and implementation of strategic planning within the Crown sectors.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I don't really have a statement, as such, to make in response to the Minister's opening statement. I think if he would like to bring his staff in, we'll just simply get into asking some more specific questions.

MR. CHAIRMAN: The Minister may bring his staff in.

HON. V. SCHROEDER: They were on their way a few minutes ago. If the member has questions, maybe I could start off.

MR. B. RANSOM: First of all, could the Minister provide us with the names of these 19 Crown corporations? I believe he said 19 that are sort of shepherded by Crown Investments. And can he tell me whether there is a Crown corporation, any Crown corporation, that functions in the marketplace that is making a profit at the moment, within these 19?

HON. V. SCHROEDER: Just on that last question, the first company that comes to mind obviously is the Manitoba Public Insurance Corporation which is in competition with other corporations in the general insurance business and it certainly makes a tidy profit.

As we go through them, maybe we can . . . There's A.E. McKenzie Ltd. which we hope to be turning around this year; Channel Area Loggers Ltd.; the Community Economic Development Fund; Flyer Industries Ltd.; Leaf Rapids Town Properties Ltd.- I'm not sure whether or not that company is earning a profit; the Liquor Control Commission which isn't functioning in a competitive sector but certainly is very profitable; Manitoba Agricultural Credit Corporation; Manitoba Crop Insurance Corporation; Manitoba Data Services; Manitoba Development Corporation; Manitoba Forestry Resources Ltd.; Manitoba Hydro-Electric Board; Manitoba Mineral Resources Ltd.; Manitoba Oil and Gas Corporation; Manitoba Public Insurance Corporation; Manitoba Telephone System; Manitoba Trading Corporation; Moose Lake Loggers Ltd.; Tantalum Mining Corporation; Trout Lake Mine; Venture Manitoba Tours Ltd. I believe those are the corporations and agencies of government that are dealt with by this department.

MR. B. RANSOM: Does the Department of Crown Investments give what might be called "directives" to Crown corporations with respect to the sort of capital investments that they might be making, where the investment might be based on some goal that the government has, in terms of job creation, as opposed to how the corporation might see the money best flowing in terms of the financial security of the corporation? Does the corporation give directives to Crown corporations with respect to personnel management, for instance? Are Crown corporations told that it's not acceptable to lay people off? Are Crown corporations told that they must keep their settlements within a certain range? I'm interested in how this Crown Investments Department infringes on what would normally have been considered the responsibilities of individual Crown corporations.

HON. V. SCHROEDER: Mr. Chairman, each Crown corporation, prior to while it is planning its year, does submit to the department its proposed Capital Expenditures for the upcoming year. Those Capital Expenditures are reviewed by the Economic Resources Investment Committee of Cabinet with input, of course, from staff from Crown Investments and the Capital Budgets are approved in that fashion.

Corporations are being asked to provide us with some estimates ranging ahead for five years or so, to give us an idea as to what is coming down the line in order that we can better plan the capital requirements for the government as a whole.

We feel that there has to be some co-ordination of that when the amounts of money are pretty significant in terms of the capital investment and if, for example, all of the Crowns decided in a particular year, independent of each other, to do a significant amount of capital investment, that would have an impact possibly on our ability to get the money. It would also have an impact on the economy!

We believe that we should at least be taking a look at those things and saying, in order to even things out, we might ask people to slow down on some investment or speed up on others so that we would get a little bit of a more even approach to that sort of thing.

We are, as well, asking the Crown corporations to discuss with us, at least to some extent, the issues of salaries. This year, we have asked Crown corporations, in general, and we're always open to further discussions, to deal with specific aberrations or specific cases, not to increase their operating expenditures by more than 3 percent from the previous year. Now that is not a request to keep wages at 3 percent, although obviously it's going to have an impact on the ability of the corporation to provide wage increases, it may allow them to have larger increases if they have other areas where they could cut costs, it may mean that they have less ability, they may not have enough money to provide the 3 percent with respect to the wages.

We have also asked the Crowns to bargain, if possible, and we recognize that sometimes it's not possible, but if possible on the basis that people get somewhat similar dollar increases throughout the corporation, which means smaller percentage increases higher up and greater percentage increases lower down. We are not saying that is something that has to be done all the time, we recognize that, if you do that over a period of time, you could run into some difficulty.

On the other hand, we do believe that is the appropriate policy at a time when we are asking people in the public sector to accept wage increases that are less than the rate of inflation. In that kind of a case, we believe that we should be taking special notice of those who are at the lower end of the scale.

MR. B. RANSOM: With respect to wages and the department's involvement in looking at the Manfor operation, what conclusion was arrived at in terms of the wage structure there? I ask that relative, first of all, the fact that the corporation is losing almost \$25 million this year, and that it has been my understanding that the wage structure at Manfor is really not related to the company's ability to generate revenue here, but is related to the wage scale that exists where there are forests that are infinitely more productive than the forest that this operation is based upon.

HON. V. SCHROEDER: Mr. Chairman, I think that's a very good example of an area where in the past the contracts have been geared to the west coast settlements. I think that's pretty difficult to justify if we don't have the same conditions as the west coast does.

I don't believe we do have the same conditions, although I understand that a lot of the companies on the west coast were losing a considerable amount of money over this particular period.

I am told that the union is now looking at, rather than west coast, the eastern wages. I don't know how that impacts. Certainly as I understand it, there were some settlements at no increase on the west coast or at least there was talk of that a few months ago. I think it's pretty difficult to justify wage increases to people earning that kind of money when we are losing the kind of money we are right now, and when we're looking at further public investments in that corporation.

I think that employees of public Crown corporations, public corporations that are involved in general industrial pursuits in competition with others must recognize that we have to, in the long run, be profitable. Governments have to ensure that happens. I think that people want to work for successful corporations, rather than unsuccessful ones and we're certainly asking for co-operation to make sure that happens, and that can't mean wage increases at this time.

MR. B. RANSOM: On another area, Mr. Chairman, the Minister mentioned that one of the functions of Crown Investments is to keep people informed about their Crown corporations. And as the Minister know I think I have been concerned also about making certain that the public knows where they stand as a shareholder in these Crown corporations, and what kind of return they are getting for their investment or what kind of losses they are suffering. I think we have made some progress in identifying that a bit more.

Has the Minister given any consideration to putting together a report on an annual basis that would tell the public how much money they, as owners, have got invested in these corporations, and what kind of return they are getting from it? Has there been any consideration given to that?

HON. V. SCHROEDER: Mr. Chairman, I take it that what is being referred to now is the commercial Crowns as opposed to the Hydro, just not Telephones and Hydro. I think that is something that we should seriously be looking at.

As the member knows, historically we have been getting into the commercial Crowns as bail-out situations, so that sector is not a glowing sector in the sense of profitability; the Manfor case is an example; Flyer Coach Industries is another example. McKenzie's isn't, McKenzie's is one that we have walked into, and we think we are going to be able to walk out of the difficult situation, but I think that there would be some advantage.

We should know far more; we don't even know ourselves whether, for instance, overall it is better for the economy to have McKenzie Seeds operating at the kind of loss we're suffering, for instance, for last year, but on the other hand keeping employees working, keeping them paying taxes and so on. I think everybody recognizes there are some big economic advantages to having a company like that operating. Whether, in that particular year, those advantages more than made up for the disadvantage of the deficit is something that I think that we should know. We should be prepared

to look at those numbers and put them on the table for the people of Manitoba, so that if those numbers become negative and if it appears that there is no way of getting around those numbers being negative, as may be the case, I don't know, with Flyer Coach Industries, then I think that certain decisions have to be made by the people who have been entrusted to manage Manitoban's money wisely.

So I would like to see us developing a much better information base. Certainly I would like to be able to present reports that show profitability in Crown corporations which we can't do at this time in the ordinary commercial sense but, in the other sense, there may be more advantage than disadvantage to continuing on with it.

MR. B. RANSOM: In the interests of good public administration, Mr. Chairman, I would urge the Minister to put that kind of information together because so often the debate centres around whether or not there is a profit made, rather than looking at a set of agreed-upon numbers and then debating the merits of whether or not it's worthwhile to subsidize a corporation in order to maintain the employment or the other spin-off benefits, whatever. You can then debate the issues.

I give, as an example, to the Minister a situation where the reports, if they continue to be put together the way they are, will not give really an accurate picture of the government's involvement, and that has to do with mineral exploration. One of these times, in fact, in the very last report from the Manitoba Mineral Resources, it does indeed show a very small profit.

Now what it doesn't tell the public is the fact that the taxpayers have, over the past 10 years or more, invested perhaps \$10 million in mining exploration and that there has been an annual ongoing interest cost to us the taxpayers as shareholders, but yet nowhere is that identified as a cost. I know that frequently the argument is put forward, by government, that we're a shareholder and you don't see in annual reports of corporations what the costs are to the shareholders.

Well, that's true. Of course, in the case of private shareholders there is a market that tells them what their shares are worth on any given day on that market and, as well, the individual, of course, knows what kind of income they're foregoing in order to make a particular investment, or they know what kind of interest costs they're paying to make that investment. I urge the Minister to put together a report that would identify that sort of thing for the taxpayers of Manitoba.

Another issue that's very topical, Mr. Chairman, would have to do with the amount of capital that the government may well be having to raise over the next few years. Now, has the Minister made some projections, say over the next five to seven years, as to how great are the amounts of capital that are going to be required to finance the direct deficit of government, to refinance issues that are coming due, to finance Limestone, any power lines, investments in potash, any investments in aluminum, what kind of capital requirements are we looking at and what is the ability of the government to be able to meet that? Is this a concern to the Minister?

He mentioned earlier that Crown corporations, if they all decide at the same time to make some investments,

that perhaps that might raise problems as to the financing of them. He's speaking there about existing corporations where the expenditures are perhaps not likely to be as large as they might be in some of these ventures that are talked about. How does he view that potential situation?

HON. V. SCHROEDER: We haven't done sufficient corporate planning to be able to give very precise numbers. We do have, as I'm sure was the case when the member was the Minister of Finance, it's about a 20-year graph. In fact, I think it shows up in the Budget it shows repayments, maybe a doesn't. We do know when we have to refinance existing debt issues and there's some years that are much lighter than other years where you have a very heavy year and you add on this kind of funding plus the new arrangements we're now looking at, there has to be some planning ahead.

We have been assured by our financial advisors, we've discussed this with people from the United States, from here in Canada and from other parts of the world, that providing there's ample forewarning, there will be no difficulty. That is, if we proceed with Limestone and Limestone costs are approximately \$1 billion 1981 dollars; I don't know how that has increased, what inflation has done to those numbers at this stage because I don't think that it necessarily — (Interjection)

A MEMBER: 1 billion?

HON. V. SCHROEDER: \$1 billion 1981. I believe in the Power Grid Agreement there was a reference to \$988,000,000 to be precise in 1981. I don't know what the inflation factor to date is. Obviously, it will still increase above that considerably as time and inflation wears on.

The point that I was trying to make before was that if all the Crowns go ahead without having notified us and simply send us the bill for capital financing, we've had then no way of notifying the markets that something different is happening in the province. If suddenly there's many hundreds of millions of dollars shift in our capital requirements, we might have problems in the market. If we're able to get out there months, even years, ahead of time to explain what is happening and why things are going to be different for a period of time, then that changes things; that's No. 1.

No. 2 - We are looking at, and we're having discussions with, financial institutions with respect to them doing some project financing or having possibly contractors doing that kind of thing, as I believe Ontario Hydro did with one of its exports a few years ago.

So, as long as we have something that makes long-term economic sense and, I believe that, for instance, with the sale agreement we announced the other day we have precisely that. We think we will have no difficulty selling that to investors. You have to keep in mind that \$1 billion 1981 dollars is not something we would need in a specific year, it's over a period of maybe six years. I believe that's about the approximate time during which you . . .

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Order please. Before proceeding, I would like to direct the attention of members to the

gallery where we have standing a group of 16 students from Grades 4, 5, and 6 from the St. Leon School. The students are under the direction of Sister Teresa Champagne. The school is located in the constituency of the Member for Pembina.

On behalf of all members, I would like to welcome you here today.

The Member for Turtle Mountain.

MR. B. RANSOM: If they're from St. Leon School, I think they're probably in my constituency, Mr. Chairman, but then I welcome them.

The Minister talks about \$1 billion for Limestone in 1981 dollars. It seems like a very low figure, but that's no great issue here at the moment, but it seemed to me that the money was going to be substantially more than that.

Now, how much of a concern is it to the Minister that the term of money that's available is very short. You could virtually be faced with having to borrow money at the start of the construction of a hydro dam and be having to roll that debt over before the first power is sold from the dam if we're talking about five-year commitments, and the cost of that money can conceivably fluctuate dramatically in a fairly short period of time, is that not a concern to the Minister not only in this area but in areas such as the potential potash development and aluminum development where there isn't that same guarantee in terms of the sale?

At least with Hydro, we're talking about something that's quite predictable in terms of the revenue side, and maybe the government has built in some protection against increasing interest rates, I don't know that yet. But on those other investments, that sort of thing is much more difficult. That's one reason why it seems to me that the taxpayers are perhaps better served by having the private sector put up the capital, where possible, and take the risk of those problems with financing or the increasing interest costs.

HON. V. SCHROEDER: Mr. Chairman, just on the dollars, I was wrong. I am referring to the Western Electric Power Inter-tie Agreement. I can send the member a copy later. I'll just read the top of Page 3, Item 1.15: "Capital costs for the Limestone Generating Station shall be the actual cost. It shall not exceed 110 percent of \$928 million based on March 1981 dollars, plus allowances for actual inflation." In 1981, it was anticipated it would be \$928 million, but there was a 10 percent, so that would bring it up to just over a billion dollars.

MR. B. RANSOM: Aside from any lines.

HON. V. SCHROEDER: Yes, that's just Limestone; that's just the station. But I guess, in a way, one should be reluctant to use that number because what it does is fix in people's minds a notion of a billion dollars which simply isn't there. I believe the costs I have seen are estimated somewhere around 3 billion at this stage because of inflation and so on.

We have to keep in mind that when we are looking at the capital costs, which are very important and obviously are the major costs both with respect to hydro-electric generation - it's almost the only cost,

you could say, is the cost of money - similarly, aluminum plants, it's the cost of money that is the determinant plus. Of course, there, there's another determinant and that's the cost of power.

We will be competing with other jurisdictions with respect to Hydro who, we believe, will have to pay more for electricity, considerably more than we have. We believe that's the area where we have a large competitive advantage. Because we have that large competitive advantage in the cost of hydro-electric power, and because others will be in the same position with respect to interest costs that we will be in, we believe that we will be protected in the area of aluminum. In the area of the energy pricing for the sale of direct energy we will, of course, be protected in that. Just for example, the costs associated with the alternative source of power, which in the case of the NSP Agreement is a thermal power, will include interest costs just as they include interest costs here. I will just leave it at that for now and see.

MR. B. RANSOM: Just let me point out to the Minister that on the surface the information that the Minister tabled yesterday doesn't really make sense in terms of the return. We're talking about an investment in Limestone that could go to 3 billion, then the interest cost at 14 percent for one year is going to be 420 million, and ascribing a little less than half of that towards that 500 megawatt sale over a period of 12 years at that rate, they would incur an interest cost of something like \$2.5 billion during that 12-year period, and the figure that the Minister used in his statement was a revenue of 3.2 billion but yet there is a profit of 1.7. Now I can only assume that there are some escalators built into the agreement and that the Minister has based his figures on certain assumptions that are not evident from a quick look at his statement or at the agreement that he tabled.

But I suppose for the moment, it is sufficient for me to voice a warning as to the risk that the government is running by making these huge capital investments in a short-term market. On a \$3 billion investment in Limestone, for instance, one 1 percent change in the interest rate is going to make a \$30 million difference on a year. Similarly, of course, a change in the value of currencies can have a colossal impact on the requirements that could be placed upon the people of Manitoba or upon the users of hydro.

So I would caution the Minister, as Minister responsible in this area and as Minister of Finance, to say that he has a tremendous responsibility to see that the interests of the taxpayers of Manitoba are protected and that the government is not stampeded by Ministers who are anxious to see development take place, as we all are. I think there is a special responsibility that falls upon this Minister to protect the taxpayers of Manitoba in the long run.

Just one or two other questions, I think, Mr. Chairman. What is the situation with ManOil at the moment? Where does it stand in terms of staffing, in terms of the amount of the money of the authorized 20 million that has been drawn down? Has the corporation developed any sort of a plan yet? Are they going to be out drilling on their own? Are they bidding on land? Are they looking for private partners? Where is that situation at?

HON. V. SCHROEDER: It's Manitoba Oil and Gas Corporation. It still is . . .

MR. B. RANSOM: That immemorable phrase still sticks in my mind that Howard laid on us during the election.

HON. V. SCHROEDER: It is still looking at - I don't believe it has leased any land or got involved in any - it has not gotten involved in any drilling as of yet. It is looking toward an equity participation in oil pipeline and I understand the licence has been issued. So they are on their way.

In terms of the other portion of what the member was saying, you have to keep in mind that at least as of the latest public statements by Manitoba Hydro, we would have required a hydro-electric dam somewhere around 1993 anyway, but the problem was we didn't need 1,200 megawatts. What we might need is a few hundred for our own needs and the rest of it would be wasted if we didn't have a firm power sale. So whether we had the sale or not, we would have to build at some time.

Now the member asked a question the other day as to why this brings the date of Limestone forward - and I think that's a good question that I wouldn't be able to answer, although I understand that there are technical reasons why this would bring Limestone forward - but the thing is, we would be incurring those interest costs whether or not we made the sale. So having made the sale, we are certainly far better off than not having made the or, to put it in a different way, had we not changed policy - and I think this was policy of previous NDP Governments and previous Conservative Governments - policy used to be and I don't know that it was ever stated clearly, but there was an understanding that we were not prepared to sell firm power to the United States. That is, we were all prepared to sell spot power, which is at much lower prices, which is practically giving it away because we have no use for it anyway, but we weren't prepared to sell firm power. That was a decision we made early on in our government, that we felt there was nothing improper about that as long as we could get that power back when we need it and, in this particular case, it's a 12-year basis and, as members know, there's another set of discussions going which could lead to much longer-term power sales which I think we would all acknowledge are far more dangerous for us than a 12-year sale.

A 12-year sale is pretty clearly something that is not problematical in terms of us needing the power. We can make our estimates not to run into any serious difficulty. When you talk about 35 years it's far more difficult to estimate what our needs will be and so on, so that's a bit of a different proposition, but it's on that basis that one could argue that it's a very good deal, other than the agreement itself.

In terms of the agreement itself, we must keep in mind that we're comparing this to, I believe it's Sherco No. 3. It's a thermal plant being built which is expected to go into operation in approximately 1988, its costs will be grossed up, inflated up to 1993 and those include interest costs as a component, in accordance with the formula given in the agreement, and it is not precise.

There's no question that nobody can come up with a specific number today, but what we can do is

approximate what has happened in the past and know, I think, with fair certainty that the costs of that plant will inflate at approximately the same rate as the costs of a hydro dam will inflate and, if that is a correct assumption, which I think it is, and we also know that the cost of operating a thermal plant is - what is it? 15 times as high as the cost of operating a hydro-electric dam because they do have to provide the coal, they do have to provide the staff and so on. Even if coal were given away at the plant, somebody's still going to have to pay to haul it up out of the mine, haul it to the thermal plant, etc., so there are those ongoing costs that they have that make their power twice as expensive today as our power is in Manitoba. We believe that the arrangements we've entered into there are very safe for us; keeping in mind, as well, that environmental regulations in the United States certainly will not go toward more laxity between now and the start-up date.

Members wanting to finish, I appreciate that.

MR. B. RANSOM: I don't want to enter into a debate about the merits of the agreement because I'm not familiar with the details they've given. I don't think the Minister of Finance is intimately familiar with the details either. He no doubt knows more than I do about it but I don't want to debate the merits of it; what I'm cautioning about is the ability of the government to raise the money and to reraise the money because there just virtually is no long-term money any more.

When we're talking about a power dam, or an aluminum smelter, or a potash mine we're talking about something that's a long-term investment, but yet you can't get the money that matches the life of that plant. Hydro development obviously has to take a first priority for the availability of capital for this province. But I just caution, again, that because of the nature of the capital markets today I believe the government could find themselves in difficulty, especially if the provincial government's own deficit doesn't change, doesn't go down. If it stays where it is or even moves up from where it is, as we get another 5 or 10 years down the road, then I think we're going to be facing quite a different picture.

Just one final question, Mr. Chairman, having to do with ManOil or the Manitoba Oil and Gas Corporation - I have two other questions I guess. One, is that company considering buying an oil company, an existing small oil company? Is that part of their strategy? And secondly, is the government looking for private sector investors, either outright purchasers or partners in McKenzie Seeds, or Flyer Industries, or Manfor, those three specifically.

HON. V. SCHROEDER: We're not out there actively looking. With Flyer and Manfor, it would certainly be my inclination not to chase anyone away, I'd be very interested in talking with anyone who is interested in it but we are not looking at this, at this stage.

I just want to say a couple of things about our financial situation. I know the member is anxious to get through this, but we do have to compare ourselves to other provinces. Just, for example, Quebec is paying better than 16 percent of its government revenues on interest costs; ours are below 8 percent. As a percentage of

gross provincial product, our current account deficit is somewhere around 1 percent, I believe, I had that number in the budget the other day. As a proportion of the gross provincial product, it has come down considerably and certainly we would like to keep on that road.

The member makes a valid point when he says that there is some shortage of capital, but we believe we have picked areas where we do have comparative advantage and that is something we have to emphasize, aluminum, and that's something that was chosen by the previous government. I give them credit for that, I think that was an area where we have a comparative advantage which is growing. In 12-15 years, we will be practically out of conventional oil in Alberta and Saskatchewan and so on. The alternatives will become even more expensive and our only problem will be interest rates.

In the last few years since the previous government entered into negotiations with Alcan, the Japanese aluminum industry has practically collapsed and will wind up in 10 years, and probably even less time than that be in a position where only the plant, I think there's only one or two plants there operating from a hydro-electric plant, and they will be the only one - or if there's only one, that will be the only one operating. So we believe, having the lowest cost of hydro-electric power in the world gives us a tremendous comparative advantage, gives us a competitive edge that will put us in a position where that will be a good long-term investment for . . . — (Interjection) — No, Mr. Chairman, we're not looking for an investor in McKenzie Seeds. I would say that, at this point, I would personally not be very interested in any kind of negotiation for a sale down there because I am optimistic about McKenzie Seeds. I believe it will be turned around, I think that the management of that corporation will do that and will — (Interjection) — We should be making a fortune, of course, we should be making a fortune. I agree we should be making a fortune and, hopefully, within the next year or two, we will be in that happy position.

MR. CHAIRMAN: item 1.(b)(1)—pass; 1.(b)(2)—pass; 1.(a)—pass.

Resolution No. 46: Resolved that there be granted to Her Majesty a sum not exceeding \$650,000 for Crown Investments - Crown Investments, Administration, for the fiscal year ending the 31st day of March, 1985—pass.

That concludes the Estimates for the Department of Crown Investments.

SUPPLY - CIVIL SERVICE COMMISSION

MR. CHAIRMAN, P. EYLER: Does the Minister have an opening statement for the Civil Service Commission?

HON. V. SCHROEDER: In introducing the 1984-85 Budget Estimates for the Civil Service Commission, I draw attention to the Sixty-Sixth Annual Report of the Civil Service Commission which was introduced on June 8th. This report explains in detail the organization, programs and activities of the Civil Service Commission over the 1983 calendar year.

I would also draw the committee's attention to the Supplementary Estimates information which has been produced by the Civil Service Commission again this year in order to provide additional detailed information and clarification to the printed Main Estimates. This information provides supplementary, background, organizational, program and financial information designed to assist members with the Estimates review now before us.

The Budget Estimates for the Civil Service Commission are comprised of three main components. They include the salary and operating expenses of the Commission as set out in Item No. 1; the government's contribution to the various Civil Service Benefit Plans as listed under Item No. 2; and the Levy for Health and Post-secondary Education as set forth under Item No. 3.

By way of a general summary, it can be seen that the major areas of increase are associated with the government's contributions required to fund the various government benefit plans. The majority of these plans are fixed through statute or collective agreement, with the result there is little or no discretion which can be exercised in the short term in terms of their costs.

Salary and operating expenditures as set forth in Item No. 1 indicate a slight decrease, consistent with the 1984-85 budgetary guidelines.

The inclusion of the Temporary Assignment Program within the Civil Service Commission Estimates is new this year, and was transferred from the Department of Finance during the 1983-84 fiscal year. As has been noted, all salary costs associated with that program are recoverable from the user departments. Therefore, there is no cost borne by the Civil Service Commission for those staff years.

Organizational information, distribution of staff among the various divisions and branches of the Commission and detailed financial information are contained within the supplementary information package prepared for legislative review. It is hoped that this information will prove useful and assist the members with the Estimates review process. As stated in the preface to the supplement, we would welcome feedback from the members.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Mr. Chairman, as the Member for St. Norbert said, there are 23 of them. We haven't got a lengthy opening statement on this particular department. We have a number of questions that we will be asking the Minister.

Primarily we want to see from the Minister the kinds of numbers as they relate to some specific areas. We also have some general questions which we would like to pose to him. Since the numbers that we want to ask would probably require the Minister's staff to be with him, we would move along to the first item at which time we would like to ask for some specific numbers with regard to staffing complements and several other areas.

MR. CHAIRMAN: The Minister may bring in his staff.

HON. V. SCHROEDER: I understand staff are heading down here. If the member has specifics, I'll see what I can do until they get here.

MR. CHAIRMAN: Item 1.(a) - the Member for La Verendrye.

MR. R. BANMAN: Mr. Chairman, I wonder if the Minister could inform the committee the number of employees, permanent, term, contract and casual that are employed by the Province of Manitoba.

Along with that, and I'm sure the Minister would have those figures because he probably would be watching them himself, is how that compares to the figures, let's say, at December, 1981. In other words, what are the figures now in June of 1984 versus December of 1981?

HON. V. SCHROEDER: Mr. Chairman, we did anticipate that question. If you look at Page 29 of the annual report of the department - I can go through it. December, 1983, comparative employment for all employees - I believe this includes departmental, casual, shift, sessional, hourly and if, as and when employees. December, '83, there were 16,494 people working; December, '82, 16,773; December, '81, 16,270 people. In December, 1980, was 15,762. So there is about a 500 increase from 1980 to '81; 500 increase from 1981 to '82; and about a 300 decrease from 1982 to '83.

MR. R. BANMAN: Mr. Chairman, in the last several months, there have been a number of layoff notices go out. The figure that the Minister gave us, 16,494 as of December, 1983, what does he project that figure ending up after the notices went out?

HON. V. SCHROEDER: Mr. Chairman, there have been no notices of layoff gone out. I know that the press has been reporting it in that fashion, but what people were notified that there were some positions that had been eliminated. As we have gone through the Estimates, you have noticed some of those eliminated positions.

Those positions are being eliminated as of September 28, 1984. We are doing everything possible to redeploy those people. We expect - I'll put it this way - I would be surprised if there would be any layoffs, very surprised. There are arrangements being made. We started off with the net elimination of 273 positions from government. That is, there were more eliminations but there were also additions, changes in definition and so on.

By the time we were in a position to notify employees, we had already made sufficient shifts so we were down to approximately 90 notices to employees. We are now down to approximately - I believe it's 44 people who aren't either placed or in the process of - 42 now. Every hour, it goes lower.

I think we have done a very good job of that, rather than doing what the Tories did in Alberta and just simply sending out notices or what the Socreds did in B.C., simply - bang, you're fired in two weeks. We have done it in a planned way so that we can do our best to ensure that all of our employees who want to stay with us will be able to stay with us.

In terms of what the numbers will be in December of 1984, I would expect that they will probably be somewhere between 16,300 and 16,400 roughly, I would imagine.

MR. R. BANMAN: Mr. Chairman, the Minister said there were 273 notices that went off as to positions that became redundant.

HON. V. SCHROEDER: I just want to correct that. Maybe I misspoke, but I don't think I did. There were 273 positions net eliminated, but there were only 90 notices that went out because the other people had already been placed in other ways.

MR. R. BANMAN: How many new positions were created this year?

HON. V. SCHROEDER: There were somewhere over just 100, that is, what we had was approximately 400 current positions that are still there that will . . . No, I'm sorry, no.

The positions that didn't have people occupying them anymore as of April 1, 1984 were eliminated as of April 1, 1984. There's a total of about 400 eliminated and there was just over 100 added back on. So that, for instance, you might have a couple of jobs in the Department of Finance which had some decreases eliminated and then, you might have one new job created as a result, sort of a combination.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Mr. Chairman, could the Minister tell us, he projected that the number of civil servants would be roughly 16,300 - am I quoting that right - by the time the different - (Interjection) - Well, Mr. Chairman, I'll let him answer that.

HON. V. SCHROEDER: Mr. Chairman, it was in a news release on March 8th, I can send a copy of it to the member. The projection at that time for December 1984 is 16,244.

MR. R. BANMAN: Mr. Chairman, when they inherited the government there were 16,270 roughly, and now he's talking about a total of 16,244. It's interesting to note by way of comment, Mr. Chairman, that the NDP now have almost exactly the same number of civil servants working for the government as the then Tory administration had and this is lean and efficient; and when of course they were in opposition it was massive layoffs and cutbacks and, of course, deterioration of services, destroying the Civil Service.

Mr. Chairman, another interesting example of what happens when people are suddenly charged with responsibility, suddenly the outlook that one has on the whole thing suddenly changes and the perspective changes. Of course, we've noted on several instances throughout the Estimates review that what was considered a cutback when they were in opposition now, of course, is just good efficient management. Mr. Chairman, it's interesting to note now we're going to be almost exactly at the same staff complement as we were before.

Mr. Chairman, further to that, he mentioned that 32 people who received notices have not been placed as yet. I guess one of the questions I would have is about these people who have seniority within any departments. If nothing is found for these people, do they replace somebody that is lower on the seniority ladder when that magic date arrives, or are these the people that will then be cut? I raise that because there are a number of people out there that received the letters who are

hanging on meat hooks right now and hanging by their fingernails.

Now, the question that I would have is, some of these people have been with the government ever since they came out of school and have been with them for 10-15 years and now are waiting to see if they're going to be placed somewhere. I say to the Minister that's almost worse than getting the layoff notice if you can't find something for them because it's very difficult. At least, if you get your layoff notice, then you're in the position of looking for a new job. But to have somebody out there hanging by their fingernails for half a year or almost a year, it's pretty rough on that person and their family because of the uncertainty of what's going to happen.

So I say to the Minister that there should be some indication to these people in the very near future to see what's going to happen to them. I guess my question comes back to how I started off, what will happen in the case where these people have seniority within a certain given area and there is nothing found within maybe another department for them?

HON. V. SCHROEDER: I agree with the member that it is a concern and that we should be getting this resolved quickly. We hope to be able to resolve it well before the deadline in a fashion that will permit us to keep all of them in our employ. In some senses, we're talking about something that I sincerely believe will never happen. If there were layoffs, we would follow our collective agreement.

We have offered the union the right to do it on a seniority basis to have the bumping and so on. We have no difficulty with that. The union hasn't really responded in any way and we haven't pushed them because we don't really think it's important because we don't think that there will be layoffs as at the end of September.

The alternative we had was either not to have any reductions in areas where we felt we didn't need as many people, or we would sort of eliminate the positions but not identify people. We would then have 16,300 people or so, anxious for that whole period of time and nobody knowing exactly who it is whose job has been chosen for elimination. Then you don't know whether you should be looking for another job or not looking for another job. I think that would have been a far worse solution than the solution that we chose. It's painful.

I've talked with some of the people who are on that list and it is a period of anxiety. We would like to get that resolved just as quickly as possible, but because they know that the particular positions they're now in are slated for elimination as of the end of September, they have been looking with the assistance of the Civil Service Commission, for other employment within the government and that has been a procedure that has worked fairly well so far. I believe that it will reduce the numbers considerably again within the next few weeks.

MR. R. BANMAN: I wonder if the Minister could tell us roughly what kind of a percentage we're running as far as positions not filled.

HON. V. SCHROEDER: I'm told that it's somewhere between 3 and 5 percent.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, the Annual Report refers to the development of the conflict of interest policy between the Civil Service Commission and the MGEA and that policy was developed and although not given, I don't believe, to members of the Legislature and it was put into effect, as I understand it, early in 1984.

But recently, Mr. Chairman, this government has been subjected to a great deal of criticism because of not only the Assistant Deputy Minister in the Department of Industry, Trade and Technology and, in that case, we're all aware that the Auditor has requested the review of the conflict of interest guidelines by the government, there also have been questions raised with respect to Mr. David Sanders' involvement in the North of Portage Avenue Development Corporation while on contract to the government to review The City of Winnipeg Act, and having been involved extensively in the Core Area Initiative Program in matters relating to the Urban Affairs Department.

More recently we have had the matter raised with respect to Mr. Dombowsky who apparently is on contract to the Minister of Energy and Mines. We have had some situations in the Department of Labour. All of these persons involved, Mr. Chairman, have senior positions within their respective departments and it has become obvious that a review of the conflict of interest guidelines is required in order to make clearer, particularly to people not within MGEA but within senior administrative positions in the government, that they should not become involved in financial matters with the government with outside interests that relate directly or indirectly to government operations.

I believe he has indicated that a review is under way, particularly in the light of recommendations from the auditor, that he advise the committee that the Civil Service Commission is reviewing, particularly the positions of members of the senior administration. Will they develop some clearer guidelines for these people?

My recommendation would be to be on the safe side and to make absolutely clear that people in these positions cannot participate in outside activities that relate to government departments.

HON. V. SCHROEDER: The conflict of interest policy which we had announced does apply to all employees of government, whether MGEA or not. The guidelines are again under review with respect to management people, and in the area of some of the individuals referred to, the matters are still under review. Well, I don't think I should comment on them at this stage until there is a final outcome. — (Interjection) — I was having the same problem. I say I am not going to comment on Hyworon, Sanders, etc.; there are still matters under review. I will send you a copy of the conflict of interest policy.

In general, certainly, I agree that people who are in senior positions with the government should not be on the other hand dealing with the government in some of the cases, and I won't refer to specific ones. We were notified ahead; it was looked at; it was not something where there were any significant amounts of money, but there were some very interesting new

things for the province that were being done and the people had specific kinds of expertise that we thought was appropriate. It wasn't as though there was any significant money involved. So there was prior approval in at least the one instance.

MR. G. MERCIER: Could the Minister indicate when the review of the conflict of interest guidelines will be completed, and would he undertake to provide members of the Legislature with the changes that will be made? I assume some changes will be made. I understand, Mr. Chairman, it will be three months and the Minister will inform members of the Legislature with respect to the changes that are made.

HON. V. SCHROEDER: Yes.

MR. G. MERCIER: Mr. Chairman, I raise another matter. In the Estimates of the Minister of Labour, we dealt with her responsibility with respect to the Advisory Council on the Status of Women. I asked her if she would obtain from this Minister some information which would show the number of women employed in the Civil Service as of November 18, 1981, compared to the number of women presently employed in the Civil Service. We discussed the matter at length and I want to indicate to the Minister that we agreed that pure numbers are not that important. It's not a good situation if women, for example, are holding all of the lower-paid jobs.

So the information I was requesting would also include some general information with respect to the classification of salaries in which women were employed in the government. I have not yet received that information from the Minister of Labour and I don't know whether she has communicated that request to this Minister. I would ask him - perhaps it is better to deal directly with him - if he would undertake to provide me with that kind of information.

HON. V. SCHROEDER: The request had not come forward, but I am told by staff that the November, 1981, figure would not be available. That is, they don't have the data to produce it. They do have November, 1982, which I can send the member a copy of. This was done by Compensation Services back in November of 1982. At that time, female employees accounted for 49 percent of the total employees and they do have the listing, the number in administration, clerical, education, etc. So I will send the member that as well as the pamphlet I mentioned earlier.

MR. G. MERCIER: Mr. Chairman, I wouldn't want to ask the department to unreasonably gather information. Could the Minister undertake to provide that information as of December, 1981, which would be year end, compared to the year end of December, 1983, if the reports are prepared on an annual basis and I would think the department could much more easily prepare that.

HON. V. SCHROEDER: I am told by staff that it's no problem for '83. The '81, they are not sure that they are able to do it. They have some records; we will undertake to do it if we can.

MR. G. MERCIER: I thank the Minister for that undertaking. I hope the department is able to provide that information.

Mr. Chairman, one other matter that I wish to raise and it's not specifically under this proposal, it's under 1.(c), but if the Minister is agreeable, I could raise it now. It's with respect to the Temporary Assignment Program which indicates an increase - well, perhaps not an increase in salary.

Could the Minister indicate the number of people employed under the Temporary Assignment Program in this coming year, whether there is to be any increase and who is presently employed under that program?

HON. V. SCHROEDER: There is currently only one individual employed under the program. It is Ron Johnstone, Senior Officer 6, assigned to the Department of Health, completing the study of Manitoba health organization.

There have been other people on it. Peter Ferris was on it at the beginning of this fiscal year. Peter was with the Department of Education for a number of years. I am not sure where he has gone to. I am told he is with the Manitoba Energy Authority now.

There have been two assignments approved for the Economic Resources Committee of Cabinet and recruitment is currently under way; they will be filled.

That will leave four positions vacant. Last year, there were at varying times, I believe, up to four or five people on that particular program.

MR. G. MERCIER: The appropriation would appear to indicate there are salaries of \$325,000.00. Is that misleading?

HON. V. SCHROEDER: I'm told that it nets out, it's on a recovery basis, whatever we wind up spending, and that probably - although I'm not sure of it - it would probably assume full funding for six or seven position for a year. We pay the money out but we get it back, it's fully recoverable from the department which hired the individual.

MR. G. MERCIER: Mr. Chairman, what has happened with respect to this program? I looked back at this Minister's comments, I take it he was then Minister of Labour, and he made some very glowing statements about this TAP Program and how it was going to enable the government to obtain expert advice and it was going to improve the quality and flexibility of its senior management staff. It's a program that is being developed very successfully within the Federal Government; we think it will be very useful. Has there been an assessment of this program and, in view of the fact that there's only one person apparently to be employed under this program for this year - (Interjection) - who's been with the government, the Member for Turtle Mountains says, for many many years, is the Minister simply backing off this whole program now?

HON. V. SCHROEDER: We are very pleased with the program. We've had a number of senior people moving through this program where they can do individual, specific projects for a variety of departments. Peter

Ferris, I think, is a prime example of an individual who probably would have left the provincial service had we not had this program available for him at one stage and we were able to put him into another permanent posting afterwards. I think all of you are familiar with Ron Johnstone and certainly, I don't think it's any secret, he wanted to get out of the particular post he was in. We've now kept his expertise within government through this program. There are a whole host of people who have come through this particular area.

The rationale for the \$350,000, I was just told, it's sort of a salary range of \$40,000-\$60,000 so they took an average of \$50,000.00. Fifty times seven positions is the \$350,000 which, of course, we won't be spending because there won't be that number of people in there through the whole year.

MR. G. MERCIER: Mr. Chairman, could the Minister indicate what percentage of salary has the Minister budgeted for an increase in salary for the balance of '84-85 fiscal year? I believe the current contract expires again the end of September.

HON. V. SCHROEDER: Zero.

MR. G. MERCIER: Zero? Mr. Chairman, could the Minister tell me how much would a 3 percent increase in salary for the Civil Service mean in terms of dollars to complete the fiscal year from the end of September to the end of March?

HON. V. SCHROEDER: \$6 million.

MR. G. MERCIER: Six?

MR. CHAIRMAN: 1.(a) - the Member for Turtle Mountain.

CROWN INVESTMENTS - Manfor Annual Report

MR. B. RANSOM: Just a question for the Minister that doesn't relate to this department, but related to the previous one. Since we didn't debate his salary there, I'll just ask him about it.

He's the Minister responsible for Crown Investments and here's an example where Manfor has put out an Annual Report this year that I'm sure the Executives of Exxon would blanche at spending that kind of money and in the past . . . The House Leader should look at this report. In the past, Manfor has simply put out a typewritten copy financial statement, spiral bound, and this year they put out this kind of report to announce a \$25 million loss. I think even the Minister of Finance, in his own department, went back to a cheaper version of his supplementary information from the department. Does the Minister concur with this kind of thing or, as Minister of Crown Investments, is he going to give some advice to corporations that are losing taxpayers' money at that rate, that this is just simply totally inappropriate with the economic situation there is with the company and in the province?

HON. V. SCHROEDER: There were similar comments made this morning by members on this side when we

saw the document and that's something that we will review. I don't think that particular report was necessary and we really don't have the money to spend on that.

CIVIL SERVICE Cont'd

MR. CHAIRMAN: Item 1.(a)—pass; 1.(b)—pass; 1.(c)(1)—pass; 1.(c)(2)—pass.

Resolution No. 32: Resolved that there be granted to Her Majesty a sum not exceeding \$3,251,800 for the Civil Service, Civil Service Commission for the fiscal year ending the 31st day of March, 1985—pass.

Item 2.(a)—pass; 2.(b)—pass; 2.(c)—pass; 2.(d)—pass; 2.(e)—pass; 2.(f)—pass; 2.(g)—pass.

Resolution No. 33: Resolved that there be granted to Her Majesty a sum not exceeding \$35,274,500 for the Civil Service, Civil Service Benefit Plans for the fiscal year ending the 31st day of March, 1985—pass.

Item 3 - Levy for Health and Post-Secondary Education—pass.

Resolution No. 34: Resolved that there be granted to Her Majesty a sum not exceeding \$6,909,300 for the Civil Service, Levy for Health and Post-Secondary Education for the fiscal year ending the 31st day of March, 1985—pass.

That concludes the Estimates for the Civil Service. The time being 12:30, time for Private Members' Hour. Call in the Speaker. Committee rise.

Mr. Speaker, the Committee of Supply has passed certain resolutions, directed me to report progress and asks leave to sit again.

IN SESSION

MR. SPEAKER, J. Walding: The Honourable Member for River East.

MR. P. EYLER: Mr. Speaker, I move, seconded by the Member for Thompson, that the report of the committee be received.

MOTION presented and carried.

MR. SPEAKER: The time being 12:30 and Private Members' Hour, the Honourable Government House Leader.

HON. A. ANSTETT: Mr. Speaker, I would like to move a motion of adjournment of the House, but first I would like to review the House business for next week and the committee meetings that are scheduled, if I may.

Notice has already been given for a meeting of the Standing Committee on Public Utilities and Natural Resources to further consider the report of the Manitoba Telephone System.

Mr. Speaker, I would also like to call a meeting of the Standing Committee on Economic Development to consider and report on the report of Manitoba Forestry Resources for the same day, next Tuesday, June 19th at 10:00 a.m.

In addition, Mr. Speaker, the Standing Committee on Public Utilities and Natural Resources will meet on Thursday, June 21st at 10:00 a.m. to consider the

reports of the Manitoba Energy Authority and the Manitoba Hydro-Electric Board.

Mr. Speaker, it would be proposed, since the consideration of Estimates has now almost been concluded in terms of departmental consideration although there still are some other items, to call bills Monday afternoon and each day thereafter - although the evenings would still be available for wrapping up the balance of the Estimates - so that the consideration of bills and the referral to committee after second reading can be accomplished, and the committee meetings can be scheduled. So I would propose both

on Monday and Tuesday to call bills first, and when that debate is exhausted, to then move to the concluding items that are remaining in the Estimates.

So, Mr. Speaker, I believe there is agreement to dispense with Private Members' Hour; and on that understanding, I would move, seconded by the Minister of Education, that the House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. on Monday.